

Notice of Annual General Meeting and Explanatory Notes

Funtastic Limited ACN 063 886 199

Date: Friday, 21 May 2010

Time: 10:00am

Place: Funtastic Head Office

Level 2, Tower 2, Chadstone Place

1341 Dandenong Road, Chadstone Vic

Important notice

In this document you will find:	Page No.
1. Notice of Annual General Meeting.	
2. Proxy form.	
3. Explanatory Notes containing an explanation of, and information about, the resolutions to be put to the meeting	

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 20 April 2010.

Notice of Annual General Meeting

Notice is given that the tenth annual general meeting of shareholders of Funtastic Limited (ACN 063 886 199) (**Funtastic** or **the Company**) will be held on Friday, 21 May 2010, at Funtastic Head Office, Level 2, Tower 2, 1341 Dandenong Road, Chadstone, Victoria, commencing at 10:00am (Melbourne time).

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 ended 31 December 2009.

2. Remuneration Report

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

'That the Remuneration Report for the Company (included in the Directors' Report on pages 16 to 28) for the year ended 31 December 2009 be adopted.'

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Election of Director, Craig Mathieson

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

'That Craig Mathieson, a Director appointed in accordance with Rule 35(a) of the Constitution, and being eligible for election pursuant to Rule 35(b) of the Constitution, is elected as a Director of Funtastic.'

4. Election of Director, Nir Pizmony

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

'That Nir Pizmony, a Director appointed in accordance with Rule 35(a) of the Constitution, and being eligible for election pursuant to Rule 35(b) of the Constitution, is elected as a Director of Funtastic.'

5. Election of Director, James Flintoft

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

'That James Flintoft, a Director appointed in accordance with Rule 35(a) of the Constitution, and being eligible for election pursuant to Rule 35(b) of the Constitution, is elected as a Director of Funtastic.'

6. Re-election of Director, Shane Tanner

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

'That 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.'

7. Other business

To transact any other business which may legally be brought before the meeting.

Voting

Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to attend and vote at the Annual General Meeting, shares will be taken to be held by the persons who are the registered holders at 7:00pm (Melbourne time) on Wednesday, 19 May 2010. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and 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 Computershare 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 10:00am (Melbourne time) on Wednesday, 19 May 2010.
6. Proxies may be lodged with the Company's share registry:

Computershare Investor Services Pty Limited
GPO Box 242
MELBOURNE VIC 3001

Fax number: 1800 783 447 (Within Australia) and +61 3 9473 2555 (Outside Australia)
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 chairperson of the meeting as the shareholder's proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that shareholder, in favour of that item on a poll.
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 member 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	20 April 2010
Signed	
Name	James Cody Company Secretary

Explanatory Notes

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 2001* (Cth) (**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.

The financial report and the Directors' and auditor's reports relate to the year ended 31 December 2009.

The Board unanimously recommends that shareholders vote in favour of adopting the financial statements and reports.

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 16 to 28 of the 2009 Annual Report. It is also available from the Company's website (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 Board unanimously recommends that shareholders vote in favour of adopting the Remuneration Report.

3. Election of Director, Craig Mathieson

Craig Mathieson was appointed as a Director in August 2009. In accordance with Rule 35(b) of the Constitution, Mr Mathieson offers himself for election as a Director.

Mr Mathieson is CEO of The Mathieson Group. He was Managing Director of DMS Glass from 2001 to 2007. He has a banking and commercial background gained while working with the Business Banking division of ANZ Bank and the Property Finance division of St George Bank.

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

4. Election of Director, Nir Pizmony

Nir Pizmony was appointed as a Director in August 2009. In accordance with Rule 35(b) of the Constitution, Mr Pizmony offers himself for election as a Director.

Mr Pizmony has over twenty-five years experience in consumer products, he has formed, developed and subsequently sold two successful toy companies. Nir's knowledge and reputation in the toy industry is well proven both in Australia and globally.

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

5. Election of Director, James Flintoft

James Flintoft was appointed as a Director in January 2010. In accordance with Rule 35(b) of the Constitution, Mr Flintoft offers himself for election as a Director.

Mr Flintoft brings a range of operational financial and strategic capabilities to the Board of Funtastic Limited. He has led large diverse businesses including, as Managing Director, Business Banking at ANZ Banking Corporation; he developed his strategic skills during his time at McKinsey & Company Corporation.

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

6. Re-election of Director, Shane Tanner


Shane Tanner was appointed as a Director on 19 March 2009. In accordance with Rule 35(c) of the Constitution, Mr Tanner offers himself for re-election as a Director.

Mr Tanner is Chairman of Vision Group Holdings Ltd and Paragon Care Ltd. Mr Tanner is a former CEO of Mayne Nickless Diagnostic Services and Director of Sterilhealth Ltd. Mr Tanner has vast commercial and financial experience.

On 24 March 2010 the Board announced its intention to appoint Mr Tanner as Chairman of the Board, the appointment will be effective from the AGM.

The Directors (other than Mr Tanner) recommend that the shareholders vote in favour of the resolution in Item 6.

By order of the Board

Date	20 April 2010
Signed	
Name	James Cody Company Secretary

Additional Information

Please visit the Annual General Meeting page on our website – www.funtastic.com.au – to obtain further information on the meeting.

<p>Will you be attending?</p> <p>To assist our planning, please let us know whether you will be attending the Annual General Meeting by</p> <p>Email: Kirstin.Hunter@funtastic.com.au</p> <p>Telephone: (613) 8531 0002</p>	<p>By Car - there are around 9,600 free car spaces at Chadstone Shopping Centre. The best location to park for the Funtastic Office is in the Woolworths Car Park accessible via either the Dandenong Road or Warrigal Road entrance.</p> <p>By Train - Chadstone Shopping Centre is located close to four train stations: Oakleigh, Hughesdale and Murrumbeena stations on the Dandenong, Cranbourne or Pakenham lines and Holmesglen Station on the Glen Waverley line. A short bus trip completes the journey to Chadstone from these stations. However, the Hughesdale station is only a short 10-15 minute walk along Poath Road to Chadstone Shopping Centre.</p> <p>By Bus - Chadstone is easily accessible by bus with 13 suburban bus routes stopping at the centre. From Oakleigh Station take one of the following bus routes: 903 'To Altona' to get to Chadstone; 742, 800, 802, 804 or 862 (towards Chadstone), or - 900 (towards Caulfield). From Murrumbeena Station take bus Route 822 (towards Chadstone). From Holmesglen Station take bus Route 624 or 903.</p>
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