



ASX ANNOUNCEMENT
27 April 2006

BRAINYTOYS SIGNS MOU WITH REVEAL ENTERTAINMENT INC.

Brainytoys Limited ("Brainytoys") (ASX Code: BRT) has entered into a Memorandum of Understanding (MOU) with Reveal Entertainment Inc (Reveal) to appoint Reveal as the exclusive marketer and distributor for a range of Brainytoys products for the USA and Canadian specialty toys and games markets.

Based in Abilene, Texas, Reveal Entertainment specialises in games, toys, educational products and independently-published books, and is strategically placed in the southern central part of the U.S.A., ideal to access low cost distribution channels to all market centres in North America.

Reveal's distribution network currently has coverage of approximately 2,700 retail outlets, comprising of national, regional and independent retail stores, as well as national mail-order catalogues, on-line retailers and specialty retail chains such as Amazon.com, Barnes & Noble, Calendar Club and Toys R Us.com, among others.

Brainytoys managing director Alex Aguero said "Brainytoys is very pleased to enter into a partnership with Reveal; a company we believe has penetration, strategic positioning and fast-growing coverage of the North American specialty retail markets".

"This MOU is a another major step for Brainytoys in its program to establish a network of marketing partnerships and distribution pipelines, particularly in North America, which is expected to become Brainytoys' largest market." Aguero said.

"The USA market alone accounts for approximately 50% of the world's annual Toy and Game sales (Australia's share is approximately 3%) and Brainytoys' presence in the North American market is of paramount importance to the Company's success," said Mr Aguero.

Mr Jeffrey W. Berndt, President/CEO, Reveal Entertainment Inc. said "Reveal reviews roughly 800 products a year for licensing and/or distribution consideration and of these; we add approximately 10 to 20 items a year depending on the quality from year to year."

"The innovation we saw in the Brainytoys line in development is the best overall launch we've seen to date. Quality and innovation are key components to a successful launch in our industry. After reviewing the product mix and discussing the prospects of becoming involved with Brainytoys as a distribution partner, our Board voted unanimously to enter into this agreement. We're excited about the opportunity," Berndt said.

"The timing of this MOU with Brainytoys was appropriate because our company has been looking for a quality toy line to represent for the past two years. When we saw the level of innovation and the integration of technology in the Brainytoys line, we felt this was a company we needed to seek out for a partnership." said Berndt.



"Our company's goal is to place Brainytoys' products in our distribution channels and provide access to a wide range of retail opportunities for these products – from independent retail stores to regional and national retail chains, to mail order and internet retail," Berndt concluded.

Listed on the ASX in March 2005, Brainytoys is a Perth based company that currently has over 30 electronic and remote control toys, building kits, hand-held, and board games in development. A number of these products are progressing towards manufacturing and marketing within the next six to twelve months.

ENDS

27 April 2006

For further information contact:

Alex Agüero, Managing Director

Ph: (08) 9331 8441

aa@brainytoys.com