



Friday, 30 October 2009

**BRAINYTOYS LIMITED
ASX RELEASE**

The Manager
Companies Announcements Office
Australian Stock Exchange
Electronic Lodgment

**Company Update and
Resignation and Appointment of Directors and Secretaries**

The company wishes to provide an update in relation to its recapitalisation as a going concern and which follows.

In addition the directors wish to announce the resignation of Mr John Walker as a Director, effective immediately. At the same time, Mr Colin Manie has been appointed as a Director to the company.

Appendix 3Z and Appendix 3X Notices are attached accordingly.

On behalf of the Board

Graham Seppelt
Company Secretary
Email: seppelt@bold.net.au
Ph: 0419 035 297

Brainytoys Limited
PO Box 15 Aldgate
South Australia 5154
seppelt@bold.net.au
Phone +61 (0)419 035 297
Fax +61 8 8339 7909

Company Update

30th October 2009: The Directors of Brainytoys Limited ("**Brainy**" or the "**Company**") (**ASX: BRT**) are pleased to advise that the Company has entered into a Reconstruct Deed, subject to due diligence, to recapitalise the Company for a minimum amount of \$2m to provide the Company with additional working capital to continue operating as a going concern and seek reinstatement to trading on the ASX.

1. A Reconstruction Deed to recapitalise the Company was entered into with Dalex Pty Ltd as the investment syndicate promoter which is controlled and run by Mr Athan Lekkas to raise a minimum amount of \$2m which is subject to shareholder approval.
2. As part of a successful recapitalisation, Mr Lekkas has been offered two (2) Board seats and will use the syndicates' expertise in continuing to operate the business as a going concern. Mr Lekkas and his investor group have been successful in recapitalising a number of other ASX listed companies, including Sam's Seafood Holdings Limited (ASX: SSS) and more recently Kangaroo Resources Limited (ASX: KRL).
3. Athan has participated in a broad range of business and corporate advisory projects for a diverse range of ASX listed and unlisted companies, including the banking, mining and corporate finance industries in Australia and abroad. He is experienced particularly in the treasury and financial market sectors including financial feasibility studies for the provision of debt or equity for project funding.

Athan is currently a director of ASX Listed Company, Sam's Seafood Holdings Ltd (ASX Code: SSS), soon to be renamed PAN ASIA Holdings Limited with resource projects in the ASIA Pacific region.

4. In addition, the Board of Brainytoys would like to announce that Mr John Walker has resigned from the Board to focus on his role as Executive Director of Planet Power Energy Limited and the new appointment of Mr Colin Manie as its new Director.

Colin has a long and successful history of marketing, advertising and sponsorship experience, working both locally and abroad. This has included working with various industries from manufacturing to media to environmental projects, often specialising in creating and managing personally developed sponsorships and associated strategic sponsorship marketing investments. This includes international exhibitions, trade shows and event concept development working with major Corporates and sporting organisations and personalities, iconic brands, the media and charitable organisations.

The brand management and merchandising aspects of Colin's history complement this broad range of marketing and management skills and ability to develop effective leveraging programs, strategies and promotions. Since returning from 7 years working in Europe and the UK Colin has managed his own consultancy, SEAMS: Sponsorship Marketing P/L, for 14 years.

The Directors believe the capital to be provided pursuant to the recapitalisation plan will assist the company to implement its business plans in a timely manner. The terms of the Reconstruction Deed are considered to be attractive for the Company and its shareholders, particularly in the current market and economic environment. Shareholder approval for the recapitalisation is expected to be sought in the coming months.

Colin Oxlade
Chairman and Managing Director

30 October 2009

Appendix 3Z

Final Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity	Brainytoys Limited
ABN	28 001 894 033

We (the entity) give ASX the following information under listing rule 3.19A.3 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of director	John Harold Walker
Date of last notice	12 June 2009
Date that director ceased to be director	30 October 2009

Part 1 – Director's relevant interests in securities of which the director is the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Number & class of securities
Nil

Part 2 – Director’s relevant interests in securities of which the director is not the registered holder

Note: In the case of a company, interests which come within paragraph (ii) of the definition of “notifiable interest of a director” should be disclosed in this part.

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Name of holder & nature of interest Note: Provide details of the circumstances giving rise to the relevant interest	Number & class of securities

Part 3 – Director’s interests in contracts

Detail of contract	
Nature of interest	
Name of registered holder (if issued securities)	
No. and class of securities to which interest relates	

Appendix 3X

Initial Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity	Brainytoys Limited
ACN	001 894 033

We (the entity) give ASX the following information under listing rule 3.19A.1 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Colin Manie
Date of appointment	30 October 2009

Part 1 - Director's relevant interests in securities of which the director is the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Number & class of securities
NIL

Part 2 – Director's relevant interests in securities of which the director is not the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

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Part 3 – Director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	Nil
Nature of interest	
Name of registered holder (if issued securities)	
No. and class of securities to which interest relates	