

# Appendix 4E

## Preliminary final report

### 1. Company details

Name of entity

**Energio Limited (formerly Brainytoys Limited)**

ABN or equivalent company reference

28 001 894 033

Financial year ended ('current period')

30 June 2010

Period ended ('previous period'):

30 June 2009

### 2. Results for announcement to the market

\$A

2.1 Revenues from operations	Down	84%	T o	579,880
2.2 Profit/(Loss) from operations before tax attributable to members	Up	101%	T o	44,880
2.3 Net profit/(loss) for the period attributable to members	Up	101%	to	44,880
<b>2.4 Dividends</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
Final dividend proposed		Nil		Nil
Interim dividend		Nil		Nil
2.5 +Record date for determining entitlements to the final dividend.		N/A		
2.6 Commentary on the results for the period				
<p>On 21<sup>st</sup> August 2009 the Company entered into a compromise agreement for settlement of a contingent claim by Classic Media, Inc of \$US425,000 by the payment to Classic Media of the sum of \$A35,000.</p> <p>On 1 December 2009, Bryan Hughes (<b>Administrator</b>) was appointed as administrator of Energio Limited (<b>Company</b>) under section 436C of the Corporations Act by the Company's sole secured creditor, Noble Investments Pty Ltd (<b>Noble</b>).</p> <p>In accordance with Section 437C of the Corporations Act 2001, the functions and powers of the directors were suspended upon the appointment of administrators. The administrators may pursuant to Section 437A of the corporations Act 2001 perform any functions or exercise any power that would otherwise be performed or exercised by the directors.</p> <p>The Company's securities had previously been voluntarily suspended from trading on the official list of ASX Limited (<b>ASX</b>) on 7 January 2009.</p> <p>The Administrator called for proposals to recapitalise the Company with a view to seeking reinstatement to trading of its securities on ASX. The Administrator accepted a proposal by Romfal Corporate Pty Ltd for the restructuring and recapitalisation of the Company.</p>				

On 15 January 2010, the Company obtained the approval of its creditors to enter into a Deed of Company Arrangement (**DOCA**) so that all claims of creditors against the Company will be extinguished following a cash payment and the issue of Shares.

The proposal from Romfal Corporate Pty Ltd can be summarised as follows:

- (a) all liabilities, contingent liabilities, obligations, warranties and long term commitments of the Company capable of being released by a DOCA were released and compromised by the DOCA;
- (b) the Company undertook a consolidation of its issued capital as at the date of the shareholder meeting on a five (5) for one (1) basis (**Consolidation**);
- (c) after the Consolidation, the Company undertook the following capital raisings and issues of securities:
  - (i) an issue of 70,000,000 Shares at an issue price of 0.1 cents each to the Proponent (or its nominees) to raise \$70,000;
  - (ii) an issue of 70,000,000 free Options exercisable at 1 cent each on or before 30 November 2013 to the Proponent (or its nominees);
  - (iii) an issue of up to and 400,000,000 Shares at an issue price of not less than 0.5 cents each to raise up to \$2,000,000; and
  - (iv) an issue of 50,000,000 Shares and 30,000,000 Options exercisable at 1 cent each and expiring on 30 November 2013, in satisfaction of part of the secured debt claim of Noble;
- (d) of the funds referred to above, \$350,000 was made available to the creditors of the Company and was allocated \$150,000 (**Secured Cash Consideration**) to Noble and \$200,000 (**Unsecured Cash Consideration**) to unsecured creditors (inclusive of priority employee claims and the Administrator's costs);
- (e) the directors of the Company at the time were removed and replaced by Faldi Ismail, Athan Lekkas and Nathan Taylor;
- (f) following completion of all of the matters set out above, the DOCA was terminated and the Company was reinstated to trading on ASX; and

The Administrators recommended to the creditors that they approve a proposal for the reconstruction of the Company's capital at meetings of shareholders which was held on 24 March 2010. The proposed reconstruction has been implemented by way of Deeds of Company Arrangements.

The Administrators retired on 27 April 2010 and the new board was appointed and assumed control of the Company from that time.

Prior to the appointment of the administrators in December 2009, the Company was a global toys and games development company that had previously been on the cusp of production roll-out and sales through its global distribution network. The core business activities of Energio included:

- (a) research and development of toy and game products;
- (b) development of a distribution and marketing network for the Company's toy and game products; and
- (c) distribution and wholesales of toys, games and hobby products through wholly owned subsidiaries in Australia, the U.S., UK and Hong Kong.

The new board of directors of Energio Ltd (**New Board**) intends to continue all of the existing business units operated by the Company. The New Board is initially undertaking a strategic review of business units with a view to streamlining operations so that the Company can return to profitable trading.

The Board has identified that the Company developed a substantial and wide-ranging body of expertise and knowledge in the International Toy business that can be harnessed to potentially re-enter the Toy market and develop significant business opportunities for Energio.

The Toy industry expertise ranged across multiple layers of operations and management, including:

- Successful multi-Toy developments utilizing complex mechanical and electric systems and incorporating high-level computer and electronics technologies
- Manufacturing expertise across multiple product types and forms; co-ordination of multiple manufacturers and suppliers
- Development of world-wide marketing and sales networks

- Ability to; identify strategic Toy industry acquisition opportunities; evaluate such opportunities and conclude successful agreements and acquisitions

To facilitate this, the Company has appointed Mr Alex Agüero as a key consultant to the Company to:

- (a) conduct a review of the toy and gaming industries (both domestically and internationally) with a specific focus on the Company's historical and planned future activities;
- (b) provide a report to the Company based on the review with clear guidance on the business direction that Mr Agüero considers can be profitably exported by the Company; and
- (c) develop a comprehensive business plan and marketing strategy for the Company.

### 3. Condensed consolidated statement of comprehensive income

	Current period - \$A	Previous corresponding period - \$A
Revenues from operations	579,880	3,673,137
Other income	-	-
Expenses from ordinary activities	(535,000)	(10,137,784)
<b>Profit /(Loss) from continuing operations</b>	<b>44,880</b>	<b>(6,464,647)</b>
Income tax benefit	-	58,662
Profit /(Loss) from continuing operations	44,880	(6,405,985)
Profit /(Loss) from discontinued operations	-	(762,834)
<b>Profit /(Loss) attributable to members of the parent entity</b>	<b>44,880</b>	<b>(7,168,819)</b>

## Notes to the consolidated statement of comprehensive income

### 3.1 Expenses from ordinary activities

Details of "Expenses from ordinary activities" by nature	Current period \$A	Previous corresponding period \$A
Cost of goods sold (including distribution)	-	(1,470,665)
Accounting and Audit Fees	12,862	(229,549)
Advertising, exhibits, product samples	-	(331,486)
Interest expense	96,053	(344,737)
Foreign exchange gain/(loss)	-	15,667
Consultancy Fees	26,560	(192,639)
Depreciation and amortisation expense	-	(35,053)
Insurance	-	(123,377)
Employee benefits	-	(1,207,920)
Product Licences	-	(35,000)
Rent, rates & taxes	-	(249,214)
Research and Development	-	(13,809)
Travel and Accommodation	2318	(138,606)
Impairment losses – receivables	-	(150,235)
Profit/(Loss) on sale of fixed assets	-	(59,503)
Impairment of goodwill – Brainytoys, Inc	-	(367,543)
Impairment of licence fee – Marshmallow Fun Company	-	(5,504,431)
Licence fee consideration not paid	-	1,037,212
Administration costs	350,000	
Legal fees	33,416	
Other expenses	13,791	(736,896)
<b>Total Expenses</b>	<b>(535,000)</b>	<b>(10,137,784)</b>

### 3.2 Other disclosures relating to the statement of comprehensive income

	Current period - \$A	Previous corresponding period - \$A
Operating activities:		
- Sales	-	3,673,137
- Interest income	16,511	-
- Gain on administration	563,369	-
Net revenue/(expense) since the beginning of the reporting period resulting from deductions from the carrying amounts of assets :		
- depreciation of non-current assets	-	(35,053)
- impairment losses – receivables	-	(150,235)
- impairment of goodwill – Brainytoys, Inc	-	(367,543)
- Impairment of licence fee – Marshmallow Fun Company	-	(5,504,431)

### 3.3 Revision of accounting estimates

Details of Revision of Accounting Estimates in accordance with AASB 118
None

## 4. Condensed consolidated statement of financial position

	At end of current period \$A	As shown in last annual report \$A
<b>Current assets</b>		
Cash and cash equivalents	2,049,701	50,974
Trade and other receivables	1,113,041	1,185,994
Inventories	112,838	130,656
<b>Total current assets</b>	<b>3,275,580</b>	<b>1,367,624</b>
<b>Non-current assets</b>		
Property, plant and equipment (net)	39,412	42,909
Patents & trademarks	-	-
Intangible assets	-	-
Other financial assets	-	-
Receivables	-	-
<b>Total non-current assets</b>	<b>39,412</b>	<b>42,909</b>
<b>Total assets</b>	<b>3,314,992</b>	<b>1,410,533</b>

<b>Current liabilities</b>		
Trade and other payables	887,918	1,584,550
Borrowings	1,900,182	1,847,526
<b>Total current liabilities</b>	<b>2,788,100</b>	<b>3,432,076</b>
<b>Total liabilities</b>	<b>2,788,100</b>	<b>3,432,076</b>
<b>Net assets</b>	<b>526,892</b>	<b>(2,021,543)</b>
<b>Equity</b>		
Issued capital	19,699,596	17,254,615
Reserves	1,569,142	1,510,568
Accumulated losses	(20,741,846)	(20,786,726)
<b>Total equity</b>	<b>526,892</b>	<b>(2,021,543)</b>

## 5. Condensed consolidated statement of cash flows

	Current period \$A	Previous corresponding period - \$A
<b>Cash flows related to operating activities</b>		
Receipts from customers (inclusive of gst)	-	4,222,563
Payments to suppliers and employees (inclusive of gst)	(99,854)	(3,578,082)
Interest paid	(350,000)	(117,801)
Interest received	8,834	502
<b>Net operating cash flows</b>	<b>(441,020)</b>	<b>527,182</b>
<b>Cash flows related to investing activities</b>		
Payment for purchases of property, plant and equipment	-	(88,547)
Sale of plant & equipment	-	38,464
Purchase of other non-current assets	-	(909,538)
Sale of subsidiary	-	175,069
Cash relinquished on sale of Enertec Enterprises	-	(302,657)
<b>Net investing cash flows</b>	<b>-</b>	<b>(1,087,209)</b>
<b>Cash flows related to financing activities</b>		
Net proceeds from issues of shares	2,445,000	287,440
Proceeds from debt factoring	-	656,275
Repayment of debt factoring	-	(183,985)
Repayment of convertible notes	-	(220,512)
<b>Net financing cash flows</b>	<b>2,445,000</b>	<b>539,218</b>
<b>Net increase (decrease) in cash held</b>	<b>2,003,980</b>	<b>(20,809)</b>

Cash at beginning of period	50,974	54,867
Exchange gain/(loss) on balance	(5,253)	16,916
<b>Cash at end of period</b>	<b>2,049,701</b>	<b>50,974</b>

### 5.1 Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

N/A
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### 5.2 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the condensed consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A	Previous corresponding period - \$A
Cash on hand and at bank	2,049,701	50,974
Bank overdraft	-	-
<b>Balance per statement of cash flows</b>	<b>2,049,701</b>	<b>50,974</b>

### 5.3 Reconciliation of loss from ordinary activities after income tax to net cash inflow from operating activities

	Current period \$A	Previous corresponding period - \$A
Net Profit /(Loss)	44,880	(7,168,819)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit from ordinary activities		
Depreciation	-	93,171
Foreign exchange (gain)/loss	23,908	469,937
Impairment Loss	-	6,333,434
Loss on sale of plant & machinery	-	96,556
Interest unpaid on convertible notes	96,053	256,478
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in intercompany loans	-	-
(Increase)/decrease in receivables	72,953	327,908
(Increase)/decrease in inventories	17,818	915,577
Increase/(decrease) in payables	(696,632)	(797,060)
<b>Net cash (used in) from operating activities</b>	<b>(441,020)</b>	<b>(527,182)</b>

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## 6. Segment Information

The Company held investments and operated businesses in the USA, UK, Australia and Hong Kong. The Companies' principal activities are toy and game sales.

2010	USA	United Kingdom	Australia	Total continuing operations	Dis-continued operations	Consolidated
Segment revenue						
Sales to external customers	-	-	-	-	-	-
Intersegment sales						N/A
Total sales revenue	-	-	-	-	-	-
Other revenue/income	-	-	579,880	579,880	-	579,880
Total segment revenue/income	-	-	579,880	579,880	-	579,880
Segment result	-	-	44,880	44,880	-	44,880
Unallocated expense				-	-	-
Profit/(loss) before income tax				44,880	-	44,880
Income tax benefit						-
Net profit/(loss) for the year						44,880
Segment Assets and Liabilities						
Segment assets	1,035,308	256,879	2,022,805	3,314,992	-	3,314,992
Unallocated assets				-	-	-
Total assets	1,035,308	256,879	2,022,805	3,314,992	-	3,314,992
Segment liabilities	646,221	906,528	1,235,351	2,788,100	-	2,788,100
Unallocated liabilities				-	-	-
Total liabilities	646,221	906,528	1,235,351	2,788,100	-	2,788,100
Other Segment Information						
Acquisitions of property, plant & equipment, intangibles & other non-current segment assets	-	-	-	-	-	-
Impairment of goodwill intangibles	-	-	-	-	-	-
Depreciation & amortisation	-	-	-	-	-	-
Unallocated				-	-	-
Total Depreciation & amortisation				-	-	-



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2009	USA	United Kingdom	Australia	Total continuing operations	Dis-continued operations	Consolidated
Segment revenue						
Sales to external customers	1,587,079	2,086,058	-	3,673,136	5,745,098	9,418,234
Intersegment sales						N/A
Total sales revenue	1,587,079	2,086,058	-	3,673,136	5,745,098	9,418,234
Other revenue/income						
Total segment revenue/income	1,587,079	2,086,058	-	3,673,136	5,745,098	9,418,234
Segment result	4,346,135	(1,008,614)	(1,109,818)	(6,464,567)	762,834	(7,227,401)
Unallocated expense				-	-	-
Profit/(loss) before income tax				(7,574,385)	(762,834)	(7,227,481)
Income tax benefit						58,662
Net profit/(loss) for the year						(7,168,819)
Segment Assets and Liabilities						
Segment assets	1,100,045	299,340	863,764	2,263,149	1,018,989	3,282,138
Unallocated assets				-	-	-
Intersegment eliminations				(852,616)	-	(852,616)
Total assets	1,100,045	299,340	863,764	1,410,533	1,018,989	2,429,522
Segment liabilities	963,213	753,039	1,715,824	3,432,076	714,029	4,146,105
Unallocated liabilities				-	-	-
Total liabilities	963,213	753,039	1,715,824	3,432,076	714,029	4,146,104
Other Segment Information						
Acquisitions of property, plant & equipment, intangibles & other non-current segment assets	-	-	-	-	88,547	88,547
Impairment of goodwill intangibles	4,834,762	-	-	4,834,762	1,337,551	6,172,313
Depreciation & amortisation	3,342	10,223	21,488	35,053	59,503	94,556
Unallocated				-	-	-
Total Depreciation & amortisation				35,053	59,503	94,556

## 7. Dividends

### 7.1 Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
<b>Final dividend:</b>	Current year	N/A	N/A	N/A	N/A
	Previous year	N/A	N/A	N/A	N/A
<b>Interim dividend:</b>	Current year	N/A	N/A	N/A	N/A
	Previous year	N/A	N/A	N/A	N/A

### 7.2 Total dividend per security (interim plus final)

	Current year	Previous year
<sup>+</sup> Ordinary securities	N/A	N/A

## 8. Dividend Reinvestment Plans

The <sup>+</sup>dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the <sup>+</sup>dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions).

N/A

## 9. Consolidated accumulated losses

	Current period - \$A	Previous corresponding period - \$A
Accumulated losses at the beginning of the financial period	(20,786,726)	(13,617,907)
Cancellation of accumulated losses against existing share capital		-
Reserves transferred to accumulated losses		-
Net profit /(loss) attributable to members	44,880	(7,168,819)
<b>Accumulated losses at end of financial period</b>	<b>(20,741,846)</b>	<b>(20,786,726)</b>

## 10. NTA backing

	Current period (\$)	Previous corresponding Period (\$)
Net tangible asset backing per <sup>+</sup> ordinary security	0.08	0.13

## 11. Control over entities

### 11.1 Control gained over entities

Name of entity (or group of entities)	N/A	
Date control gained	Nil	
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	Nil	
Profit(loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	Nil	

### 11.2 Loss of control over entities

Name of entity (or group of entities)	N/A	
Date control lost	Nil	
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	Nil	
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material).	Nil	

## 12. Earnings per share

	Current period (\$)	Previous corresponding Period (\$)
Net profit /(loss) attributable to ordinary equity holders of the parent	44,880	(7,168,819)
Weighted average no of ordinary shares	187,536,682	115,563,285
<b>Loss per Share</b>		
- Basic loss per share (cents per shares)	0.02	(6.2)
- Diluted loss per share	0.02	N/A
<i>Dilutive earnings per share have not been disclosed as the entity does not have on issue any potential ordinary shares which are dilutive.</i>		

**13. Details of associates and joint venture entities**

Name of associate/joint venture	Reporting entity's percentage holding	
	Current Period	Previous corresponding period
N/A		

**14. Significant information**

Details of any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.
None

**15.** This report is based on +accounts to which one of the following applies.  
(Tick one)

- |  |  |
|--|--|
| <input type="checkbox"/> The +accounts have been audited.                              | <input type="checkbox"/> The +accounts have been subject to review.                  |
| <input checked="" type="checkbox"/> The +accounts are in the process of being audited. | <input type="checkbox"/> The +accounts are in the process of being reviewed.         |
| <input type="checkbox"/> The +accounts have not yet been audited or reviewed.          | <input type="checkbox"/> The +accounts have <i>not</i> yet been audited or reviewed. |

**16.** If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below

<p>The audit may contain the following disclaimer of Auditor's opinion:</p> <p><i>The group was unable to fund its operations for the year ended 30 June 2009 which resulted in the group divesting its Hong Kong Subsidiary as at 31 December 2008 and ceasing funding for its United Kingdom and United States operations.</i></p> <p><i>This lack of funding resulted in the company being unable to access its records and the records of the entities it controlled at the year end and from time to time.</i></p> <p><i>Due to these limitations, we have been unable to undertake sufficient appropriate audit procedures in relation to the financial statements and therefore issue a disclaimer of opinion on this report.</i></p>
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**17.** If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below

N/A
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Sign here: .....  
(Director)

Date: 31 August 2010

Print name: Faldi Ismail

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