



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

**APPENDIX 4C - Quarterly Report
for entities admitted on the basis of commitments**

FOR THE QUARTER ENDED 31 December 2010

In the fourth quarter of 2010 the Company has continued its success and market sector dominance, maintaining leadership in the premium end of the market.

Treyo preserved its strong financial position, cash and cash equivalents as at 31 December amounted to AUD28,054,338 – an increase of approximately AUD3 million over the previous quarter.

For the information of Shareholders and the general market, the Board of Treyo Leisure and Entertainment Ltd Treyo Leisure and Entertainment Limited provides the following market guidance on its financial results for 2010 in advance of its release of its Preliminary Final Results (Appendix 4E) at the end of February 2011. It should be noted that, in accordance with Chinese accounting practices, Treyo's financial year runs January to December each year.

The trading year 2010 saw considerable consolidation of the automatic mahjong table industry in China, with fierce price competition in the market and increases in labour costs as the Chinese government imposed new labour laws across all industries.

Although the Company remains extremely profitable, the intense competition and consolidation of the market in 2010 has resulted in a negative impact on the financial performance of the Company when compared to 2009.

During 2010, the Company achieved an overall increase in unit sales over those achieved in 2009. This was as a result of a number of innovations and can be attributed largely to Treyo's concerted efforts in research and development and marketing. 172,197 units were sold in 2010 – a 6% increase in unit sales in 2009.

However, despite the increase in unit sales, due to the intense price competition, revenues have fallen by approximately by 17% over the prior year, with a corresponding flow-on to the net profit of the business.

The introduction of the new models and product platforms during 2010 has resulted in record sales for the last quarter of 2010 and into January 2011.

When considering these results, it is important to note that during 2010 – as well as facing price competition, the company incurred significant R&D costs associated with the introduction of new products and development platforms, and a 10% increase in labour costs – a compulsory reform by the Chinese government to improve the living standards of all Chinese workers. Treyo supports this initiative.

The Group is currently in the process of completing the audit of its 2010 accounts with further details to be released in the Company's Preliminary Final Report (Appendix 4E) due for release to the market at the end of February 2011. The Preliminary Final Report will provide details of the full financial results of the Company for 2010.

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 Hangzhou (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 China.

Treyo holds over 70% 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:

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Treyo Leisure and Entertainment Limited

ABN

93 131 129 489

Quarter ended "current quarter"

31 December 2010

Consolidated statement of cash flows

Cash flows related to operating activities

1.1 Receipts from customers

1.2 Payments for

(a) staff costs

(b) advertising and marketing

(c) research and development

(d) leased assets

(e) other working capital

1.3 Dividends received

1.4 Interest and other items of a similar nature received

1.5 Interest and other costs of finance paid

1.6 Income taxes

1.7 Other (provide details if material)

Net operating cash flows

	Current quarter	Year to date (12months)
	\$A'000	\$A'000
	13,816	55,624
	(1,082)	(3,992)
	(323)	(663)
	(31)	(697)
	-	-
	(12,403)	(47,000)
	-	-
	398	764
	(139)	(356)
	(203)	(471)
	-	9
	33	3,218

		Current quarter	Year to date (12 months)
		\$A '000	\$A '000
1.8	Net operating cash flows (carried forward)	33	3,218
Cash flows related to investing activities			
1.9	Payment for acquisition of:	-	-
	(a) businesses (item 5)	-	-
	(b) equity investment	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	(4,949)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:	-	-
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	17	24
	(e) other non-current asset	-	-
1.11	Loans to other entities	(161)	(161)
1.12	Loans repaid by other entities	-	26
1.13	Other	4,635	(8,952)
Net investing cash flows		4,491	(14,012)
1.14	Total operating and investing cash flows	4,524	(10,794)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	(1,364)	8,952
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
Net financing cash flows		(1,364)	8952
Net increase (decrease) in cash held		3,160	(1,842)
1.21	Cash at beginning of quarter/year to date	25,058	31,892
1.22	Exchange rate adjustments	(164)	(1,996)
1.23	Cash at end of quarter	28,054	28,054

Payments to directors of the entity and associates of the directors	Current Quarter \$A'000
Payments to related entities of the entity and associates of the related entities	
1.24 Aggregate amount of payments to the parties included in item 1.2	809
1.25 Aggregate amount of loans to the parties included in item 1.11	nil

1.26 Explanation necessary for an understanding of the transactions

	\$A'000
- Fees and salaries to directors	36
- Purchases from related parties	773
The related party debtors and creditors are shown as part of the Net Operating cash flows (items 1.8 and 1.13).	

Non-cash financing and investing activities

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

Not Applicable

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not Applicable

Financing facilities available

	Amount available \$A'000	Amount Used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	20,631	10,316

At 31 December 2010 notes payable of A\$3.92m are guaranteed against interest bearing short term bank deposit of A\$1.96m. Refer to item 4.2 below.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows

	Current Quarter \$A '000	Previous Quarter \$A '000
4.1 Cash on hand and at bank	26,094	23,098
4.2 Deposits at call	1,960	1,960
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	28,054	25,058

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration	Not	Not
5.3 Consideration for acquisition or disposal	Applicable	Applicable
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Jo-Anne Dal Santo
 Company Secretary

25 January 2011