



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

FROM: Mega Bloks Inc.

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RE: News release – For immediate distribution

MEGA BLOKS REPORTS 178% SALES INCREASE TO \$81.5 MILLION AND POSITIVE EARNINGS FROM OPERATIONS IN FIRST QUARTER 2006

MONTREAL, May 12, 2006 — Mega Bloks Inc. (TSX: MB) announced its financial results today for the first quarter ended March 31, 2006.

Financial Highlights

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

	Three-month periods ended March 31,	
	2006	2005
Net sales	US\$ 81.5	US\$ 29.3
Earnings (loss) from operations	US\$ 3.9	(US\$ 1.4)
Net earnings (loss)	US\$ 0.6	(US\$ 1.2)
Earnings (loss) per share		
Basic	US\$ 0.02	(US\$ 0.04)
Diluted	US\$ 0.02	(US\$ 0.04)

Consolidated net sales increased 178% to \$81.5 million compared to \$29.3 million in the first quarter of 2005.

Net sales in North America almost quadrupled to \$61.4 million from \$15.5 million in the first quarter of 2005. This reflects the inclusion of stationery and activities sales as well as strong overall growth in toys, despite a decline in sales of basic construction toys.

International net sales increased 46% to \$20.2 million, driven by continued market penetration in construction toys and a contribution from stationery and activities. Toy sales were higher in Europe, Asia and Latin America, sustaining the solid growth momentum of recent years. International net sales represented 25% of total net sales compared to 47% in the first quarter of 2005 as a result of the greater scale of the Company's North American business including Rose Art.



Earnings from operations swung into positive territory at \$3.9 million compared to a loss from operations of \$1.4 million in the first quarter of last year. Diluted earnings per share were \$0.6 million or \$0.02 per share compared to a loss of \$1.2 million or \$0.04 per share in the corresponding 2005 period, mainly due to higher income tax recovery.

Cash flow from operating activities was higher than in the first quarter of last year and the Company showed cash and cash equivalents of \$30.4 million compared to \$17.8 million at the end of the first quarter of 2005. The Company expects to repay \$20 million of debt in the second quarter.

“The first quarter results show the counter seasonality of our new business model, with significantly higher sales, positive earnings from operations and stronger cash flow compared to previous years,” commented Marc Bertrand, President and CEO of Mega Bloks. “This trend is expected to continue as we move into the back-to-school season which straddles the second and third quarters.”

Recent developments

On March 31, 2006, we jointly announced, with the US Consumer Products Safety Commission ("CPSC"), a voluntary recall and replacement program of MAGNETIX[®] building sets in the hands of families with children under the age of six. Consumers were advised to stop using the referenced sets and to return them to Rose Art for a free replacement product suitable for young children under the age of 6. Consumers were also advised to ensure that all small magnet parts were kept away from children who mouth objects, especially children under the age of three. Through this replacement program, we reaffirm our commitment to the ongoing education of parents and caregivers and will continue to urge them to keep all toys containing small parts out of the reach of young children. We, jointly with the CPSC, continue to monitor MAGNETIX[®] building sets in the market to ensure that all safety standards are met. To date, we have not experienced a significant impact on our results of operations with this replacement program as approximately 8,500 products have been replaced under the program, which is being replicated in certain countries within Europe as well as Asia.

On March 24, 2006, we welcomed retired McDonald's Corporation executive Larry Light to our Board of Directors, where he will sit as an independent director. Dr. Light's impressive record as Global Chief Marketing Officer at McDonald's Corporation with its many successful branding initiatives will be of great benefit to the Board. Dr. Light has now returned to his marketing consultancy, Arcature, where he advises a global Fortune 500 group of clients. We look forward to having his counsel and support as we continue to leverage our competitive strengths and develop our brands.

On March 13, 2006, Mega Bloks and Rose Art announced the alignment of their operations into one company focused on delivering superior customer service, industry-leading product innovation and operational excellence on a global basis. Several facilities in North America will be downsized or closed down, the corresponding manufacturing will be relocated to China and North American distribution of all products manufactured in China will be consolidated in a new facility in Tacoma, Washington.

On January 24, 2006, Mega Bloks through its subsidiary Rose Art Industries, Inc., announced an agreement to acquire The Board Dudes, Inc., a privately held company based in Corona, California. The Board Dudes designs and distributes an innovative range of products for the school and office supply markets, including dry erase boards, cork boards, foam boards,



school and locker products, novelty items and storage products. The transaction closed during February and is expected to be accretive to earnings.

Forward-looking statements

All statements in this press release that do not directly and exclusively relate to historical facts constitute "forward-looking statements". These statements represent the Company's intentions, plans, expectations and beliefs. In certain instances, these statements require us to make assumptions and there is significant risk that these assumptions may not be correct. Furthermore, these statements are subject to risks, uncertainties and other factors, many of which are beyond the Company's control. These factors may include and are not restricted to: integration of Rose Art's operations, international operations, difficulty in predicting consumer preferences and importance of new products, rate of growth or profitability, dependence on a few large customers, fluctuations in the price of plastic resins and currency rates, retail environment, financing and interest rates matters, litigation and its inherent uncertainty, product recall, risks relating to licensed products and seasonality of the toy and stationery industries. The words "believe", "estimate", "expect", "intend", "anticipate", "foresee", "plan", and similar expressions and variations thereof, identify certain of such forward-looking statements, which speak only as of the date on which they are made. The Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required pursuant to applicable laws.

Invitation to Conference Call

Analysts are invited to a conference call hosted by Mega Bloks today, May 12, 2006, at 9:00 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) 814-4941. For those unable to participate, a replay will be available until May 19, 2006. The replay phone number is 1 (416) 640-1917 and the access code is #21188125.

About The Mega Bloks Group:

The Mega Bloks Group of companies is a leader in providing kids, caregivers and educators creative tools for play and learning. Under the MEGA BLOKS® and ROSE ART® brands, the Group produces high quality construction and magnetic toy sets, arts and crafts activities, stationery, school supplies, and writing instruments. The Group is headquartered in Montreal and present in 14 countries with sales in over one hundred. For more information, please visit <http://www.megabloks.com>.

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Source: Mega Bloks Inc.

Website: www.megabloks.com

MEGA BLOKS INC.

Consolidated statements of earnings

(in thousands of U.S. dollars, except per share amounts)

	Three-month periods ended March 31, (Unaudited)	
	2006	2005
Net sales	\$ 81,545	\$ 29,313
Cost of sales	45,165	17,199
Gross profit	36,380	12,114
Marketing, research and development, and advertising expenses	10,313	4,780
Other selling, distribution and administrative expenses	22,181	8,768
Earnings (loss) from operations	3,886	(1,434)
Interest expense		
Long-term debt	5,001	298
Others	(79)	(46)
	4,922	252
Loss before income taxes	(1,036)	(1,686)
Income taxes		
Current	(4,050)	(929)
Future	2,436	421
	(1,614)	(508)
Net earnings (loss)	\$ 578	\$ (1,178)
Earnings (loss) per share		
Basic	\$ 0.02	\$ (0.04)
Diluted ⁽¹⁾	\$ 0.02	\$ (0.04)
Weighted average number of outstanding common shares		
Basic	32,121,557	27,307,563
Diluted ⁽¹⁾	34,250,081	27,307,563

⁽¹⁾ The dilutive effect of outstanding options under the treasury stock method for the three-month period ended March 31, 2005 is not presented as it is anti-dilutive.

MEGA BLOKS INC.

Consolidated statements of deficit
(in thousands of U.S. dollars)

	Three-month periods ended March 31,	
	2006 (Unaudited)	2005 (Unaudited)
Balance, beginning of period	\$ (12,712)	\$ (52,320)
Net earnings (loss)	578	(1,178)
Balance, end of period	\$ (12,134)	\$ (53,498)

MEGA BLOKS INC.

Consolidated balance sheet (in thousands of U.S. dollars)

	March 31, 2006 (Unaudited)	December 31, 2005 (Audited)	March 31, 2005 (Unaudited)
Assets			
Current assets			
Cash and cash equivalents	\$ 30,369	\$ 19,567	\$ 17,828
Accounts receivable - trade	84,500	167,428	52,162
Accounts receivable - other	4,810	6,238	4,940
Inventories	104,566	82,280	32,760
Income taxes	10,728	-	2,387
Future income taxes	16,790	13,396	-
Prepaid expenses	9,940	8,324	4,669
	261,703	297,233	114,746
Capital assets	40,221	39,351	33,755
Intangible assets	72,149	72,230	-
Goodwill	321,653	306,973	-
Deferred charges	4,443	4,708	1,622
	\$ 700,169	\$ 720,495	\$ 150,123
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	92,865	108,025	25,504
Additional consideration accrued on business combination	68,284	74,075	-
Income taxes	-	4,744	-
Current portion of long-term debt	9,565	8,784	749
	170,714	195,628	26,253
Long-term debt	289,776	292,169	13,275
Future income taxes	18,303	12,682	8,715
	478,793	500,479	48,243
Shareholders' equity			
Capital stock	232,302	231,592	154,557
Contributed Surplus	1,208	1,136	821
Deficit	(12,134)	(12,712)	(53,498)
	221,376	220,016	101,880
	\$ 700,169	\$ 720,495	\$ 150,123

MEGA BLOKS INC.

Consolidated statements of cash flows
(in thousands of U.S. dollars)

	Three-month periods ended March 31,	
	2006 (Unaudited)	2005 (Unaudited)
Cash flows from operating activities		
Net earnings (loss)	\$ 578	\$ (1,178)
Items not affecting cash and cash equivalents		
Amortization	3,327	1,841
Loss (gain) on foreign currency	(1,289)	224
Others	2,507	557
	5,123	1,444
Changes in non-cash operating working capital items	27,850	24,499
	32,973	25,943
Cash flows from financing activities		
Repayment of long-term debt	(1,682)	(118)
Change in revolving credit facility	-	(11,000)
Issue of capital stock	710	124
	(972)	(10,994)
Cash flows from investing activities		
Acquisition of capital assets	(3,699)	(2,728)
Acquisition of subsidiaries	(17,500)	-
	(21,199)	(2,728)
Increase in cash and cash equivalents	10,802	12,221
Cash and cash equivalents, beginning of period	19,567	5,607
Cash and cash equivalents, end of period	\$ 30,369	\$ 17,828
Supplementary disclosure of cash flow information		
Interest paid	\$ 4,856	\$ 182
Income taxes paid	11,422	2,526
Capital assets acquired by means of capital leases	-	487