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SIGNATURE

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RADICA GAMES LIMITED

Date: May 10, 2005  
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/s/ Craig D. Storey  
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Craig D. Storey  
Chief Accounting Officer

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RADICA GAMES LIMITED  
REPORTS FIRST QUARTER PROFITS

FOR IMMEDIATE RELEASE  
MAY 9, 2005

CONTACT: PATRICK S. FEELY  
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DAVID C.W. HOWELL  
PRESIDENT ASIA OPERATIONS  
& CFO  
(HONG KONG)  
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HIGHLIGHTS:

- o Q1 sales grew by 85% due to strong sales of 20Q and 21% growth in other product lines
- o Earnings were 3 cents per diluted share compared to 6 cents loss per share in Q1 2004
- o Operating expenses increased due to sales related variable expenses, timing of Easter advertising and the timing of certain development expenses
- o Branded sales grew by 100% with US branded sales alone growing by 114%

(HONG KONG) Radica Games Limited (NASDAQ: RADA) announced today its results for the first quarter ended March 31, 2005. The Company reported a net profit for

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the quarter of \$0.5 million or \$0.03 per diluted share compared to a net loss of (\$1.1) million or (\$0.06) per diluted share in the first quarter of 2004.

Sales for the quarter increased by 85% to \$22.5 million from \$12.1 million due to exceptional sales of 20Q (\$7.9 million for the quarter) plus growth of other product lines of 21%. Branded sales grew by 100% with U.S. branded sales increasing by 114% compared to the sales for the same period in 2004.

Radica's Chief Executive Officer, Pat Feely, said, "We are delighted with our first quarter results particularly in light of the soft results of most other companies in our industry. Q1 demonstrated a continuation of the sales momentum we experienced last fall with not only our 20Q product line but additionally in most areas of our business. Of particular note is the strength we are seeing from our newly introduced fourth version of the Girl Tech Password Journal as well as our lighted series of handheld games including casino and solitaire games. Our Play TV Legends line of retro plug and play games also performed well but only represented 13% of our sales for the quarter reflecting our lack of dependence on this category."

"The strong start on 2005 has also been reflected in our early bookings for the entire year. However, in looking at Q1 results it is important to remember that the quarter was influenced by the earlier timing of Easter as well as pipeline fill for 20Q resulting from our increased production capacity for 20Q. As a result of these factors and while it is too early to fully predict Q2, we believe that our second quarter results will be unlikely to exceed first quarter results. However, the outlook for the full year remains consistent with current Wall Street estimates," said Feely.

"I also want to comment today that our factory expansion is proceeding ahead of schedule. We have built ahead early in the year quantities of certain staple products to ensure that we have plenty of capacity for the fall

season. As a result, we are in an excellent position to respond to any upside late in the year and avoid extra outsourcing and air freight charges that plagued us last year. Dealing with growth is a real challenge and one we are prepared to meet as the year progresses," said Feely.

The following table shows the detailed revenue comparisons for the quarter by segment:

	Three months ended March 31,	
Product Lines	2005	2004
(US\$ in thousands)		
Games and Youth Electronics Segment		
Electronic Games and Toys	\$ 16,948	\$ 6,512
Youth Electronics	2,446	1,978
Manufacturing Services	1,486	1,309
	\$ 20,880	\$ 9,799
VGA Segment		
Video Game Accessories	\$ 1,594	\$ 1,992
Manufacturing Services	-	334
	\$ 1,594	\$ 2,326

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TOTAL	\$ 22,474	\$ 12,125
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Gross profit margin for Q1 2005 was 38.8% compared to 42.4% in Q1 2004 due to the impact of the sales of lower margin Play TV Legends products in Q1 2005. Operating expenses increased to \$8.3 million for the quarter from \$6.3 million in Q1 2004. The increase was due to sales related variable expenses plus the impact of \$0.5 million of advertising that due to an earlier Easter fell in Q1 this year. During the quarter, the Company also finalized discussions with Immersion Corporation (NASDAQ: IMMR) for use of its force feedback technology in video game accessories. This negotiation resulted in an agreement for the past and future royalties for a technology license. The expense related to the settlement of past royalties and related legal costs in the quarter was \$250,000. Research and development costs were up from \$0.9 million to \$1.2 million due to costs related to the development of Play TV software.

At March 31, 2005 the Company had \$38.1 million of cash and investment securities, and net assets of \$91.1 million as compared to \$40.1 million and \$91.1 million, respectively, at December 31, 2004. There was no debt at March 31, 2005 and December 31, 2004. Inventories increased to \$29.7 million from \$26.8 million at December 31, 2004 reflecting the build up of 20Q and other staple models to help spread the production load for the year. Receivables decreased to \$13.5 million from \$18.4 million at December 31, 2004 due to normal seasonality.

On April 12, 2005, the Company declared a second quarter dividend of \$0.045 per share, which was paid on April 29, 2005.

The foregoing discussion contains forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projected results. Forward-looking statements include statements about efforts to attract or prospects for additional or increased business, new product introductions and other statements of a non-historical nature. Actual results may differ from projected results due to various Risk Factors, including Risks of Manufacturing in China, Dependence on Product Appeal and New Product Introductions, and Dependence on Major Customers, as set forth in the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2004, as filed with the Securities and Exchange Commission. See "Item 3. Key Information -- Risk Factors" in such report on Form 20-F.

Radica Games Limited (Radica) is a Bermuda company headquartered in Hong Kong (NASDAQ: RADA). Radica is a leading developer, manufacturer and distributor of a diverse line of electronic entertainment products including electronic games, youth electronics, video game accessories and high-tech toys. Radica has subsidiaries in the U.S.A., Canada, the U.K. and Macau, and a factory in Dongguan, Southern China. More information about Radica can be found on the Internet at [www.radicagames.com](http://www.radicagames.com).

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## RADICA GAMES LIMITED CONSOLIDATED STATEMENTS OF OPERATIONS

(US dollars in thousands, except per share data)	Three months ended March 31,	
	2005	2004
	(unaudited)	(unaudited)
Revenues:		
Net sales	\$ 22,474	\$ 12,125
Cost of goods sold (exclusive of items shown separately below)	(13,758)	(6,985)
Gross profit	8,716	5,140
Operating expenses:		
Selling, general and administrative expenses	(6,659)	(4,989)
Research and development	(1,197)	(929)
Depreciation and amortization	(404)	(421)
Total operating expenses	(8,260)	(6,339)
Operating income (loss)	456	(1,199)
Net interest and other income	219	231
Foreign currency loss, net	(25)	(28)
Profit (loss) before income taxes	650	(996)
Provision for income taxes	(155)	(116)
Net profit (loss)	\$ 495	\$ (1,112)
Net profit (loss) per share:		
Basic	\$ 0.03	\$ (0.06)
Diluted	\$ 0.03	\$ (0.06)
Weighted average number of common and common equivalent shares:		
Basic	18,860,682	18,570,938
Diluted	19,571,477	18,570,938
Cash dividends declared per share (4.5 cents and 4 cents declared and paid for quarter ended March 31, 2005 and 2004, respectively)	\$ 0.045	\$ 0.040

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RADICA GAMES LIMITED  
CONSOLIDATED BALANCE SHEETS

(US dollars in thousands, except per share data)	Three months ended March 31,	
	2005	2004
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 25,660	\$ 27,614
Investment securities	12,419	12,456
Accounts receivable, net of allowances for doubtful accounts of \$141 (\$148 as at December 31, 2004)	13,455	18,359
Inventories	29,710	26,818
Prepaid expenses and other current assets	3,969	3,374
Income taxes receivable	168	168
Deferred income taxes	1,953	1,850
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Total current assets	87,334	90,639
Property, plant and equipment, net	12,015	11,480
Goodwill	6,015	6,015
Other assets	849	854
Deferred income taxes, noncurrent	715	953
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Total assets	\$ 106,928	\$ 109,941
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LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,615	\$ 11,840
Accrued payroll and employee benefits	1,299	1,486
Accrued expenses	4,831	5,251
Income taxes payable	98	287
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Total current liabilities	15,843	18,864
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Total liabilities	15,843	18,864
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Shareholders' equity:		
Common stock par value \$0.01 each, 100,000,000 shares authorized, 18,991,146 shares outstanding (18,738,112 as at December 31, 2004)	190	187
Additional paid-in capital	5,632	4,610
Retained earnings	85,557	85,909
Deferred compensation	(195)	-

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Accumulated other comprehensive (loss) income	(99)	371
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Total shareholders' equity	91,085	91,077
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Total liabilities and shareholders' equity	\$ 106,928	\$ 109,941
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