MEGA BRANDS STATEMENT

Montreal, August 19, 2008 – Marc Bertrand, President and CEO of MEGA Brands Inc. (TSX: MB), made the following statement today during a conference call with the financial community for the financial results for the second quarter and six-month periods ended June 30, 2008.

‘‘We are pleased to report that we have completed the $75 million financing announced last week.

The proceeds will allow us to operate in the normal course as we gear up for the peak toy selling season. I know this is welcome news for our suppliers, our customers and our employees.

We are very aware that many of our current shareholders are not happy with the dilution of their ownership as a result of this financing. However, given the deterioration of our liquidity position, I can say without reservation that this was the best alternative.

As part of the financing, our lenders have also agreed to important changes to our credit facilities. These changes, combined with the $75 million of new money, provide us with significant financial resources and with greater flexibility to implement our Value Enhancement Plan, restore the company to profitability and build our future.

We have achieved several milestones in the Value Enhancement Plan.

- Actions already taken will generate $12 million in annualized cost savings beginning in the third quarter.
- We have put in place many new processes to improve the efficiency of our supply chain and have completed a thorough review of our sourcing strategy.
- And we have positioned the company to achieve better margins through value engineering, price adjustments and improved product mix.

The sale of the Stationery and Activities business is following its normal course. Since we are in the peak selling season for these product categories, the prospective buyers want to understand our most up-to-date results and the most complete information about the industry trend for the back-to-school season.

Turning now to the second quarter results, our sales were down by 15 million dollars compared to last year. Two-thirds of the decline was in the Boys 5-plus category, offsetting the continued strong performance in preschool. This is really a timing issue, since last year most of our new products were lunched in the first two quarters while this year’s new launches are occurring in the third and fourth quarters.

The balance of the decrease was in the Stationery and Activities business where our emphasis since the beginning of last year has been on margin improvement. Most of the sales decline was due to lower-margin children’s activity products which have been discontinued under our SKU rationalization program.

Our gross margins were lower due mainly to rising input costs, the underutilization of our plant in China and unfavorable product mix due to the lower sales in the Boys 5-plus category.

Net loss was $3.6 million or 10 cents per share compared to net earnings of $4.0 million or 12 cents per share in the second quarter of 2007.

For the six months ended June 30, 2008, net loss was $13.2 million or 36 cents per share, compared to a net loss of $19.9 million, or 61 cents per share in the corresponding 2007 period.

We are also pleased to report a significant development since the closing of our second quarter financial statements. We have reached an agreement in principle with our insurers for the recovery of an additional

$9.3 million related to the settlement of lawsuits for magnet ingestion recorded in 2006. We expect to receive payment shortly and to record this amount in our third quarter results. This means we have recovered almost the full amount of our $13.5 million settlement.

Looking ahead, the next two quarters are traditionally the strongest in our business and our objective is to restore profitability.

An important factor in our success will be our ability to reduce and offset cost pressures, particularly in China. We are very focused on costs, efficiency and margin improvement through our Value Enhancement Plan.

Of equal importance, we need to build sales momentum and I believe we are well positioned to succeed.

- We have great innovation in our Boys category this year, with all of the new products hitting retail in the third and fourth quarters. Listings at major retailers are higher than last year.

- MagNext is also starting to get good retail support. The first launch event took place last Saturday with a building competition at over 500 Toys R US stores across the United States, generating a lot of buzz for this new brand.

- Our preschool line-up is stronger than ever and on pace for another record-breaking year.

- With the launch of the new Boys line-up and MagNext in our key European markets and other countries later this year International sales will be energized.

In closing, I would like to address some comments to our employees.

The past few weeks have been very challenging. Speculation and rumours created a cloud over our company and I know it has been a very difficult period for all the members of our team.

Better days are ahead. The $75 million of new money we have just received, together with the agreement with our lenders, is a vote of confidence in our people, our brands and our innovation.

We now have new investors with a long-term outlook. Our founder and Chairman of the Board is also investing further in the company as part of this financing.

We have great products and we have a plan. Now we also have the financial resources to turn our business around and restore the value of our company for the benefit of all stakeholders."

About MEGA Brands
MEGA Brands is a trusted family of leading global brands in construction toys, games & puzzles, arts & crafts and stationery. They offer engaging creative experiences for children and families through innovative, well-designed, affordable and high-quality products that deliver on our Creativity to the Rescue promise. Visit http://www.megabrands.com for more information.

The MEGA logo, Creativity to the Rescue, Mega Bloks, Rose Art, MagNext and Board Dudes are trademarks of MEGA Brands Inc. or its affiliates.

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 Corporation'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 Corporation's control. The Corporation 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, other than as required by applicable legislation. Readers are cautioned not to place undue reliance on these forward-looking statements. More information about the risks that could cause our actual results to significantly differ from our current expectations can be found in the "Risks and Uncertainties" section of our 2007 annual MD&A as well as Q1 and Q2 2008 MD&A.

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