

[For immediate release]



## PLAYMATES TOYS ANNOUNCED 2008 ANNUAL RESULTS

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### Highlights

	For the year ended 31 December		
	2008 HK\$'000	2007 HK\$'000	% change
Turnover	703,596	909,030	-22.6%
Gross profit	269,473	406,063	-33.6%
Operating loss	(138,694)	(68,745)	-102%
Loss attributable to shareholders	(190,516)	(33,585)	-467%
	<i>HK cents</i>	<i>HK cents</i>	
Basic loss per share	(38.49)	(6.78)	

- Worldwide sales were significantly affected by the negative macroeconomic environment
- International sales continued to achieve growth in a number of emerging markets
- Lower gross profit percentage was attributable to increase in closeout sales, higher development expenses as a percent of sales, lower margins on electronic toy products and reduced pricing on non-continuing brands
- Expects to achieve sales growth and improved operating results in 2009 on the strength of its product portfolio and streamlined operating structure

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(March 13, 2009 – Hong Kong) – **Playmates Toys Limited** (“Playmates Toys” or “the Group”, HKEx Stock Code: 869) announced today its results for the year ended 31 December 2008. Group turnover for the year ended 31 December 2008 was HK\$704 million (2007: HK\$909 million). Operating loss was HK\$139 million (2007: operating loss was HK\$69 million). Net loss attributable to shareholders was HK\$191 million (2007: net loss attributable to shareholders was HK\$34 million). Basic loss per share was 38.49 HK cents (2007: loss per share was 6.78 HK cents).

The toy industry experienced another year of negative growth in 2008. Industry statistics reported that in 2008 year-on-year U.S. toy retail sales were down about 3% in dollar terms with a corresponding decrease in unit sales of about 5%.

Year-on-year sales in the U.S. decreased by 24%, and in all other markets decreased by 19%. The sales decreases in developed markets, notably the U.S. and the E.U. countries, reflected the difficult economic environment. On the other hand, Playmates Toys continued to achieve sales growth in 2008 in a number of emerging markets, including Russia and many other Eastern European countries. Playmates Toys president Mr. Lou Novak commented: “Despite decreased sales, we recorded a clean retail sell through for our major brands and managed our yearend inventory to the lowest level in recent years.”

Gross profit ratio on toy sales was 38% (2007: 45%). According to Mr. Novak, lower gross profit percentage was attributable to increase in closeout sales, higher development expenses as a percent of sales, lower margins on electronic toy products and reduced pricing on non-continuing brands. On a positive note, gross margins on continuing brands were maintained at 2007 levels as a result of price increases compensating for higher input costs. Product development expenses, although lower in 2008 compared to 2007, were higher as a percentage of sales, due to lower sales. Group operating expenses were managed to a level below last year, with reductions in advertising expenditures and professional fees.

Mr. Novak stated, “While fully cognizant of the economic and financial challenges and uncertainties confronting our suppliers, customers and consumers around the world, we expect to achieve sales growth and improved operating results in 2009 on the strength of our product portfolio and streamlined operating structure.

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“The Boy’s business is expected to grow significantly with the launch of extensive product lines based on two major franchise brands supported by new theatrical releases in May 2009 – “**Terminator Salvation**” and “**Star Trek**”. **Yu-Gi-Oh! 5D’s** and **Dinosaur King**, two new Boy’s action brand introductions will be supported by episodic TV broadcast in major markets.

“In July 2008, we entered into 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. The **Gormiti** product line is being launched in the U.S. in spring 2009.

“In 2009, our Girl’s business segment will be strengthened by the introduction of two Nickelodeon properties, **iCarly** and **H2O**. Tinker Bell and her friends return in a second direct-to-DVD release “**Tinker Bell and the Lost Treasure**”, which will be brought to life in our **Disney Fairies**, a continuing line of dolls and playsets based on the adventure.”

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