TREYO

Appendix 4D

Commentary on Half-Year Results to 30 June 2011

For the information of Shareholders and the general market, the Board of Treyo Leisure and Entertainment Ltd have authorised the release of details of the Company's results for the YTD period 1 January – 30 June 2011. It should be noted that, in accordance with Chinese accounting practices, the 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 2011 and its plans for the remaining half of the year.

The Board is pleased to advise that for the period 1January – 30 June 2011, Treyo, through its wholly owned China based subsidiary Matsuoka Mechatronics, has recorded revenues for the period of $A27,407,314 **up 19%** on the previous corresponding period in 2010 and an **82% increase** in net profit to $A2,018,773.These results have been achieved despite the Company's accounts continuing to suffer from the negative effect of the strengthening Australian dollar.

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

The half-year result is due to Treyo's new product range and operating platform launched last year, which were developed in-house by the Treyo Research and Development Division. After six months of market penetration, this platform and the new range of models are now recognised in the industry as world-class technology and leading edge design and are widely sought after by the Chinese market. The Treyo brand is now recognised as the market leader by both consumers and by the Chinese Government, through its highly sought "Reputed Trademarks" recognition of the Treyo brand,

While the Board remains confident for the Company's future, there remain market challenges including continuing cost cutting by competitors to try to recover lost market share. In addition, Chinese labour costs have increased by an average of 10% due to changes made by the Chinese Government to employee wage structures.

As the world's largest manufacturer of automatic mahjong tables, Treyo has continued its success and market sector dominance, maintaining leadership in the premium segment of the domestic Chinese automatic mahjong table market. This will remain our continued focus in the short to medium term.

The Chinese economy continues to be strong and out-perform most world economies. The Chinese domestic market – Treyo's primary market – has not suffered from an economic crisis to the extent of many other countries.

Treyo continues to be in a strong financial position with cash and cash equivalents as at 30 June 2011 amounting to $A18,945,319.

In addition, the Treyo Board has high expectations of the continuing success of its newly acquired subsidiary Hangzhou Shouken Electric Co. Ltd (Shouken). Shouken is a company that specialises in the manufacturing of premium-end massage and physical exercise equipment and accessories. This includes top of the range electronic massage chairs – a substantial consumer market in China and overseas.

This half-year results are extremely positive for Treyo and are a tribute to the hard work of our staff, management and distributors. The Treyo Board is confident that the Company is on track to continuing its success with a strong second half.

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 near 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 China.

Treyo holds over 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.

For further information please contact:
Jo-Anne Dal Santo
Company Secretary

Level 2, 371 Spencer Street
Melbourne Victoria 3000
Mobile: 0438 949009
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 2011**
Previous Corresponding Period	Half Year ended 30 June 2010

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

1 The Reporting period is the half year ended 30 June 2011 including comparative information for the half year ended 30 June 2010.

2 Results for announcement to the market

		%	**Change $**		**30-Jun-11 $**		**30-Jun-10 $**
2.1 The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.	up by	19%	4,289,345	to	27,407,314	from	23,117,969
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	82%	908,388	to	2,018,773	from	1,110,385
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	82%	908,388	to	2,018,773	from	1,110,385
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 Net tangible assets per security with the comparative figure for the previous corresponding period.

	30-Jun-11 Cents per share	**30-Jun-10 Cents per share**
Net tangible assets per security in cents	11.04	11.84

4 Details of entities over which control has been gained or lost during the period, including the following.

4.1 Name of the entity.

4.2 The date of the gain of control.

Not applicable

4.3 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.

5 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.

No dividends or distributions were made during the period and none are planned.

6 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.

Not applicable

7 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.

Not applicable

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 31st day of August 2011

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 2011

Contents

Corporate Information
ABN 93 131 129 489

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 Stock 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

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

Your directors submit the financial report of the consolidated group for the half-year ended 30 June 2011.

This half-year report covers the consolidated entity comprising Treyo Leisre and Entertainment Ltd ('Treyo') and its subsidiaries (the Group). Treyo's functional is AUD ($) and the Group's presentation currency is AUD($). The functional currency of the 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	Mr Roger Smeed
(Executive Chairman)	(Deputy Chairman, Independent, Non-Executive)
Mr Guohua Wei	Mr Edward Byrt
(Executive)	(Independent, Non-Executive)
Mr Zhongliang Zheng	Mr Kwong Fat Tse
(Executive)	(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 profit result for the half-year period in spite of difficult market dynamics.

Nature of operation and principal activity

The Company was listed on the Australian Stock Exchange on 2 January 2009. 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. The Group currently operates in three geographical segments; refer to Note 3 for further details.

Pursuant to a share purchase and sale agreement dated 31 October 2008, Treyo International Holding Ltd became a wholly owned subsidiary of Treyo Leisure and Entertainment Ltd on 31 October 2008. Through this transaction effective control of Treyo Leisure and Entertainment Ltd was passed to the existing shareholders of Treyo International Holding Ltd. The transaction is one referred to in AASB 3 "Business Combination" as a reverse acquisition, where the acquirer is Treyo International Holding Ltd (i.e. the entity whose equity interests have been acquired) and Treyo Leisure and Entertainment Ltd is seen to be acquiree (i.e. the issuing entity).

There were no significant changes in the nature of the Consolidated Group's principal activities during the financial year.

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 2011.

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

Ling (Allan) Mao

Director

Executive Chairman

Dated this 31st day of August 2011

Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

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 for the half-year ended 22 August 2011, 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

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

S J Gray
Partner

Adelaide, 31 August 2011

Consolidated Statement of Comprehensive Income
FOR THE HALF YEAR ENDED 30 JUNE 2011

	Notes	Consolidated Group 30-June-2011 $	30-June-2010 $
Revenue		27,407,314	23,117,969
Cost of goods sold		(22,039,790)	(19,031,114)
Gross Profit		5,367,524	4,086,855
Interest income		415,024	275,055
Other income	**2**	350,973	117,947
Distribution and selling expenses		(1,198,470)	(1,240,700)
Administration expenses		(1,622,200)	(1,332,795)
Depreciation and amortisation	**2**	(419,533)	(559,664)
Finance costs	**2**	(259,857)	(83,996)
Profit before income tax		2,633,461	1,262,702
Income tax (expense)/benefit		(614,688)	(152,317)
Profit for the period from continuing operation		2,018,773	1,110,385
Other comprehensive income			
Exchange differences on translation of foreign operations		(1,273,051)	1,809,303
Total comprehensive income for the period		**745,722**	**2,919,688**
Profit attributable to members of the parent entity		2,018,773	1,110,385
Earnings per share from continuing operations (on profit attributable to ordinary equity holders)			
Basic profit/(loss) per share (cents per share)		0.65	0.36
Diluted profit/(loss) per share (cents per share)		0.65	0.36

Consolidated Statement of Financial Position
AS AT 30 JUNE 2011

	Notes	Consolidated Group	
		30-June-2011	31-December-2010
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**5**	18,945,319	28,054,338
Trade and other receivables		11,859,917	3,384,687
Inventories		4,860,446	5,157,979
Held to maturity financial asset		8,644,288	8,953,609
TOTAL CURRENT ASSETS		44,309,970	45,550,613
NON-CURRENT ASSETS			
Other receivable			895,200
Property, plant and equipment	**6**	11,948,168	12,685,709
Intangible assets		130,121	158,959
Deferred tax asset		397,784	397,784
TOTAL NON-CURRENT ASSETS		12,476,073	14,137,652
TOTAL ASSETS		56,786,043	59,688,265
CURRENT LIABILITIES			
Trade and other payables		13,575,147	13,468,496
Notes payable		3,587,379	2,972,468
Short term borrowing	**7**	4,322,144	8,953,219
Current tax liabilities		428,986	167,417
TOTAL CURRENT LIABILITIES		21,913,656	25,561,600
TOTAL NON CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		21,913,656	25,561,600
NET ASSETS		34,872,387	34,126,665
EQUITY			
Issued capital	**8**	23,302,770	23,302,770
Foreign exchange translation reserve		(9,320,800)	(8,047,749)
Statutory general reserve		1,132,522	1,132,522
Retained earnings		19,757,895	17,739,122
TOTAL EQUITY		34,872,387	34,126,665

Consolidated Statement of Cash Flows
FOR THE HALF YEAR ENDED 30 JUNE 2011

	Notes	Consolidated Group	
		30-June-2011	30-June-2010
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		27,628,197	23,933,292
Payments to suppliers and employees		(31,441,988)	(23,893,711)
Interest received		415,024	275,055
Interest paid		(259,857)	(83,996)
Income taxes paid		(353,119)	(268,263)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(4,011,743)	(37,623)
CASHFLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(316,200)	(808,607)
Consideration received on disposal of plant and equipment		99,932	7,096
Placement of funds in financial assets		-	(10,315,516)
Cash receipts from the repayment of advances made to other parties		3,045,472	25,780
Cash advance made to non related party		(2,802,594)	
NET CASH FLOWS USED IN INVESTING ACTIVITIES		26,610	(11,091,247)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(4,629,856)	-
Proceeds of borrowings		-	10,315,516
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(4,629,856)	10,315,516
NET DECREASE IN CASH HELD		(8,614,989)	(813,354)
Cash and cash equivalents at beginning of period		28,054,338	31,892,398
Effect of exchange rates on cash holdings in foreign currencies		(494,030)	1,195,199
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**5**	**18,945,319**	**32,274,243**

Consolidated Statement of Changes in Equity
FOR THE HALF YEAR ENDED 30 JUNE 2011

	Issued Capital $	Retained Earnings $	Foreign Exchange Reserve $	Statutory General Reserves $	Total $
Balance at 1 January 2010	23,302,770	14,807,405	(4,782,247)	1,132,522	**34,460,450**
Total comprehensive income	-	1,110,385	1,809,303	-	**2,919,688**
Balance at 30 June 2010	**23,302,770**	**15,917,790**	**(2,972,944)**	**1,132,522**	**37,380,138**
Balance at 1 January 2011	23,302,770	17,739,122	(8,047,749)	1,132,522	**34,126,665**
Total comprehensive income	-	2,018,773	(1,273,051)	-	**745,722**
Balance at 30 June 2011	**23,302,770**	**19,757,895**	**(9,320,800)**	**1,132,522**	**34,872,387**

NOTE 1: BASIS OF PREPARATION

These general purpose interim financial statements for half-year reporting period ended 30 June 2011 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 2010, together with any public announcements made during the following 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.

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

For the half-year reporting period to 30 June 2011, a number of new and revised accounting standard requirements became mandatory for the first time. A discussion of these new and revised requirements and their impact on the Group is provided below.

– AASB 2009–5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]

The amendments to some Australian Accounting Standards arising from AASB 2009–5 result in accounting changes for presentation, recognition or measurement purposes, while some amendments relate to terminology and editorial changes that have little or no effect on the relevant accounting requirements. A summary of the main reporting changes arising from AASB 2009–5 is provided below.

AASB 5: Non-current Assets Held for Sale and Discontinued Operations specifies all of the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations unless another Standard specifically requires:

- disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations; or
- disclosures about the measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of AASB 5 and such disclosures are not provided elsewhere in the financial statements.

AASB 8: Operating Segments states that an entity is only required to report a measure of total assets for each reportable segment if such information is regularly provided to the chief operating decision maker. (Previously entities were required to report a measure of total assets for each reportable segment, irrespective of whether such amounts were regularly provided to the chief operating decision maker.)

AASB 101: Presentation of Financial Statements clarifies that the classification of a (current) liability for which the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date is not affected by the existence of any terms that could, at the option of the counterparty, result in the settlement of the liability by the issue of equity instruments by the entity.

AASB 107: Statement of Cash Flows clarifies that only expenditures that result in a recognised asset in the statement of financial position would be classified as cash flows from investing activities in the statement of cash flows.

AASB 117: Leases states that when a lease includes both land and building components, each component is required to be separately assessed as either an operating or finance lease in accordance with the criteria in AASB 117.

AASB 118: Revenue now includes an additional example to assist with determining whether an entity is acting as a principal or as an agent.

AASB 136: Impairment of Assets clarifies that when allocating goodwill to a cash generating unit (CGU) or group of CGUs, each CGU or group of CGUs must:

NOTE 1: BASIS OF PREPARATION

- represent the lowest level within the entity at which goodwill is monitored for internal management purposes; or
- not be larger than an operating segment as per AASB 8 before aggregation for disclosure purposes.

As the Group has been applying Australian Accounting Standards since 2005, the amendments in AASB 2010–1 did not impact on the financial statements of the Group.

– AASB 124: Related Party Disclosures (December 2009)

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended), including the following.

- the definition of a related party is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
  - the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
  - entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;
  - the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and
  - the definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.
- A partial exemption is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a material impact on the financial statements of the Group.

NOTE 2: REVENUE AND EXPENSES

	Consolidated Group	
	30.6.2011	**30.6.2010**
	$	**$**
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
(i) Other Revenue		
Sale of raw material and parts, net	350,973	117,947
Other	-	-
	350,973	117,947
(ii) Finance costs		
Finance costs	259,857	83,996
	259,857	83,996
(iii) Depreciation and amortisation included in income statement		
Depreciation of fixed assets charged to COGS	173,302	177,271
Depreciation of fixed assets charged to Administration	383,621	347,258
Amortisation of intangible assets charged to Administration	35,912	35,135
Total depreciation and amortisation	592,835	559,664

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 2010, 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.
- Hong Kong, the segment which manages all other corporate activities.

Segment information provided to executive directors

	China	Australia	Hong Kong	Total
	$	$	$	$
For the six months ended 30 June 2011				
REVENUE				
Total revenue -external sales	27,407,314	-	-	27,407,314
RESULT				
Segment result	3,003,054	(90,842)	(18,894)	2,893,318
Finance costs	(259,787)	(70)	-	(259,857)
Profit/(loss) before income tax	2,743,267	(90,912)	(18,894)	2,633,461
Income tax expense	(614,688)	-	-	(614,688)
Profit after income tax	2,128,579	(90,912)	(18,894)	2,018,773
ASSETS				
Segment assets	53,517,021	455,160	2,813,862	56,786,043
LIABILITIES				
Segment liabilities	21,818,264	92,292	3,100	21,913,656
Reconciliation of segmental assets to group assets:				
Inter-segment eliminations				-
Total group assets from continuing operations				56,786,043
OTHER				
Depreciation and amortisation of segment assets	592,836	-	-	592,836
For the six months ended 30 June 2010				
REVENUE				
Total revenue -external sales	23,117,969	-	-	23,117,969
RESULT				
Segment result	1,561,808	(200,425)	(14,684)	1,346,698
Finance costs	(83,834)	(163)	-	(83,996)
Profit/(loss) before income tax	1,477,974	(200,588)	(14,684)	1,262,702
Income tax expense	(152,317)	-	-	(152,317)
Profit after income tax	1,325,657	(200,588)	(14,684)	1,110,385
ASSETS				
Segment assets	60,077,769	840,387	3,532,944	64,451,100
LIABILITIES				
Segment liabilities	26,951,421	119,543	-	27,070,963
Reconciliation of segmental assets to group assets:				
Inter-segment eliminations				-
Total group assets from continuing operations				64,451,100
OTHER				
Depreciation and amortisation of segment assets	559,664	-	-	559,664

NOTE 3: OPERATING SEGMENTS (CONTINUED)

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 such 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 2011.

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	30.6.2011	**31.12.2010**
	$	**$**
For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	18,945,319	28,054,338

At 30 June 2011, $1,794,0451 [31 December 2010: $1,486,032] was held in an interest bearing short term deposit as a guarantee for notes payable.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the half-year ended 30 June 2011, the Group acquired assets with a cost of $316,200 [30 June 2010: $808,607].

A gain of $42,741 was made from disposal of assets by the Group during the half year ended 30 June 2011 [30 June 2010: Loss of $1,571].

NOTE 7: SHORT TERM BORROWINGS

During the half year ended 30 Jun 2011, the Group repaid the full amount, $8,953,219 (RMB 60 million), short term borrowings to Bank of China.

The Group obtained another short term borrowings of $4,322,144 with Agricultural Bank of China for a term of one year ending on 24 May 2012. The borrowing is secured over the Group's land-use rights and building. Interest is payable at 6.31%.

NOTE 8: CONTRIBUTED EQUITY	**30.6.2011**	**31.12.2010**
	$	**$**
Ordinary shares		
Issued and fully paid	23,302,770	23,302,770

	Number of Shares	**$**
Movements in ordinary shares on issue		
At 1 January 2011	311,008,000	23,302,770
Shares issued during the period	-	-
At 30 June 2011	311,008,000	23,302,770

NOTE 9: RELATED PARTY DISCLOSURES

a. Related parties

Transactions	30.6.2011 $	30.6.2010 $
Purchase from related parties	1,196,697	903,586
Management fees paid to related parties	71,750	196,744
Sales to related parties	-	6,117
Rental received from related parties	-	29,512

Balances	30.6.2011 $	30.6.2010 $
Trade and other receivables	1,154,446	1,557,433
Trade and other payables	132,383	103,155

NOTE 10: CONTINGENT LIABILITIES

As at 30 June 2011, the group is not aware of any other contingent assets or liabilities that should be disclosed in accordance with AASB 137.

NOTE 11: EVENTS AFTER THE END OF THE INTERIM PERIOD

On 12 July 2011, the Company entered into an agreement to purchase the issued capital of Hangzhou Shouken Electric Co. Ltd for a consideration of RMB 11,689,563. The company specialises in manufacturing of premium-end massage and physical exercise equipment and accessories. The acquisition is subject to regulatory approvals which have subsequently been received.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 15 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 2011 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 31st day of August 2011

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

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 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes 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 the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 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. 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 2011 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

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

S J Gray
Partner

Adelaide, 31 August 2011