

[For immediate release]



## PLAYMATES TOYS ANNOUNCED 2009 INTERIM RESULTS

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### Highlights

For the six months ended 30 June	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<b>335,638</b>	232,096
Gross profit	<b>169,775</b>	89,306
Operating profit / (loss)	<b>12,800</b>	(68,395)
Profit / (loss) attributable to shareholders	<b>1,613</b>	(41,860)
	<i>HK cents</i>	<i>HK cents</i>
Basic earnings / (loss) per share	<b>0.33</b>	(8.46)

(August 21, 2009 – Hong Kong) – **Playmates Toys Limited** (“Playmates Toys” or “the Company”, HKEx Stock Code: 869) announced today its interim results for the six months ended 30 June 2009. Playmates Toys worldwide sales during the first half of 2009 were HK\$336 million, an increase of 45% over the same period last year. Operating profit was HK\$13 million (2008 interim: operating loss of HK\$68 million) and net profit after tax was about HK\$2 million (2008 interim: net loss after tax of about HK\$42 million). Basic earnings per share were HK¢0.33 (2008 interim: basic loss per share of HK¢8.46).

According to the Company, sales of boys toys worldwide increased during the period mainly due to strong initial sell-in of two brands based on major theatrical releases in May: **Star Trek** and **Terminator: Salvation**. Sales of girls toys increased as a result of the continued strength of the **Disney Fairies** brand.

Gross profit ratio on toy sales was 51% (38% during the same period in 2008). The Company attributed higher gross profit percentage to a more profitable product mix of sales, relatively stable input costs and less discounted sales on discontinued products. Mr. Lou Novak, president of Playmates Toys, remarked: “Administration expenses were reduced by 30% when compared to the same period last year, consistent with our stated operating priority in 2009 to cut costs and tightly control expenses in response to the global economic recession.”

During the first half of 2009 total industry retail sales of toys in the US decreased by 2%. The global economic recession has cooled toy sales worldwide, as consumers cut back on discretionary purchases and retailers kept a tight rein on inventory.

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Mr. Novak observed, "We expect the challenging environment to continue in the second half of 2009. Consumer confidence remains weak and retailers continue to tightly control inventory and limit their support for those brands that are not category leaders. Retail sell through of **Terminator: Salvation** and **Star Trek** toys were below expectation, and so retail shelf space for both brands have been reduced which will negatively impact our boys toy sales in the second half of the year. Accordingly we are adjusting our outlook for the second half of the year although we remain cautiously optimistic that an improvement in operating results for the full year may still be achievable.

"Cognizant of the continued challenges, we will continue to pursue tight expense control, while focusing on acquiring new licenses and exploiting opportunities in categories of our core competence."

In fall 2009, Playmates Toys will introduce a new line of dolls, playsets and kid directed electronic gadgets based on the popular **iCarly** TV show; expand the **Disney Fairies** line of dolls and accessories, and introduce "**H2O, Just Add Water**", a line of fashion dolls and accessories based on a live action TV series about teen girls who transform into mermaids with magical powers.

New brands planned for introduction in 2010 include: **Rainbow Brite**, a heritage girls brand from Hallmark; **My Pixies** line of toddler dolls; **Hero 108**, a Cartoon Network and Moonscoop Entertainment property with an MMOG and animated TV series; **Inazuma-Oh**, a unique line of vehicles and track sets that can be customized for speed and performance. In addition, Playmates Toys recently acquired the license for "**Shrek Forever After**", the fourth movie of the highly popular "Shrek" franchise from DreamWorks Animation SKG scheduled for a May 2010 worldwide premier.

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**For enquiries, please contact:  
iPR Ogilvy Ltd.**

Canny Lo / Karen Tse

Tel: (852) 3170 6753/ 2136 6950

Email: [canny.lo@iprogilvy.com](mailto:canny.lo@iprogilvy.com), [karen.tse@iprogilvy.com](mailto:karen.tse@iprogilvy.com)

Fax: (852) 3170 6606