

# Notice of Annual General Meeting and Explanatory Notes

Funtastic Limited ACN 063 886 199

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Date: Monday 11 December 2017  
Time: 11:00 am AEDT  
Place: Royce Hotel  
379 St Kilda Road  
Melbourne, Victoria 3004

## Important notice

In this document you will find:

1. Notice of Annual General Meeting; and
2. Explanatory Notes containing an explanation of, and information about, the resolutions to be put to the meeting.

A Proxy Form is also enclosed with the Notice of Annual General Meeting and Explanatory Notes.

The Explanatory Notes contain an explanation of, and information about, the matters to be considered at the Annual General Meeting of Funtastic Limited. The Explanatory Notes are given to Funtastic Limited's shareholders to help them determine how to vote on the resolutions set out in the accompanying Notice of Meeting.

Shareholders should read this document in full.

This document is dated 3rd November 2017.

# Notice of Annual General Meeting

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Notice is given that the annual general meeting of shareholders of Funtastic Limited (ACN 063 886 199) (**Funtastic** or **the Company**) will be held on Monday, 11 December 2017, at Royce Hotel, 379 St Kilda Road, Melbourne, Victoria 3004, commencing at 11:00 am AEDT (**Annual General Meeting**).

## Ordinary Business

### 1. Financial statements and reports

To receive and consider:

- (a) the financial statements;
- (b) the Directors' report; and
- (c) the auditor's report,

in respect of the year ending 31 July 2017.

### 2. Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*'In accordance with Section 250R of the Corporations Act 2001 (Cth) (**Corporations Act**), the Company adopts the Remuneration Report as set out in the Directors' report on pages 21 to 30 of the Annual Report, for the year ending 31 July 2017.'*

**Note:**

The vote on this resolution is advisory only and does not bind the Directors of the Company.

**Voting Exclusion Statement:**

- (a) The Company's key management personnel and their closely related parties must not cast a vote on the Remuneration Report unless the vote is cast as a proxy on behalf of a person who is entitled to vote on this resolution and either:
  - (i) the Proxy Form specifies the way the proxy is to vote on this resolution; or
  - (ii) the proxy is the Chairman and the appointment of the Chairman as proxy:
    - (A) does not specify the way the proxy is to vote on this resolution; and
    - (B) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company.
- (b) The Chairman intends to vote all undirected proxies (where he has been appropriately authorised) in favour of this resolution. If you wish to vote against this resolution or you wish to abstain from voting on this resolution you should mark the relevant box in the attached Proxy Form. Please see the directions on the Proxy Form relating to authorisation of the Chairman to vote undirected proxies.

### 3. Re-election of Director, Mr Shane Tanner

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*'That Mr Shane Tanner, a Director retiring in accordance with Rule 35(c) of the Constitution, and being eligible, is re-elected as a Director of Funtastic.'*

The Chairman intends to vote all undirected proxies in favour of this resolution.

### 4. Re-election of Director, Mr Stephen Heath

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*'That Mr Stephen Heath, a Director retiring in accordance with Rule 35(c) of the Constitution, and being eligible, is re-elected as a Director of Funtastic.'*

The Chairman intends to vote all undirected proxies in favour of this resolution.

## Special Business

### 5. Approval of Share Consolidation

To consider and, if thought, fit, to pass the following resolution as an **ordinary resolution**:

*'That, pursuant to section 254H of the Corporations Act and for all other purposes, the issued share capital of the Company be consolidated on the basis that:*

- (a) every twenty-five (25) Shares be consolidated in to one (1) Share;*
- (b) every twenty-five (25) Shares under the employee share loan scheme be consolidated into one (1) Share, with the exercise price amended in inverse proportion to that ratio; and*
- (c) where the number of Shares held by a member of the Company as a result of the consolidation effected by paragraphs (a) and (b) of this Resolution includes a fraction of a Share, the Company be authorised to round that fraction up to the nearest whole Share,*

*on the terms and conditions set out in the Explanatory Notes.'*

### 6. Approval of Additional 10% Placement Capacity under ASX Listing Rule 7.1A

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*'That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval be given for the issue of equity securities of up to 10% of the Company's share capital calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 on the terms and conditions set out in the Explanatory Notes.'*

#### **Voting Exclusion Statement:**

Funtastic will disregard any votes cast on this resolution by any person who may participate in the issue of equity securities under this resolution and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form;
- or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in favour of this resolution.

**Note: In accordance with ASX Listing Rule 14.11.1 and the relevant note under that rule concerning ASX Listing Rule 7.1A, as at the date of this Notice of Meeting it is not known who may participate in the proposed issue (if any). On that basis, no shareholders are currently excluded from voting on this resolution.**

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# 2017 Voting

## Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to vote at the Annual General Meeting, Shares will be taken to be held by the persons who are the registered holders at 7.00 pm AEDT on Saturday, 9 December 2017. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to vote at the meeting.

## Proxies

1. A shareholder who is entitled to attend and vote at the meeting may appoint up to two proxies to attend and vote on behalf of that shareholder. If you require an additional Proxy Form, please contact Boardroom Pty Limited at the address below.
2. If a shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that shareholder's votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded.
3. Where a shareholder appoints more than one proxy, neither proxy is entitled to vote on a show of hands.
4. A proxy need not be a shareholder of Funtastic.
5. To be effective, Funtastic must receive the completed Proxy Form and, if the form is signed by the shareholder's attorney, the authority under which the Proxy Form is signed (or a certified copy of the authority) by no later than 11.00 am AEDT on Saturday, 9 December 2017.
6. Proxies may be lodged with the Company's share registry, Boardroom Pty Limited using the reply paid envelope provided or:

**BY MAIL -** Share Registry – Boardroom Pty Limited, GPO Box 3993,  
Sydney NSW 2001 Australia

**BY FAX -** +61 2 9290 9655

**IN PERSON -** Share Registry – Boardroom Pty Limited,  
Level 12, 225 George Street, Sydney NSW 2000 Australia

**ONLINE by visiting:** [www.votingonline.com.au/funtasticagm2017](http://www.votingonline.com.au/funtasticagm2017) and entering your Postcode or Country of Residence (if outside of Australia) and your Voting Access Code (VAC), which are provided on your proxy form

7. Proxies given by corporate shareholders must be executed in accordance with their constitutions or signed by a duly authorised officer or attorney.
8. A proxy may decide whether to vote on any motion except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business the proxy may vote as he or she thinks fit.
9. If a shareholder appoints the Chairman of the meeting as the shareholder's proxy using the attached Proxy Form and does not specify how the Chairman is to vote on an item of business, the Chairman will be authorised to vote as he decides on all resolutions. The Chairman intends to vote all such proxies in favour of all resolutions. However, the Chairman will not vote such proxies to the extent that the shareholder is restricted by law from voting on any resolutions.

10. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the meeting and provides satisfactory evidence of the appointment of its corporate representative.
11. Please refer to other notes appearing on the enclosed Proxy Form.

## Corporate representatives

A shareholder that is a body corporate may appoint an individual to act as its representative at the meeting. Unless otherwise specified in the appointment, the representative may exercise all or any of the powers that the body corporate may exercise at the meeting or in voting on a resolution.

Appointments may be lodged in advance of the meeting at Funtastic's share registry (details above), or handed in at the meeting when registering.

The accompanying Explanatory Notes form part of this Notice of Meeting.

### By order of the Board

Date 3rd November 2017



Signed

Name Grant Mackenzie  
Company Secretary

# Explanatory Notes

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These Explanatory Notes are intended to provide shareholders of Funtastic with information to assess the merits of the proposed resolutions in the accompanying Notice of Meeting.

The Directors recommend that shareholders read these Explanatory Notes in full before making any decision in relation to the resolutions.

## Ordinary Business

### 1. Financial statements and reports

The Corporations Act requires the financial report (which includes the financial statements and Directors' declaration), the Directors' report and auditor's report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or the Constitution for shareholders to approve the financial report, the Directors' report or the auditor's report.

Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports, and on the business and operations of Funtastic. Shareholders will also be given a reasonable opportunity at the meeting to ask the Company's auditor, Grant Thornton Australia Limited (**Grant Thornton**), questions about the auditor's report, the conduct of its audit of the Company's financial report for the year ended 31 July 2017, the preparation and content of the auditor's report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of Grant Thornton in relation to the conduct of the audit.

The financial report and the Directors' and auditor's reports relate to the year ending 31 July 2017.

### 2. Remuneration Report

As required by the Corporations Act, the Board is presenting the Company's Remuneration Report to shareholders for consideration and adoption by a non-binding vote.

The Remuneration Report is included in the Directors' report and set out on pages 21 to 30 of the 2017 Annual Report. It is also available from the Company's website ([www.funtastic.com.au](http://www.funtastic.com.au)).

The Remuneration Report:

- describes the policies behind, and structure of, the remuneration arrangements of the Company and the link between the remuneration of employees and the Company's performance;
- sets out the remuneration arrangements in place for each Director and for specified senior executives of the Company; and
- explains the difference between the basis for remunerating non-executive Directors and executives, including executive Directors.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of Funtastic.

Shareholders will be given the opportunity to ask questions and to make comments on the Remuneration Report.

The Directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report.

The Chairman intends to vote all undirected proxies (where he has been appropriately authorised) in favour of adopting the Remuneration Report.

### 3. Re-election of Director, Mr Shane Tanner

Mr Shane Tanner was appointed to the Board on 19 March 2009 as an Independent Non-Executive Director and appointed as Chairman of the Board effective from the AGM on 21 May 2010. Mr Tanner is Chairman of the Nomination Committee and a member of the Remuneration and Evaluation Committee and the Audit, Risk and Compliance Committee. Mr Tanner is also Chairman of Zenitas Healthcare Limited and Paragon Care Ltd. He is a former CEO of Mayne Nickless Diagnostic Services (better known as Symbion Health) and Chairman of Sterihealth Ltd. Mr Tanner has vast commercial and financial experience.

The Directors (other than Mr Tanner) recommend that shareholders vote in favour of the resolution in Item 3.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 3.

### 4. Re-election of Director, Mr Stephen Heath

Mr Stephen Heath was appointed to the position of Independent Non-Executive Director on 18 October 2010. Mr Heath is a member of the Audit, Risk and Compliance Committee, the Nomination Committee and is the Chairman of the Remuneration and Evaluation Committee. Mr Heath has extensive retail experience comprising over 18 years across iconic Australian retail brands including Harvey Norman, Rebel Sport, Fantastic Furniture and Godfreys. Mr Heath is currently Chairman of Temple & Webster and was previously the Managing Director & CEO of Fantastic Holdings Limited. Prior to that, Mr Heath was Managing Director of International Cleaning Solutions Holdings and also the CEO of Rebel Sport during its public listing on the ASX. He also spent 5 years with Sharp Corporation managing the retail accounts of major retailers such as Harvey Norman, Myer, David Jones and Kmart.

The Directors (other than Mr Heath) recommend that shareholders vote in favour of the resolution in Item 4.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 4.

## Special Business

### 5. Approval of Share Consolidation

#### Introduction

The Company proposes to consolidate its share capital by converting every twenty-five (25) existing Shares into one share (**Conversion**). Pursuant to section 254H of the Corporations Act, a company may consolidate its shares if the consolidation is approved by an ordinary resolution of Shareholders at a general meeting.

The Board considers that the consolidation of its share capital through the Conversion is important and necessary as part of its restructuring plans for the Company.

The Board does not believe that any material disadvantage will arise for Shareholders as a result of the proposed consolidation of the Company's Share capital. While the Share consolidation will have no effect on the underlying value of the Company, the effect on the Company's Share price at the time of conversion should (all things being equal) be to trade at twenty-five (25) times the price at which the Shares previously traded. The Share price will continue to be



influenced by other factors and there can be no assurances as to the level that the Company's Shares will trade following the consolidation and re-quotation of the Company's securities.

The Conversion will not result in any change to the substantive rights and obligations of Shareholders, and the Company's balance sheet and tax position will also remain unaltered as a result of the Conversion.

The Conversion will take effect from 15 December 2017.

### **Current capital structure**

As at the date of this Notice, there are 2,408,093,114 fully paid ordinary shares on issue in the Company. This includes 7,475,000 fully paid ordinary shares issued under the Company's Employee Share Loan Scheme.

### **Effect of consolidation**

If the consolidation of Shares is approved, the number of the Company's Shares on issue will be reduced from 2,408,093,114 to 96,323,725 (with the number of Employee Share Loan Scheme shares reduced from 7,475,000 to 299,000).

The pro-forma capital structure of the Company on completion of the Conversion (based on the number of Shares on issue at the date of this Notice of Meeting) is as follows:

Pre-Conversion	2,408,093,114 (including 7,475,000 Employee Loan Scheme shares)
Post-Conversion	Approximately, 96,323,725 (including 299,000 Employee Loan Scheme shares)

As the consolidation applies equally to all Shareholders, individual Shareholdings will be reduced in the same ratio as the total number of Shares (subject only to the rounding of fractions). It follows that the consolidation will have no material effect on the percentage interest of each individual Shareholder.

Therefore, if a Shareholder currently has 25,000,000 Shares, representing approximately 1% of the Company's issued capital, then if the share consolidation is approved and implemented, that Shareholder will have 1,000,000 Shares following the consolidation, still representing the same 1% of the Company's issued capital. Similarly, the aggregate value of each Shareholder's holding (and the Company's market capitalisation) should not materially change as a result of the consolidation – other than minor changes as a result of rounding – (and assuming no other market movement or impacts occur). The price per Share should logically increase in proportion to reflect the reduced number of Shares on issue. However, as the Shares are publicly traded and subject to market movements, no definite forecast can be provided.

The consolidation of Shares will have the same impact in relation to Shares under the Company's employee share loan scheme.

### **Rounding**

Where the consolidation of a Shareholder's holding results in an entitlement to a fraction of a Share, the fraction will be rounded up to the nearest whole number of Shares. If the Company reasonably believes that a Shareholder has been a party to the division of a shareholding in an attempt to obtain an advantage from this treatment of fractions, the Company may take appropriate action, having regard as appropriate to the terms of the Company's constitution and the ASX Listing Rules. In particular, the Company reserves the right to disregard the division of a Shareholder's shareholding for the purposes of dealing with fractions so as to round up any

fraction to the nearest whole number of Shares that would have been received but for the division.

### **Holding Statements**

From the date of the Conversion, all existing holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares, on a post-Conversion basis.

After the Conversion becomes effective, the Company will arrange for new holding statements to be issued to Shareholders. It is the responsibility of each Shareholder to check the number of Shares held prior to Conversion and post-Conversion.

### **Tax Implications for Shareholders**

Shareholders are advised to seek and rely only on their own professional advice in relation to their tax position. Neither the Company nor any of its officers, employees or advisors assumes any liability or responsibility for advising Shareholders about the tax consequences for them for the proposed Share consolidation. The proposed Share consolidation will occur through the conversion of every twenty-five (25) Shares into one (1) Share. The Board is not aware that any capital gains tax event is expected to occur as a result of the share consolidation. However, it is emphasised that Shareholders must obtain their own tax advice in this regard.

### **Timetable**

The indicative timetable for the Share consolidation is set out below.

The dates are estimates only and will be updated by the Company once confirmed.

<b>Event</b>	<b>Date</b>
The Company announces the Conversion and dispatches the Notice of Meeting	10 November 2017
Date of AGM and date Company informs ASX of approval of share consolidation	11 December 2017
Last day for trading in pre-consolidation securities	12 December 2017
Trading commences in post-share consolidation Shares on a deferred settlement basis*	13 December 2017
Last day for the Company to register transfers on a pre-Share consolidation basis	14 December 2017
First day for holding statements to be dispatched to Shareholders notifying them of number of Shares held post-share consolidation First day for the Company to register Shares on a post-Share consolidated basis	15 December 2017
Issue date – deferred settlement market ends Last day for the Company to register Shares on a post-Share Consolidation basis Last day for holding statements to be dispatched to Shareholders notifying them of number of Shares held post-share consolidation	21 December 2017
Trading expected to start on a normal T+2 basis	22 December 2017

\* Trading in consolidated Shares will be dependent on the Company's Shares being re-instated to trading on ASX.

## Recommendation

The Directors unanimously recommend that shareholders vote in favour of the resolution in Item 5.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 5.

## 6. Approval of Additional 10% Placement Capacity under ASX Listing Rule 7.1A

### Introduction

ASX Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue equity securities of up to an additional 10% of its issued capital over a period up to 12 months after its annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the capacity to issue 15% of its issued capital over a 12-month period without shareholder approval under ASX Listing Rule 7.1.

If shareholders approve the resolution in Item 6, the number of equity securities Funtastic may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to the next section below).

The resolution in Item 6 is a special resolution. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote at the meeting (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) must be in favour of the resolution in Item 6 for it to be passed.

### ASX Listing Rule 7.1A

The ASX Listing Rules provide that an entity that satisfies both of the following tests may seek shareholder approval under ASX Listing Rule 7.1A:

- (a) the entity is not included in the S&P/ASX 300 Index; and
- (b) the entity's market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) is not greater than \$300,000,000.

Funtastic is not included in the S&P/ASX 300 Index and has a market capitalisation, as at 23 October 2017 of \$12,040,466. The calculation of the Company's market capitalisation will be based on the closing price of the Shares on the last trading day on which trades in the Shares were recorded before the date of the annual general meeting, multiplied by the number of Shares on issue (but excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is an eligible entity and able to seek shareholder approval at the annual general meeting for an additional 10% Placement Capacity under Listing Rule 7.1A.

Any equity securities issued in reliance of ASX Listing Rule 7.1A must be in the same class as an existing class of quoted equity securities. Funtastic currently has one class of equity securities on issue which are quoted, being fully paid ordinary shares.

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of equity securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

**A** is the number of Shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (b) plus the number of partly paid Shares that became fully paid in the previous 12 months;
- (c) plus the number of Shares issued in the previous 12 months with the approval of shareholders under ASX Listing Rules 7.1 and 7.4; and
- (d) less the number of Shares cancelled in the previous 12 months.

**D** is 10%.

**E** is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Shares under ASX Listing Rule 7.1 or 7.4.

### **Information required by ASX Listing Rule 7.1A**

#### *Minimum Price*

The minimum price at which the equity securities may be issued is 75% of the volume weighted average price of Shares, calculated over the 15 ASX trading days on which trades in Shares were recorded immediately before:

- (a) the date on which the price at which the equity securities are to be issued is agreed; or
- (b) if the equity securities are not issued within 5 ASX trading days of the date in paragraph (a) above, the date on which the equity securities are issued.

#### *10% placement period*

The equity securities may be issued under the 10% Placement Capacity commencing on the date of the annual general meeting and expiring on the first to occur of:

- (a) 12 months after the date of the annual general meeting; or
- (b) the date of approval by shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking),

or such longer period if allowed by ASX.

#### *Risk of economic and voting dilution*

Any issue of Shares under the 10% Placement Capacity will dilute the interests of shareholders who do not receive any Shares under the issue.

If the resolution in Item 6 is approved by shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below, in the circumstances set out in the table below.

The table below shows the dilution of existing shareholders on the basis of the closing price of the Shares on the ASX on 23 October 2017 and the number of Shares for variable A, calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the date of this notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) has increased by 50% and by 100% and the economic dilution where the issue price of Shares issued under the 10% Placement Capacity is 50% less than the closing price of the Shares on the ASX on 23 October 2017 and 100% greater than the closing price of the Shares on the ASX on 23 October 2017.

Variable A in ASX Listing Rule 7.1A.2		Dilution		
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
		\$0.0025	\$0.005	\$0.01
<b>Current Variable A</b> <b>2,408,093,114 Shares</b>	<b>10% voting dilution</b>	240,809,311 Shares	240,809,311 Shares	240,809,311 Shares
	<b>Funds raised</b>	\$602,023.28	\$1,204,046.56	\$2,408,093.11
<b>50% increase in Current Variable A</b> <b>3,612,139,671 Shares</b>	<b>10% voting dilution</b>	361,213,967 Shares	361,213,967 Shares	361,213,967 Shares
	<b>Funds raised</b>	\$903,034.92	\$1,806,069.84	\$3,612,139.67
<b>100% increase in Current Variable A</b> <b>4,816,186,228 Shares</b>	<b>10% voting dilution</b>	481,618,623 Shares	481,618,623 Shares	481,618,623 Shares
	<b>Funds raised</b>	\$1,204,046.56	\$2,408,093.12	\$4,816,186.23

The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with shareholder approval under ASX Listing Rule 7.1.

The table above has been prepared on the basis of the following assumptions:

- The Issue Price set out in the table is the closing price of the Shares on the ASX on 23 October 2017;
- The Company issues the maximum possible number of equity securities under the 10% Placement Capacity;
- No rights convertible into Shares are exercised;
- The Company has not issued any equity securities in the 12 months prior to the date of the Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or which were not approved under ASX Listing Rule 7.1 or 7.4;
- The table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1;
- The issue of equity securities under the 10% placement facility consists only of Shares.

Shareholders should note that there is a risk that:

- the market price for the Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- the equity securities issued under the 10% Placement Capacity may be issued at a price that is at a discount to the market price for the Shares on the date of issue or the equity securities may be issued as part of the consideration for the acquisition of an asset,

which may affect the amount of funds raised by the issue.

Shareholders should also note that the calculations in the table do not show the dilution that any one particular shareholder will be subject to. All shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

*Purpose of Issue under 10% Placement Capacity*

The Company may issue equity securities under the 10% Placement Capacity for the following purposes:

- (a) as cash consideration where the Company intends to use funds raised for either or both of working capital purposes or to take advantage of acquisition opportunities; or
- (b) as non-cash consideration for the acquisition of businesses or product lines to grow the business of the Company. In such circumstances the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Shares complies with ASX Listing Rule 7.1A.3.

*Allocation under the 10% Placement Capacity*

The allottees of the equity securities to be issued under the 10% Placement Capacity have not been determined as at the date of this Notice of Meeting. Such allottees will depend on prevailing market conditions and will be determined on a case by case basis. However, the allottees of equity securities could consist of current shareholders, new investors or both. Allottees may also include vendors of assets into the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (a) the purpose of the issue;
- (b) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing shareholders may participate;
- (c) the effect of the issue of the equity securities on the control of the Company;
- (d) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (e) prevailing market conditions; and
- (f) advice from corporate, financial and broking advisers (if applicable).

*Previous Approval under ASX Listing Rule 7.1A*

The Company previously obtained shareholder approval under Listing Rule 7.1A at the Annual General Meeting held on 21 December 2016.

As the Company has previously obtained Shareholder approval under Listing Rule 7.1A, the following information is provided to shareholders, in accordance with Listing Rule 7.3A.6, regarding the equity securities issued by the Company in the 12 months preceding the date of the Annual General Meeting:

- (a) Listing Rule 7.3A.6(a): Total equity securities issued in previous 12 months:

Number of equity securities on issue at commencement of 12 month period	763,229,723
Equity securities issued in prior 12 month period	1,670,998,391
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	219%

- (b) Listing Rule 7.3A.6(a): Details of equity securities issued in previous 12 months:

The details of equity securities issued during the previous 12 months preceding the date of the Annual General Meeting are set out in Annexure A of this Notice of Meeting.

*Voting exclusion statement*

A voting exclusion statement is included in this Notice of Meeting. At the date of the Notice, the proposed allottees under the 10% Placement Capacity are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue.

Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Placement Capacity), shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

**Recommendation**

The Directors unanimously recommend that shareholders vote in favour of the resolution in Item 6.

The Chairman intends to vote all undirected proxies in favour of the resolution in Item 6.

By order of the Board

Date 3rd November 2017

Signed



Name

Grant Mackenzie  
Company Secretary

## ANNEXURE A

### DETAILS OF EQUITY SECURITIES ISSUED FOR THE PURPOSES OF LISTING RULE 7.3A.6

	<b>Date of issue</b>	<b>Number issued</b>	<b>Class/Type of equity security and summary of terms</b>	<b>Names of persons who received securities or basis on which those persons was determined</b>	<b>Issue Price and discount to market price (if any)</b>	<b>Issue for cash consideration, cash spent, intended use for remaining cash</b>	<b>Issue for non-cash consideration and current value of non-cash consideration</b>
I.	19 September 2017	1,670,998,391	Fully paid ordinary shares ranking parri passu with all existing Shares of the Company from the date of issue	Issued to existing shareholders under a pro rata renounceable entitlement offer that was announced on ASX on 23 August 2017	\$0.005 per share. A discount of 50% to the last closing market price of Shares on Wednesday, 23 August 2017.	All net proceeds from the entitlement offer have been used for the reduction of short term interim debt funding from NAB and other lenders which was advanced to the Company whilst it completed the entitlement offer and a restructure of its existing debt facilities and for additional working capital for the Company.	N/A



# Additional Information

## Will you be attending?

To assist our planning, please let us know whether you will be attending the Annual General Meeting by:

Email: [grant.mackenzie@funtastic.com.au](mailto:grant.mackenzie@funtastic.com.au)

Telephone: 03 8569 9058

**By Car** – There is valet parking at a cost of \$30 per vehicle per day subject to availability. Located across the road between 2 Bowen Crescent is Ace Parking Public Car Park.

**By Public Transport** – All trams from Swanston Street in the city (except #1 and #8) come along St Kilda Road where the Royce Hotel is. The Hotel is located between Domain Interchange and Toorak Road Tram stops.



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