

[For immediate release]



PLAYMATES TOYS ANNOUNCED 2008 INTERIM RESULTS

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Highlights

For the six months ended 30 June	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	232,096	347,579
Gross profit	89,306	164,325
Operating loss	(68,395)	(9,618)
Loss attributable to shareholders	(41,860)	(14,152)
	<i>HK cents</i>	<i>HK cents</i>
Basic loss per share	(8.46)	(2.86)

(August 21, 2008 – Hong Kong) – **Playmates Toys Limited** (“Playmates Toys” or “the Group”, HKEEx Stock Code: 869) announced today its interim results for the six months ended 30 June 2008. Group turnover decreased by 33% compared to the same period in 2007. Operating loss was HK\$68 million (2007 interim: HK\$10 million) and net loss attributable to shareholders was HK\$42 million (2007 interim: HK\$14 million). Basic loss per share were HK¢8.46 (2007 interim: HK¢2.86).

According to Mr. Lou Novak, president of Playmates Toys, the sales decrease was primarily attributable to the slowdown in economic activities in major markets causing consumers to curtail spending on discretionary purchases, including toys, and unlike the first half of last year when there was a major entertainment event driving sales of the Group’s licensed brands. “According to trade statistics, year-to-date (June 2008) industry retail dollar sales in the US decreased 4%, with a corresponding decrease in unit sales of 9%”, said Mr. Novak.

Gross profit ratio on toy sales was 38% (47% during the same period in 2007). Lower gross profit percentage for the period is attributed to lower unit sales in relation to the same level of development costs as last year and higher discounted sales due to accelerated adoption of new safety regulations by US retailers.

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Mr. Novak commented, "Most brands reported lower sales when compared to the same period last year. In the second half of 2008, we expect a continuing challenging environment. The economic slowdown in the U.S. appears to be spreading to other developed markets around the world; consumer confidence hovers at record low levels under the continued pressures of inflation, tight credit and rising unemployment; retailers remain cautious on building inventory for the holiday season, and input costs inflation continues to put pressure on profit margin.

"In spite of these challenges, Playmates Toys remains focused on its long term strategy of growing its core business and expanding its presence in targeted growth categories."

Looking forward to fall 2008, activities surrounding the upcoming **Teenage Mutant Ninja Turtles** 25th Anniversary celebration are expected to create new excitement around the brand. **Disney Fairies**, Disney Consumer Products' most important new initiatives, takes center stage this fall with a US\$150 million marketing program in support of the entertainment release of "**Tinker Bell**", a platinum DVD, in October.

This fall Playmates Toys will introduce **My Life**, a portable platform for tween girls to create and experience a virtual world, and **Night Guardians**, which helps young children overcome their fear of the dark.

In 2009, the boys business will be driven by two major franchise brands with new theatrical releases in May 2009 – "**Terminator Salvation**" and "**Star Trek**". The girls' and youth electronics business will also introduce several new properties in 2009.

In July, Playmates Toys announced a joint venture with Giochi Preziosi S.p.A. Group to market, sell and distribute the **Gormiti** product line in the U.S. and Canada.

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