



**Treyo Leisure and Entertainment Ltd**  
**Level 2, 371 Spencer Street**  
**Melbourne Vic 3000**  
**Australia**

## **Appendix 4D**

### **Commentary on Half-Year Results to 30 June 2014**

For the information of Shareholders and the general market, the Board of Treyo Leisure and Entertainment Limited have authorised the release of details of the Company's results for the YTD period 1 January - 30 June 2014. It should be noted that, in accordance with Chinese accounting practices, Treyo's financial year runs January to December. Through this Commentary, the Treyo Board seeks to provide a brief update to its Shareholders and the market, on the results achieved for the first half of 2014.

The Treyo Board is pleased to advise that profit for the half year, including a profit contribution from the Company's 99% owned Shenzhen Shangzuo Asset Management (Limited Partnership), is up by 17% on the previous corresponding period to \$A1,935,906. This profit result is despite revenue being down by 1% for the same period. Earnings per share (EPS) increased by 21%

In another challenging period, Treyo management has focussed on continuing its aggressive marketing and R&D activities, on cost reduction and on manufacturing efficiencies.

A detailed summary of the half-year results is contained in the Company's Appendix 4D and Half-Year Financial Report, which is attached to this Commentary.

The Company continues to look for new markets and opportunities for growth. Treyo retains its dominance of the high end of the market and remains the most recognised brand of automatic mahjong tables, worldwide.

China's domestic economy is still growing and relatively stable by world standards. The Chinese middle-income sector continues to grow. This is good for Treyo's future.

As always, the Treyo Board, will continue to look to the future for innovation, growth and opportunities to maximise Shareholder value. The Board remains confident for the Company's future and a strong second half.

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#### **About Treyo Leisure and Entertainment Limited**

Treyo Leisure and Entertainment Ltd (Treyo) was listed on the Australian Stock Exchange (ASX) on 2 January 2009. Prior to Treyo's listing, the Company operated as Matsuoka Mechatronics (China) Co., Ltd ("Matsuoka"). Founded in March 2003, Matsuoka, now a wholly owned subsidiary of Treyo, is a wholly foreign-owned limited liability company incorporated in the People's Republic of China.

From its modern, purpose built, production facility ideally located in the Xiaoshan Business District near Shanghai, Matsuoka designs, manufactures and markets automatic mahjong tables under the trademark "Treyo".

Treyo through its subsidiary Matsuoka is an industry leader. With China as its major market, the Company has grown rapidly to become the largest automated mahjong table manufacturer in the world. Treyo holds over 70% of the premium end of the market for automated mahjong tables. The Company's success is a result of its innovation, technical excellence, environmental standards, investment in advanced production lines, manufacturing processes, commitment to quality, outstanding customer service and brand development.

For further information please contact:

Jo-Anne Dal Santo

Company Secretary

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Melbourne Victoria 3000

Mobile : 0438 949 009

Email: jo@redconsulting.net.au

**Name of Entity** **Treyo Leisure and Entertainment Ltd**

**ABN** **93 131 129 489**

**Reporting Period** **Half Year ended 30 June 2014**

Previous Corresponding Period Half Year ended 30 June 2013

The following information is given to ASX under listing rule 4.2A.3.

1 The Reporting period is the half year ended 30 June 2014 including comparative information for the half year ended 30 June 2013.

2 Results for announcement to the market

		<b>Change</b>		<b>30-Jun-14</b>		<b>30-Jun-13</b>		
	%	\$		\$		\$		
2.1	The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.	down by	1%	(435,503)	to	32,110,220	from	32,545,723
2.2	The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.	up by	17%	283,036	to	1,935,906	from	1,652,870
2.3	The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.	up by	17%	283,036	to	1,935,906	from	1,652,870
2.4	The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.	Nil						
2.5	The record date for determining entitlements to the dividends (if any).	Not applicable						

2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

**Review of principal business activities**

A review of the significant developments in the operating units of the consolidated entity is detailed on page 1 of the Appendix 4D.

3	<p>Net tangible assets per security with the comparative figure for the previous corresponding period.</p> <p>Net tangible assets per security in cents</p>	<table border="1" style="margin: auto;"> <thead> <tr> <th style="text-align: center;">30 June 2014 Cents per share</th> <th style="text-align: center;">30 June 2013 Cents per share</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">18.41</td> <td style="text-align: center;">17.18</td> </tr> </tbody> </table>	30 June 2014 Cents per share	30 June 2013 Cents per share	18.41	17.18
30 June 2014 Cents per share	30 June 2013 Cents per share					
18.41	17.18					
4	<p>Details of entities over which control has been gained or lost during the period, including the following.</p>	n/a				
4.1	<p>Name of the entity.</p>	n/a				
4.2	<p>The date of the gain/loss of control.</p>	n/a				
4.3	<p>Where material to an understanding of the report – the contribution of such entities to the reporting entity’s profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.</p>	n/a				
5	<p>Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.</p>	<p>No dividends or distributions were made during the period and none are planned.</p>				
6	<p>Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.</p>	Not applicable				
7	<p>Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity’s percentage holding in each of these entities and – where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.</p>	<p>Shenzhen Shangzuo Asset Management (Limited Partnership) established and entered into by the reporting entity in April 2013</p> <ul style="list-style-type: none"> <li>- Percentage held – 99%</li> <li>- Contribution to net profit for the period ended 30 June 2014 - \$951,588</li> </ul>				

- 8 For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).

The half year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with international accounting standards

- 9 For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.

Not applicable

Dated this 29th day of August 2014



Ling (Allan) Mao  
Executive Chairman



**TREYO LEISURE AND ENTERTAINMENT LTD  
AND ITS CONTROLLED ENTITIES**

**ABN 93 131 129 489**

**HALF YEAR FINANCIAL REPORT**

**FOR THE SIX MONTHS ENDED  
30 JUNE 2014**

# Contents

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	<b>Page</b>
Corporate Information	2
Directors' Report	3
Auditors Independence Declaration	5
Treyo Leisure and Entertainment Ltd's Financial Report	
Consolidated Statement of Profit or Loss and other Comprehensive Income	6
Comprehensive Statement of Financial Position	7
Consolidated Statement of Cash Flows	8
Consolidated Statement of Changes in Equity	9
Notes to the Half Year Financial Statements	
1. Basis of preparation	10
2. Revenue and expenses	12
3. Operating segments	13
4. Dividends	14
5. Cash and cash equivalents	14
6. Investments Accounted for using the equity method	14
7. Property, plant and equipment	16
8. Short term borrowings	16
9. Contributed equity	16
10. Related party disclosures	16
11. Fair value measurement of financial instruments	17
12. Contingent liabilities	17
12. Events after the end of the interim period	17
Directors' Declaration	18
Independent Review Report to the members of Treyo Leisure and Entertainment Ltd	19

# Corporate Information

ABN 93 131 129 489

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## Directors

Ling (Allan) Mao (Chair)  
Roger Smeed (Deputy Chair)  
Guohua Wei  
Kwong Fat Tse  
Edward Byrt  
Zhongliang Zheng  
Minghua Yu

## Company Secretary

Jo-Anne Dal Santo

## Registered Office

Level 2, 371 Spencer Street  
Melbourne, Victoria 3000, Australia

## Share Registry

Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnstone Street  
Abbotsford, Victoria 3067, Australia  
Phone: 1300 850 505

**Treyo Leisure and Entertainment Limited Shares are listed on the Australian Securities Exchange (ASX)**

**ASX Code: TYO**

## Bankers

Westpac Banking Corporation Limited  
360 Collins Street  
Melbourne, Victoria 3000

## Auditors

Grant Thornton Audit Pty Ltd  
Level 1, 67 Greenhill Road  
Wayville, South Australia 5034

## Legal Advisors

Norton Rose  
RACV Tower, 485 Bourke Street  
Melbourne, Victoria 3000

## Website Address

[www.treyo.com.au](http://www.treyo.com.au)

All monetary amounts in this Report are in Australian dollars unless stated otherwise.  
The financial year begins on 1 January and ends on 31 December each year

## DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 30 June 2014.

This half-year report covers the consolidated entity comprising Treyo Leisure and Entertainment Ltd ('Treyo') and its subsidiaries (the Group). Treyo's functional currency is Australian dollars (\$AUD) and the Group's presentation currency is AUD(\$). The functional currency of the operating subsidiary Matsuoka Mechatronics (China) Co., Ltd is Chinese Renminbi ("RMB").

### DIRECTORS

The names of directors who held office during or since the end of the half-year:

Mr Ling (Allan) Mao (Executive Chairman)	Mr Roger Smeed (Deputy Chairman, Independent, Non-Executive)
Mr Guohua Wei (Executive)	Mr Edward Byrt (Independent, Non-Executive)
Mr Zhongliang Zheng (Executive)	Mr Kwong Fat Tse (Non-Executive)
Mr Minghua Yu (Independent, Non-Executive)	

### COMPANY SECRETARY

Jo-Anne Dal Santo

### REVIEW AND RESULTS OF OPERATIONS

The Board and Management of Treyo Leisure and Entertainment Ltd ('Treyo') are pleased to announce that the Company has delivered a positive net operating profit result for the half-year period.

The Board is pleased to advise that profit for the half year, including a profit contribution from the Company's 99% owned Shenzhen Shangzuo Asset Management (Limited Partnership), is up by 17% on the previous corresponding period to \$A1,935,906. This profit result is despite revenue being down by 1% for the same period. Earnings per share (EPS) increased by 21%

#### Nature of operation and principal activity

The principal activity of the Group during the course of the financial year was the manufacture of automatic Mahjong tables.

The Group currently operates in one business segment with all goods being manufactured and distributed from a single facility in China.

There was no other significant changes in the nature of the Consolidated Group's principal activities during the interim period.



**AUDITOR'S DECLARATION**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 5 for the half-year ended 30 June 2014.

This report is signed in accordance with a resolution of the Board of Directors.



✚

Ling (Allan) Mao  
Director  
Executive Chairman

Dated this 29<sup>th</sup> day of August 2014

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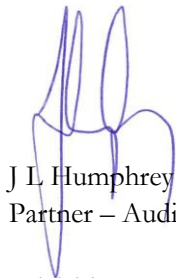
**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF TREYO LEISURE AND ENTERTAINMENT LTD**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Treyo Leisure and Entertainment Ltd for the half-year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 29 August 2014

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income FOR THE HALF YEAR ENDED 30 JUNE 2014

	Notes	Consolidated Group 30June2014 \$	30June2013 \$
<b>Revenue</b>		32,110,220	32,545,723
Cost of goods sold		(25,470,399)	(25,506,310)
<b>Gross Profit</b>		6,639,821	7,039,413
Interest income		280,632	732,896
Other income	2	193,667	33,566
Share of Partnership result using the equity method	6	951,588	161,449
Distribution and selling expenses		(2,280,257)	(1,981,594)
Administration expenses		(3,443,685)	(3,380,902)
Finance costs	2	(125,479)	(175,114)
Profit before income tax		<b>2,216,287</b>	<b>2,429,714</b>
Income tax (expense)/benefit		(280,381)	(776,844)
Profit from continuing operations		1,935,906	1,652,870
<b>Profit for the year</b>		1,935,906	1,652,870
<b>Other comprehensive income</b>			
Items that may be classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(4,014,710)	7,098,789
Total comprehensive income for the period		<b>(2,078,804)</b>	<b>8,751,659</b>
 <b>Earnings per share from continuing operations (on profit attributable to ordinary equity holders)</b>			
Basic profit/(loss) per share (cents per share)		0.64	0.53
Diluted profit/(loss) per share (cents per share)		0.64	0.53

# Consolidated Statement of Financial Position

## AS AT 30 JUNE 2014

	Notes	Consolidated Group	
		30June2014	31December2013
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	22,074,276	24,228,920
Trade and other receivables		598,513	687,018
Prepayments and other current receivables		1,346,802	1,329,511
Inventories		5,125,365	5,170,096
Held to maturity financial asset		1,720,000	9,399,300
<b>TOTAL CURRENT ASSETS</b>		<b>30,864,956</b>	<b>40,814,845</b>
<b>NON-CURRENT ASSETS</b>			
Investments accounted for using the equity method	6	36,131,830	37,730,408
Property, plant and equipment	7	11,822,965	13,149,546
Intangible assets		126,355	154,269
<b>TOTAL NON-CURRENT ASSETS</b>		<b>48,081,150</b>	<b>51,034,223</b>
<b>TOTAL ASSETS</b>		<b>78,946,106</b>	<b>91,849,068</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		11,980,404	20,446,466
Notes payable		5,921,960	5,917,873
Short term borrowings	8	3,440,000	5,529,000
Current tax liabilities		211,221	484,404
<b>TOTAL CURRENT LIABILITIES</b>		<b>21,553,585</b>	<b>32,377,743</b>
<b>TOTAL LIABILITIES</b>		<b>21,553,585</b>	<b>32,377,743</b>
<b>NET ASSETS</b>		<b>57,392,521</b>	<b>59,471,325</b>
<b>EQUITY</b>			
Issued capital	9	23,302,770	23,302,770
Foreign exchange translation reserve		(1,865,967)	2,148,743
Statutory general reserve		1,132,522	1,132,522
Retained earnings		34,823,196	32,887,290
<b>TOTAL EQUITY</b>		<b>57,392,521</b>	<b>59,471,325</b>

# Consolidated Statement of Cash Flows

## FOR THE HALF YEAR ENDED 30 JUNE 2014

	Notes	Consolidated Group	
		30June2014	30June2013
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		32,994,180	29,797,630
Payments to suppliers and employees		(38,292,971)	(27,533,079)
Interest received		280,632	732,896
Interest paid		(125,479)	(175,114)
Income taxes paid		(521,703)	(519,363)
<b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		<b>(5,665,341)</b>	<b>2,302,970</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(59,203)	(99,096)
Consideration received on disposal of plant and equipment		-	9,492
Cash receipts from the repayment of advances made to other parties		13,220	1,944,779
Cash advance made to non - related parties		(110,958)	-
Redemption of short-term investment		7,052,000	2,650,500
Purchase of held-to-maturity investment		-	(35,005,823)
<b>NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>6,895,059</b>	<b>(30,500,148)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(8,600,000)	-
Proceeds of borrowings		6,880,000	-
<b>NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		<b>(1,720,000)</b>	<b>-</b>
<b>NET DECREASE IN CASH HELD</b>		<b>(490,282)</b>	<b>(28,197,178)</b>
Cash and cash equivalents at beginning of period		24,228,920	38,861,335
Effect of exchange rates on cash holdings in foreign currencies		(1,664,362)	6,240,643
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>5</b>	<b>22,074,276</b>	<b>16,904,800</b>

## Consolidated Statement of Changes in Equity FOR THE HALF YEAR ENDED 30 JUNE 2014

	Issued Capital \$	Retained Earnings \$	Foreign Exchange Reserve \$	Statutory General Reserves \$	Total \$
<b>Balance at 1 January 2013</b>	23,302,770	27,659,156	(7,401,592)	1,132,522	44,692,856
Total profit or loss	-	1,652,870	-	-	1,652,870
Total other comprehensive income	-	-	7,098,789	-	7,098,789
<b>Balance at 30 June 2013</b>	<b>23,302,770</b>	<b>29,312,026</b>	<b>(302,803)</b>	<b>1,132,522</b>	<b>53,444,515</b>
<b>Balance at 1 January 2014</b>	23,302,770	32,887,290	2,148,743	1,132,522	59,471,325
Total profit or loss	-	1,935,906	-	-	1,935,906
Total comprehensive income	-	-	(4,014,710)	-	(4,014,710)
<b>Balance at 30 June 2014</b>	<b>23,302,770</b>	<b>34,823,196</b>	<b>(1,865,967)</b>	<b>1,132,522</b>	<b>57,392,521</b>

**NOTE 1: BASIS OF PREPARATION**

These general purpose interim financial statements for half-year reporting period ended 30 June 2014 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Treyo Leisure and Entertainment Ltd and its controlled entities (referred to as the Consolidated Group or the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2013, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

The interim financial statements have been approved and authorised for issue by the Board of Directors on the 29th August 2014.

**New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period**

**AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities**

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

**AASB 2013-3 Recoverable Amount Disclosures for Non-Financial Assets**

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the Group given that they are largely of the nature of clarification of existing requirements.

**AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities**

The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 Financial Instruments (or AASB 139 Financial Instruments: Recognition and Measurement where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries.

These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

When this standard is first adopted for the year ending 30 June 2015, there will be no impact on the Group because the parent entity does not meet the definition of ‘investment entity’.

**AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders**

AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038 Life Insurance Contracts, which leaves AASB 10 Consolidated Financial Statements as the sole source for consolidation requirements applicable to life insurer entities.

When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the Group.

**NOTE 1: BASIS OF PREPARATION**

**Estimates**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2013. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the high-tech entity concessional rate of 15% before the renewal application is formally approved. The high-tech entity qualification renewal process is expected to be finalised in late 2014. The current indication from the government is that this concession will be extended.



**NOTE 2: REVENUE AND EXPENSES**

<b>Consolidated Group</b>	
<b>30 June 2014</b>	<b>30 June 2013</b>
<b>\$</b>	<b>\$</b>

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

**(i) Other Revenue**

Other	193,667	33,566
	193,667	33,566

**(ii) Finance costs**

Finance costs	125,479	175,114
	125,479	175,114

**(iii) Depreciation and amortisation included in statement of profit or loss and other comprehensive income**

Depreciation of fixed assets charged to Cost of goods sold	214,104	171,240
Depreciation of fixed assets charged to Administration	312,639	321,657
Amortisation of intangible assets	15,349	25,193
<b>Total depreciation and amortisation</b>	542,092	518,090

**NOTE 3: OPERATING SEGMENTS**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Executive Directors (chief operating decision makers) in accessing performance and determining the allocation of resources.

Similar to the last reporting period ended 31 December 2013; the Group is currently managed primarily on the basis of geographical region as each geographical region has notably different risk profiles and performance assessment criteria. The reportable geographical segments relate to three different regions of:

- China, the segment which all goods are manufactured and sold in;
- Australia, the segment which manages all ASX related activities; and
- Hong Kong, the segment which manages all other corporate activities.

*Segment information provided to executive directors*

	China	Australia	Hong Kong	Total
	\$	\$	\$	\$
<b>For the six months ended 30 June 2014</b>				
<b>REVENUE</b>				
Total revenue -external sales	32,110,220	-	-	32,110,220
<b>RESULT</b>				
Segment result	2,562,212	(56,817)	(163,629)	2,341,766
Finance costs	(125,178)	(194)	(107)	(125,479)
Profit/(loss) before income tax	2,437,034	(57,011)	(163,736)	2,216,287
Income tax expense	(280,381)	-	-	(280,381)
Profit after income tax from continuing operations	2,156,653	(57,011)	(163,736)	1,935,906
<b>ASSETS</b>				
Segment assets	77,204,775	1,721,887	19,444	78,946,106
<b>LIABILITIES</b>				
Segment liabilities	21,482,164	1,410	70,011	21,553,585
<b>OTHER</b>				
Depreciation and amortisation of segment assets	542,092	-	-	542,092

**NOTE 3: OPERATING SEGMENTS (CONTINUED)**

	China \$	Australia \$	Hong Kong \$	Total \$
<b>For the six months ended 30 June 2013</b>				
<b>REVENUE</b>				
Total revenue - external sales	32,545,723	-	-	32,545,723
<b>RESULT</b>				
Segment result	2,807,272	(182,695)	(19,749)	2,603,828
Finance costs	(174,745)	(148)	(221)	(175,114)
Profit/(loss) before income tax	2,632,527	(182,843)	(19,970)	2,429,714
Income tax expense	(379,060)	(397,784)	-	(776,844)
Profit after income tax from continuing operations	2,253,467	(580,627)	(19,970)	1,652,870
<b>ASSETS</b>				
Segment assets	77,163,121	111,952	2,704,907	79,979,980
<b>LIABILITIES</b>				
Segment liabilities	26,430,582	103,866	1,017	26,535,465
<b>OTHER</b>				
Depreciation and amortisation of segment assets	518,090	-	-	518,090

Segment revenues and expenses are those directly attributable to the segments. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

**NOTE 4: DIVIDENDS**

Treyo Leisure and Entertainment Pty Ltd's Board has not recommended the payment of any dividend for the half year ended 30 June 2014.

**NOTE 5: CASH AND CASH EQUIVALENTS**

<b>Consolidated Group</b>	
<b>30 June 2014</b>	<b>31 December 2013</b>
\$	\$

For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank and on hand	22,074,276	24,228,920
--------------------------	------------	------------

At 30 June 2014, \$3,514,845 (31 December 2013: \$1,784,050) was held in an interest bearing short term deposit as a guarantee for notes payable.

**NOTE 6: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

Treyo has generated significant cash holdings from operations in China over a number of years and was looking to the market for better returns than were offered by traditional Chinese bank deposits. Following a review of alternatives by the directors, it was agreed that Matsuoka (the wholly owned Chinese subsidiary of Treyo) would enter into a limited Chinese partnership with professional investment advisor Shangzuo Asset Management Centre (partnership manager) based in Shenzhen, Guangdong Province, China. It is through this partnership's investments that Matsuoka could earn a better than bank rate of interest.

The activities of the partnership are solely for the investment of funds in various Chinese bank products to achieve

better than average and tax effective returns.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2014

**NOTE 6: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)**

Under the partnership agreement, Matsuoka is entitled to a preference return on the capital invested of 5.4% per annum and does not share in any earnings of the partnership over this level.

Matsuoka holds a 99% equity interest in the Shangzuo partnership and contributed RMB 198 million on formation. Shangzuo Asset Management Co Ltd (Shangzuo) contributed the remaining 1% or RMB 2 million to the partnership.

Matsuoka is not involved in the investment decisions of the partnership as this is undertaken solely by Shangzuo as a professional investment advisor. As a consequence Matsuoka has been assessed to be a passive investor in the partnership and has relinquished control to the partnership manager in order to obtain better than market returns.

Based on the requirements of AASB 10 the directors of the Company have formed the view that Matsuoka does not control the partnership, despite its significant ownership interest.

On the basis that the partnership was assessed to not be controlled by the Company yet elements of a significant influence are present, a decision was made to recognize the investment as a joint venture entity. As a consequence, equity accounting of Matsuoka's share of profit and loss has been accounted for in accordance with the partnership agreement.

The interest in Shangzuo is accounted for in the financial statements using the equity method of accounting. Information relating to Shangzuo is set out below:

**Partnership profit or loss summary**

	<b>30 June 2014</b>	<b>30 June 2013</b>
	\$	\$
<b>Net profit after tax</b>	<b>1,497,107</b>	<b>163,080</b>
<b>Total comprehensive Income</b>	<b>1,497,107</b>	<b>163,080</b>
<b>Share of partnership profit</b>	<b>951,588</b>	<b>161,449</b>

**Partnership balance sheet summary**

	<b>30 June 2014</b>	<b>31 December 2013</b>
	\$	\$
Cash and cash equivalent	2,987,078	1,767,741
<b>Total Current Assets</b>	<b>2,987,078</b>	<b>1,767,741</b>
Long-term receivables (Loans advanced through financial institutions)	34,400,000	36,860,000
<b>Total Non-current Assets</b>	<b>34,400,000</b>	<b>36,860,000</b>
<b>Total Assets</b>	<b>37,387,078</b>	<b>38,627,741</b>
Trade and Other Payables	22,480	141,235
<b>Total Current Liabilities</b>	<b>22,480</b>	<b>141,235</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2014**

**NOTE 7: PROPERTY, PLANT AND EQUIPMENT**

**Acquisitions and disposals**

During the half-year ended 30 June 2014, the Group acquired assets with a cost of \$59,203(30 June 2013: \$99,096). No disposal of assets has been made by the Group during the half year ended 30 June 2014 ( 30 June 2013: \$3,652)

**NOTE 8: SHORT TERM BORROWINGS**

The Group currently has short term borrowings of \$3,440,000 (31 December 2013: \$5,529,000) with the Agricultural Bank of China maturing within 12 months of balance date. Interest rate on short-term borrowings is 6.16% per annum.

**NOTE 9: CONTRIBUTED EQUITY**

**Ordinary shares**

Issued and fully paid

	<b>30 June 2014</b>	<b>31 December 2013</b>
	<b>\$</b>	<b>\$</b>
	23,302,770	23,302,770
	<b>Number of Shares</b>	<b>\$</b>
<b>Movements in ordinary shares on issue</b>		
At 1 January 2014	311,008,000	23,302,770
Shares issued during the period	-	-
At 30 June 2014	311,008,000	23,302,770

**NOTE 10: RELATED PARTY DISCLOSURES**

**a. Related parties**

**Transactions**

Purchases from related parties –Zhongronghuaying Holdings Co. Ltd (Entity related to Director Guo Hua Wei)

	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
	31,191	28,422

**Balances**

Receivable from Hangzhou Guoshi Advertising Co. Ltd(Entity related to Director Guo Hua Wei)

Receivable from Zhong Liang Zheng (Director)

	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
	76,074	78,130
	48,963	55,587

**NOTE 11: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

The carrying value of financial assets and financial liabilities of the Consolidated Group are assumed to approximate their fair value due to their short term nature.

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2014 and 31 December 2013 on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>30 June 2014</b>				
<b>Financial assets:</b>				
<b>Held to maturity financial assets</b>				
Short-term investment products purchased from financial institutions	-	-	1,720,000	1,720,000
<b>Investments accounted for using the equity method</b>				
- Long-term investment with variable interest rate	-	-	36,131,830	36,131,830
<b>Total Financial assets:</b>	-	-	37,851,830	37,851,830
<b>Total Financial liabilities:</b>	-	-	-	-
<b>31 December 2013</b>				
<b>Financial assets:</b>				
<b>Held to maturity financial assets</b>				
Short-term investment products purchased from financial institutions	-	-	9,399,300	9,399,300
<b>Investments accounted for using the equity method</b>				
- Long-term investment with variable interest rate	-	-	37,730,408	37,730,408
<b>Total Financial assets:</b>	-	-	47,129,708	47,129,708
<b>Total Financial liabilities:</b>	-	-	-	-

The carrying amounts of current receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities and non-current other receivables approximates the carrying amount as the impact of discounting is not significant.

There have been no transfers between the levels of the fair value hierarchy during the six (6) months to 30 June 2014.

**NOTE 12: CONTINGENT LIABILITIES**

As at 30 June 2014, the group is not aware of any other contingent assets or liabilities that should be disclosed in accordance with AASB 137.

**NOTE 13: EVENTS AFTER THE END OF THE INTERIM PERIOD**

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of Treyo Leisure and Entertainment Limited to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 17 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board



Ling (Allan) Mao – Executive Chairman

Dated this 29<sup>th</sup> day of August 2014

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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TREYO LEISURE AND ENTERTAINMENT LTD**

We have reviewed the accompanying half-year financial report of Treyo Leisure and Entertainment Ltd ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The Directors of Treyo Leisure and Entertainment Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Treyo Leisure and Entertainment Ltd consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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As the auditor of Treyo Leisure and Entertainment Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

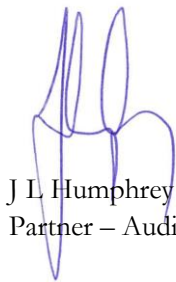
### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Treyo Leisure and Entertainment Ltd is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 29 August 2014