



Treyo Leisure and Entertainment Ltd

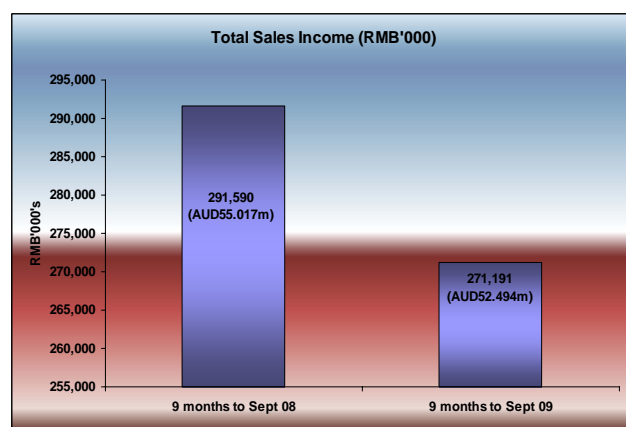
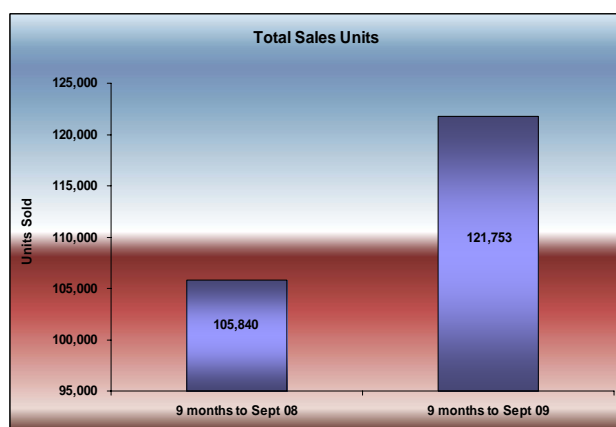
## COMMENTARY ON 2009 YEAR TO DATE PROGRESS AND PROSPECTUS FORECASTS

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 profit results for the YTD period January – September 2009. It should be noted that, in accordance with Chinese accounting practices, the Treyo's financial year runs January to December each year.

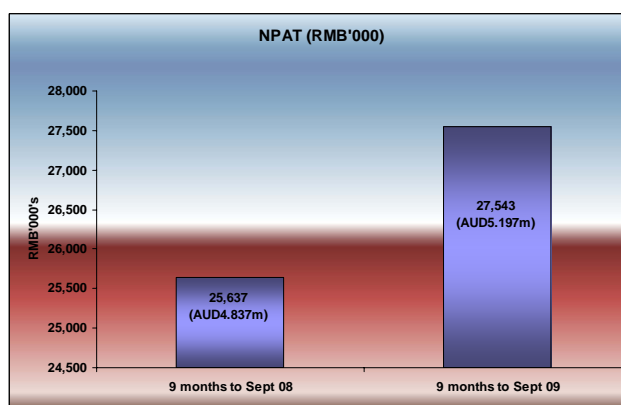
Through this release, the Board seeks to provide a brief update to its Shareholders and the market, on the results achieved for this period.

For the period January – September 2009 Treyo, through its wholly owned China based subsidiary, Matsuoka Mechatronics (China) Co. has achieved:

- Unit sales of 121,753, an **increase of 15,013 units or 15%** on the previous year including 21,725 units sold during the month of September – an all time monthly record for the company. Whilst unit sales have improved, comparative sales revenue has decreased when compared to 2008 due to increased competition from competitors in the form of desperate price cutting and low quality product;



- Net profit after tax (before Australian Head Office costs) of RMB 27.5m (\$AUD5.2m), achieving an **increase of 7.4%** on the previous year. This is due to cost control, strong brand recognition and more stability in the premium end of the market.



Treyo has set about increasing its market share and profitability even further. The Company maintains strict controls of manufacturing and administration costs and strong management of the Company's cash reserves with \$AUD33.9 million cash and cash equivalents, at the end of September 2009.

All of these results have been achieved in an economic climate influenced by the Global Financial Crisis and other significant market and competitive pressures.

However, despite the positive improvements over the 2008 year, the Board regrets to advise that, due to factors including the Global Financial Crisis and increased market competition through desperate price cutting by competitors of lower quality products, Treyo will not achieve the sales revenue and profit projections published in its Prospectus.

In addition, and beyond the control of the Company, the strengthening Australian dollar has had a YTD negative exchange impact of approximately \$AUD1million on reported NPAT results. The RMB/\$AUD exchange rate at the time the Prospectus was issued was \$AUD 0.2222, compared to the average rate at 30 September of \$AUD 0.1887. Comparative figures for YTD2008 and YTD2009 have been converted to Australian dollars using the September YTD average rate of 1.887 to provide consistency in numbers and to eliminate the positive or negative impacts of changing exchange rates over time.

With the improvement of economic conditions and market confidence, the Treyo Board anticipates that the anticipated NPAT results for the Company at 31 December 2009 will be in the range of 25% - 30% less than that forecast in the Prospectus.

With YTD growth of 7.7%, the Chinese economy continues to be strong and out-perform most other world economies.

As the world's largest manufacturer of automatic mahjong tables, Treyo's continued focus for its products, in the short to medium term, is on the premium sector of the domestic Chinese automatic mahjong table market.

In a market where the total annual sales for automatic mahjong tables exceeds RMB7.5 billion per annum (approx \$AUD1.4 billion), Treyo continues to grow its market share despite competitive pressures.

Treyo Leisure and Entertainment Ltd, through its marketing strategies, the introduction of new products, strong quality control, and its extensive distributor network throughout China, will continue to promote the mahjong culture and in turn drive sales growth. As a result, the Treyo Board is confident of a growing and profitable future for the Company.

### **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. ("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 south of Shanghai, Matsuoka designs, manufactures and markets automatic mahjong tables under the trade mark "Treyo".

Treyo through its subsidiary Matsuoka, is an industry leader. The Company has grown rapidly to become the largest automatic mahjong table manufacturer in the world.

Treyo holds approximately 65% of the premium end of the market for automatic 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.

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