



TO: News editors, assignment editors, reporters and columnists: business, finance and investment news

FROM: Mega Bloks Inc.

DATE: May 7, 2004

TSX SYMBOL: MB

RE: News release – For immediate distribution

MEGA BLOKS REPORTS 16% SALES GROWTH IN THE FIRST QUARTER OF 2004

MONTREAL, May 7, 2004 — Mega Bloks Inc. (TSX: MB) announced today its financial results for the first quarter ended March 31, 2004.

Financial Highlights

(All figures in US\$ millions except per share amounts)

	Three-month periods ended March 31,	
	2004	2003
Net sales	US\$ 26.2	US\$ 22.7
Net loss	(US\$ 0.3)	(US\$ 0.2)
Loss per share Basic and diluted	(US\$ 0.01)	(US\$ 0.01)

“We continued to outpace the industry with our sales growth in the first quarter and we’re off to a great start in 2004”, said Marc Bertrand, President and CEO. “Our sales in both the North American and International markets are evolving as expected, new toys are in the execution pipeline and we are well-positioned to sustain our strong performance in 2004 with an exciting product assortment, new marketing initiatives and the execution of our global expansion strategy”.

Net sales in the first quarter of 2004 increased 16% to US\$26.2 million, compared to US\$22.7 million in 2003. In North America, net sales were up 11% to US\$16.1 million while International net sales increased 25% to US\$10.1 million over 2003. International net sales represented 38% of total net sales as the Company continued to execute its worldwide expansion plan, compared to 36% of net sales in 2003. Net loss was \$0.3 million compared to \$0.2 million in the first quarter of 2003. Basic and diluted loss per share for both periods was \$0.01.



Recent Developments

On April 29, 2004, the Supreme Court of Canada granted Kirkbi AG and Lego Canada Inc. (“Lego”) leave to present an appeal to the Court from a July 14, 2003 decision of the Federal Court of Appeal. No hearing date for the appeal has been set at this time. Lego’s action, which was dismissed by the Federal Court Trial Division and Federal Court of Appeal, claims that Lego has the exclusive right to the “look” of the knobs of stackable, interlocking toy blocks marketed by both Lego and Mega Bloks.

“We remain very confident in the correctness of our legal position, which was twice confirmed by the Federal Court”, said Marc Bertrand, President and CEO of Mega Bloks. “This decision simply enables Lego to present its case for the third time. In the meantime, we have absolutely no legal constraints on marketing our full range of products in Canada, where we will continue to offer consumers our great, innovative toys”, added Bertrand.

Invitation to Conference Call

Analysts are invited to a conference call hosted by Mega Bloks today, May 7, 2004, at 8:30 a.m. All other interested parties are invited to participate in the conference call in a listen-only mode. The dial-in number is 1 (800) 814-4860. For those unable to participate, a replay will be available until May 12, 2004. The replay phone number is 1 (416) 640-1917 and the access code is 21048108#.

Invitation to Annual General Meeting

Mega Bloks will host its fiscal 2003 Annual General Meeting on Friday, May 7, 2004. The Annual General Meeting, to conduct formal business, including the election of directors and the appointment of auditors, will be held at Le Centre Sheraton Montreal Hotel at 10:00 a.m.

This press release contains forward-looking statements related to expected future events and financial and operating results of the Company that involve risks and uncertainties. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including market and general economic conditions and the risks and uncertainties detailed from time to time in the Company’s SEDAR filings.

About Mega Bloks

Mega Bloks creates high quality, fun and educational construction toys that inspire kids and parents to play and learn together. The MEGA BLOKS® system features basic and themed construction toys for boys and girls of all ages. Headquartered in Montreal, Mega Bloks is a global organization employing more than 1000 people with sales in over 100 countries.

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Source: Mega Bloks Inc. Website: www.megabloks.com

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