

[For immediate release]



## PLAYMATES TOYS ANNOUNCED 2009 ANNUAL RESULTS

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### Highlights

	For the year ended 31 December		
	2009 HK\$'000	2008 HK\$'000	% change
Turnover	636,440	703,596	-9.5%
Gross profit	292,002	269,473	+8.4%
Operating loss	(34,931)	(138,694)	-75%
Loss attributable to shareholders	(86,704)	(190,516)	-54.5%
	<i>HK cents</i>	<i>HK cents</i>	
Basic loss per share	(17.51)	(38.49)	

- Higher gross profit percentage was attributable to a mix of higher margin product and a decrease in closeout sales
- Efforts to control and reduce operating costs resulted in a 20.3% decrease in recurring operating costs
- Continues to pursue a focused strategy to selectively invest in new licenses and brands in categories of its core competence

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(March 26, 2010 – Hong Kong) – **Playmates Toys Limited** (“Playmates Toys” or “the Group”, HKEx Stock Code: 869) announced today its results for the year ended 31 December 2009. Group turnover for the year ended 31 December 2009 was HK\$636 million (2008: HK\$704 million). Operating loss was HK\$35 million (2008: HK\$139 million). Net loss attributable to shareholders was HK\$87 million (2008: HK\$191 million). Basic loss per share was HK cents 17.51 (2008: HK cents 38.49).

Gross profit ratio on toy sales was 45.9% (2008: 38.3%). The increase in gross profit ratio in 2009 compared to 2008 was attributable to a mix of higher margin product and a decrease in closeout sales, which were partially offset by an increase in development expenses and tooling costs as a percentage of turnover.

According to Playmates Toys, recurring operating expenses were managed to a level below last year with lower advertising and promotional spending (down 16.0%), and a reduction in general and administrative expenses (down 34.7%). The Group recorded higher than usual licensing expenses due to the write off of minimum guarantees associated with non-performing licenses. The reported net loss attributable to shareholders reflected non-recurring items including HK\$2 million in loss on the discontinued investment in the **Gormiti** JV, charges of HK\$10 million in unused bartered advertising credits and HK\$36 million in unrealized prior years tax losses.

The toy industry experienced another year of challenges and negative growth in 2009. Traditional toys sales worldwide declined 3%. Playmates Toys president Mr. Lou Novak commented: “Economies in the developed markets remained sluggish throughout most of the year negatively impacting consumer spending in our most significant markets. US retailers continued to pursue a strategy of tight inventory control, brand and SKU reduction, and consolidation of vendor base.” In the US overall retail toy sales were down by 1%.

Playmates Toys US turnover decreased by 7.6% compared to 2008 due primarily to disappointing performance of both the **Star Trek** and **Terminator: Salvation** movie brands, decreased sales of **Teenage Mutant Ninja Turtle** products in a year that did not have new entertainment, and the discontinuation of the **Disney Princess** license; partially offset by the introduction of the **iCarly** brand which performed well. International turnover decreased by 13.1% compared to 2008 for similar reasons.

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In 2010, new brands will include: **Michael Jackson**, King of Pop, “The most popular artist in the history of show business”; **Hero: 108**, a Cartoon Network and Moonscoop Entertainment property with an MMOG and animated TV series; “**Shrek Forever After**”, the fourth Shrek movie scheduled for May 2010 worldwide premier. Playmates Toys will also launch in limited distribution two new girl’s product lines: **Rainbow Brite**, a line of dolls and horses based on a heritage girls brand from Hallmark, and **My Pixies** line of toddler dolls and role play toys.

Group chairman Mr. Thomas Chan said, “We anticipate the challenging operating environment will continue in 2010. Our cost control and reduction efforts will continue as we continue to pursue our focused strategy to selectively invest in new licenses and brands in categories of our core competence.

“During 2009, foundations have been laid for a number of major initiatives that are expected to bear fruits in the coming years. We have renewed our long term master toy license for the **Teenage Mutant Ninja Turtles**. In partnership with the Viacom group, the new owner of the franchise, we have commenced the preparation for a major re-launch of the Turtles planned for 2012, supported by an all new TV series on Nickelodeon, as well as a new movie to be distributed by Paramount. We are also investing into the development of proprietary brands to be launched in late 2010 or 2011. One such proprietary brand of products under development is to be distributed through non-traditional channel to the consumers.”

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