

ASX ANNOUNCEMENT

March 13 2007



**BRAINYTOYS ACQUIRES LICENCE FROM HIT ENTERTAINMENT (USA) TO
SELL WIGGLES BRANDED MemoToys™ PRODUCTS IN USA AND
CANADIAN MARKETS**



Brainytoys Limited (ASX Code: BRT) (Brainytoys) is very pleased to announce that it has signed a licensing agreement with **HIT Entertainment (USA)** (HIT), which will allow Brainytoys to sell Wiggles products using the Brainytoys' MemoToys™ technology in the USA and Canadian markets.

This agreement is in addition to the previously announced agreement with **Modern Brands Pty Ltd**, which will market and distribute Brainytoys' Wiggles MemoToys™ products in Australia and New Zealand.

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First production deliveries are expected in May, this year.

The Wiggles are widely acknowledged as one of Australia's premium Super-Brands with some of the highest recognition values among the key pre-school toy market.

The Wiggles have also gained a significant and growing foothold in the North American Markets.

"We are very pleased to have gained access to the large US and Canadian markets for our Wiggles MemoToys™ products and we look forward to developing a substantial market for this product line using one of the most popular and much loved Aussie Brands; the Wiggles" said Mr Alex Agüero, Brainytoys' Managing Director.

About HIT Entertainment PLC

HIT Entertainment PLC was established in 1989, and was originally the international distribution arm of Jim Henson Productions called **Henson International Television**. Following the death of Jim Henson in 1990, the business was sold to several members of the company's management and renamed HIT Entertainment to prevent any future confusion between the two companies. HIT was traded on the London Stock Exchange (HTE). In May 26 2005, Sunshine Acquisition Limited, a company formed by Funds advised by Apax Partners, announced it had completed the acquisition of HIT Entertainment for £489.4 million.

HIT's catalogue of characters include: Animal Jam, Angelina Ballerina, Art Attack, Barney, Bob the Builder, Captain Pugwash, Fireman Sam, Fraggle Rock, Kipper, Oswald, Pingu, Sooty, The Rubbadubbers, Thomas & Friends, and The Wiggles

HIT also owns redistribution rights to several other shows. HIT purchased Gullane Entertainment in 2002, in the process becoming owner of the Guinness Book of Records and Lyrick Studios in 2001. HIT Entertainment is a fully integrated studio, that incorporates production, world-wide distribution, UK home entertainment, publishing, licensing and merchandising and HIT Wildlife, the company's natural history arm.

HIT currently sells programming to over 120 countries.

ABOUT BRAINYTOYS LIMITED

Brainytoys (www.brainytoys.com), headquartered in Perth Western Australia, is a global toy and game development company with a growing portfolio of over 50 products targeting various segments of the world's toy and game industry, with an emphasis on electronics and software technology.

Listed under the Australian Stock Exchange (ASX) symbol BRT in March 2005 as the first and only public toy and game development issue on the Australian Stock Exchange, Brainytoys is emerging as a highly praised source of creative, innovative, new generation products for the world's toy and game markets and global consumers.

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