

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Brainytoys Limited BRT

ABN

28 001 894 033

Quarter ended ("current quarter")

30 June 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 Months) \$A'000
1.1 Receipts from customers	1,853	3,796
1.2 Payments for		
(a) staff costs	(463)	(1,099)
(b) advertising and marketing	(124)	(830)
(c) research and development	(14)	(409)
(d) leased assets	-	-
(e) other working capital	(2,294)	(5,046)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	57
1.5 Interest and other costs of finance paid	(61)	(86)
1.6 Income taxes paid	(4)	(130)
1.7 Other (provide details if material)	(17)	(17)
Net operating cash flows	(1,124)	(3,764)

	Current quarter \$A'000	Year to date (6 Months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,124)	(3,764)
Cash flows related to investing activities		

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1.9	Payment for acquisition of:		
	(a) businesses (item 5)	(464)	(2,374)
	(b) equity investment		
	(c) intellectual property		
	(d) physical non-current assets	(192)	(269)
	(e) other non-current assets		
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)		
	(b) equity investment		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) other non-current assets		
1.11	Loans to other entities		
1.12	Loans repaid by other entities		
1.13	Other (provide details if material)	-	-
	Net investing cash flows	(656)	(2,643)
1.14	Total operating and investing cash flows	(1,780)	(6,407)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc. net of costs **	650	4,490
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings	524	1,324
1.18	Repayment of borrowings		
1.19	Dividends paid		
1.20	Other (provide details if material)		
	Net financing cash flows	1,174	5,814
	Net increase (decrease) in cash held	(606)	(593)
1.21	Cash at beginning of quarter/year to date	666	653
1.22	Exchange rate adjustments to item 1.20		
		60	60
1.23	Cash at end of quarter		

** Includes \$168k raised to 30th June of a share issue finalised 9th July 2008. The balance \$287k was received in July 2008.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(135)
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	<p><i>Payments in accordance with service agreements with directors and entities associated with the directors</i></p>	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- | |
|---|
| Allocation of 676,129 ordinary shares at 15 cents (= \$A101,419) as part payment for purchase of business and assets of Reveal Entertainment, Inc |
|---|
- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest
- | |
|---|
| - |
|---|

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities – unsecured, convertible	300	300
	Loan facilities – secured, convertible	1,000	1,000
	Loan facilities – secured (Toyway receivables)	244	108
3.2	Credit standby arrangements	-	-

Commencing in July 2008, the Company has secured a factoring credit facility for US receivables – initially based on 95% of validated invoices of US subsidiary Brainytoys, Inc to debtors, and thereafter 85%, which is expected to generate a cash-flow exceeding \$US1 million over the ensuing 2 weeks.

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	165	666
4.2 Deposits at call	--	--
4.3 Bank overdraft	(105)	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	60	666

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: _____
 Company secretary

Date: 31st July 2008

Print name: Graham Nicol

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information

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