



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

FROM: Mega Bloks Inc.

DATE: July 29, 2004

TSX SYMBOL: MB

RE: News release – For immediate distribution

**MEGA BLOKS REPORTS 13% SALES GROWTH
AND REPAYS US\$12 MILLION OF DEBT**

MONTREAL, July 29, 2004 — Mega Bloks Inc. (TSX: MB) announced today its financial results for the second quarter ended June 30, 2004.

Financial Highlights

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

	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2004	2003	2004	2003
Net sales	US\$ 30.2	US\$ 26.6	US\$ 56.4	US\$ 49.2
Net (loss) earnings	(US\$ 0.1)	US\$ 0.2	(US\$ 0.4)	(US\$ 0.0)
Earnings (loss) per share				
Basic	(US\$ 0.00)	US\$ 0.01	(US\$ 0.02)	(US\$ 0.00)
Diluted	-	US\$ 0.01	-	-

“The Mega Bloks brand continues to build momentum with consumers worldwide. Our performance during the quarter was driven by solid retail sales increases in North America and our strong International growth continues in Europe, Asia and Latin America. The fall product line with 50 new toys looks great and we are excited by the initial customer reaction ” said Marc Bertrand, President and CEO of Mega Bloks.

Net sales in the second quarter of 2004 increased 13% to US\$30.2 million, compared to US\$26.6 million in 2003. In North America, net sales were up 5% to US\$14.8 million while International net sales increased 23% to US\$15.4 million over 2003. International net sales represented 51% of total net sales as the Company continued to execute its worldwide expansion plan, compared to 47% of net sales in 2003. Net loss was \$0.1 million compared to net earnings of \$0.2 million in the second quarter of 2003. Basic loss per share was close to break-even compared to basic and diluted earnings per share of \$0.01 in the same period last year.



“We are also pleased to report that our balance sheet continues to improve as we paid down US\$12.0 million of term debt during the quarter. This amount was to be repaid over the next four years, but strong free cash flow generated during 2003 and the first two quarters of this year enabled us to make the early repayment. We have a solid balance sheet to support our ongoing growth initiatives,” Bertrand added.

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.

Invitation to Conference Call

Analysts are invited to a conference call hosted by Mega Bloks today, July 29, 2004, 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) 814-4860. For those unable to participate, a replay will be available until August 3, 2004. The replay phone number is 1 (416) 640-1917 and the access code is 21056816#.

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 approximately 1000 people with sales in over 100 countries.

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Source: Mega Bloks Inc.

Website: www.megabloks.com