



Mr M Foy
Senior Adviser, Issuers (Perth)
ASX Markets Supervision Pty Ltd
Level 8, Exchange Plaza
2 the Esplanade
Perth WA 6000

7 July 2009

Dear Sir

Late Lodgement of Directors' Appendix 3Z Disclosures

We refer to your letter dated 6 July 2009 in relation to the above.

In answer to your three questions, the company wishes to advise that:

1. Brainytoys Limited is a company in transition. On 12 June 2009 the company advised of the appointment of three new directors who replaced the three incumbent directors who retired on that date.

Appendix 3X notices were lodged with ASX on that date but in an oversight, the lodgement of Appendix 3Z notices for the retiring directors were not lodged at the same time.

Upon the appointment of an additional company secretary, the ASX lodgement records were checked and it was noticed that the Appendix 3Z notices for three directors who had retired during 2008 had also not been lodged. The company secretary immediately lodged all Appendix 3Z notices to bring the ASX record up to date.

The company is mindful of its obligations for adherence to the ASX Listing Rules, and in particular in this instance LR. 3.19A and 3.19B and takes these responsibilities seriously.

2. Incoming directors, upon being appointed to the board, are given, amongst other documents, an explanation of his/her responsibilities in relation to disclosure to the company secretary under Listing Rule 3.19A. In this instance, the retiring directors may have overlooked their obligations in relation to LR.3.19A.

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3. The company believes that the current arrangements for directors' reporting of notifiable interests to comply with Listing Rule 3.19B are adequate. In addition, each director is advised when any relevant Company Updates are received from ASX.

On behalf of the Board

A handwritten signature in black ink, appearing to read "Graham Seppelt".

Graham Seppelt
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6 July 2009

Graham Seppelt
Company Secretary
Brainytoys Limited
19 Charles Street
South Perth WA 6151

By e-mail: seppelt@bold.net.au

Dear Graham,

Brainytoys Limited (the "Company")

We refer to the following;

The Final Director's Interest Notices for Mr Keith Bales, Mr Graham Nicol, Mr Charles MacKinnon, Mr Alex Aguero, Mr Lawrence H. Bernstein and Mr Robert Finn ("Director's Interest Notices") which were lodged with ASX Limited ("ASX") on 6 July 2009, and;

1. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.2 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) change the entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
2. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.
3. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

As the Appendices 3Z indicated that the directors ceased to be directors either on 20 October 2008, 23 October 2008, 1 December 2008 or 10 June 2009 it appears the Appendix 3Z have been lodged later than 5 business days from when the director ceased to be a director. As it was lodged on 6 July 2009 it also appears that there may have been a further breach by the Company of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions .

1. Please explain why the Appendices 3Z were lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than **5:00pm W.S.T on 9 July 2009**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,



Matthew Foy
Senior Adviser, Issuers (Perth)