

GRAND TOYS INTERNATIONAL LTD

Form 6-K

January 10, 2007

GRAND TOYS INTERNATIONAL LIMITED

**CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2006 AND CONSOLIDATED STATEMENT OF
OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2006**

GRAND TOYS INTERNATIONAL LIMITED**Consolidated Balance Sheets (\$ in 000 s)**

	June 30, 2006	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,481	\$ 4,688
Pledged bank deposit	27	27
Investment securities	6	6
Accounts receivable (net of allowance for doubtful accounts of \$4,623; 2005 - \$4,643)	32,650	27,457
Inventory	24,565	20,335
Due from related companies	2,983	3,517
Note receivable	265	266
Deferred tax asset	210	-
Income tax recoverable	-	89
Prepaid royalties	1,994	2,025
Other prepaid expenses and current assets	2,516	3,729
Total current assets	69,697	62,139
Fixed assets, net	21,543	21,097
Goodwill	25,926	26,017
Prepaid land lease	87	90
Intangibles, net	8,562	9,041
Note receivable	111	244

Total assets	\$	125,926	\$	118,628
--------------	----	---------	----	---------

GRAND TOYS INTERNATIONAL LIMITED**Consolidated Balance Sheets (\$ in 000 s)**

	June 30, 2006	December 31, 2005
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness	\$ 29,644	\$ 22,343
Trade accounts payable	17,197	16,938
Accrued payroll and related costs	681	2,106
Other accounts payable and accrued liabilities	17,901	10,134
Obligations under capital leases	2,363	2,404
Due to related parties	1,314	2,829
Income taxes payable	785	634
Total current liabilities	69,885	57,388
Long term debt	4,197	5,111
Note payable	-	704
Deferred tax	2,992	3,311
Obligations under capital leases	2,177	3,452
Shareholders' equity:		
Capital stock:		
Voting ordinary shares, \$0.13 par value		
100,000,000 ordinary shares authorized		
16,597,169 ordinary shares issued and outstanding, (2005 16,310,467)	2,158	2,120
Preference stock		
2,000,000 Series A preference shares , \$0.13 par value	1,669	1,669
Deferred non-voting stock		
2 deferred non-voting share, \$0.13 par value	-	-

Edgar Filing: GRAND TOYS INTERNATIONAL LTD - Form 6-K

Additional paid-in capital	70,236	69,826
Accumulated loss	(27,934)	(25,549)
Accumulated other comprehensive income- cumulative currency translation adjustment	546	596
Total shareholders' equity	46,675	48,662
Total liabilities and shareholders' equity	\$ 125,926	\$ 118,628

GRAND TOYS INTERNATIONAL LIMITED**Consolidated Statements of Operations (\$ in 000 s except per share data)**

		Six months ended June 30	
		2006	2005
Net sales	\$	62,672 \$	50,514
Cost of goods sold		46,333	37,925
Gross profit		16,339	12,589
Other operating income		(1,062)	(770)
Operating costs and expenses:			
General and administrative		11,052	9,529
Selling and distribution expenses		5,010	4,109
Depreciation and amortization		1,186	1,035
Total operating costs and expenses		17,248	14,673
Operating income (loss)		153	(1,314)
Non-operating expense (income):			
Interest expense		1,242	769
Interest income		(11)	(32)
Total non-operating expense		1,231	737
Loss before income taxes		(1,078)	(2,051)
Income taxes:			
Current		495	116
Deferred		(316)	(13)
Total income taxes		179	103
Net loss from operations		(1,257)	(2,154)
Dividends		(1,395)	(1,160)

Net loss available to ADS shareholders	\$	(2,652)	\$	(3,314)
----------------------------------------	----	---------	----	---------

GRAND TOYS INTERNATIONAL LIMITED

Consolidated Statements of Operations (continued)

	2006	Six months ended June 30	2005
(Loss) earnings per American Depositary Shares (ADS):			
Weighted average ADS outstanding:			
Basic	16,311,437		16,196,166
Diluted	48,263,043		18,538,469
Net (loss) earnings available to ADS shareholders			
Basic	\$ (0.16)	\$	(0.20)
Diluted	(0.16)		(0.20)