

Preliminary financial figures

### **Zapf Creation AG again substantially improves consolidated earnings in 2007**

**Roedental, February 25, 2008** – Zapf Creation AG, Europe's leading manufacturer of play and functional dolls, today announced that business in 2007 developed in accordance with the most recent forecast, thus continuing the positive development of earnings that began in 2006. According to preliminary unaudited figures, consolidated earnings before interest and taxes (EBIT) — adjusted for restructuring costs and one-off items — rose by 11.2% to € 6.0 million (2006: € 5.4 million). If the restructuring and one-off costs are included, consolidated EBIT climbed substantially from € -0.5 million the previous year to € 5.7 million in 2007. After-tax consolidated earnings from continued operations were € -2.6 million (2006: € -6.5 million). The net result for the period also improved significantly year-on-year, from € -12.7 million in 2006 to € -2.7 million in 2007. This includes net result from discontinued operations in the amount of € -0.1 million (previous year: € -6.1 million).

Consolidated sales in the 2007 financial year were € 110.5 million, a decline of 4.9% compared to 2006 (€ 116.1 million). There was a sharp upturn in revenues of the Zapf Creation Group during the year, reaching € 52.9 million in the especially important fourth quarter — an increase of 15.1% over the same quarter of the previous year.

The equity ratio of the Zapf Creation Group climbed to 12.5% at the close of the period presented (from 3.1% as of December 31, 2006) due to the successfully executed capital measures of the year 2007. Net liabilities declined substantially from € 53.3 million at the close of 2006 by € 37.4 million to € 16.0 million at the close of 2007. It fell by € 20.5 million, if the subordinated shareholder loans granted in 2007 in the amount of € 16.9 million (including interest accrued as of the reporting date) are taken into account.

As far as the 2008 financial year is concerned, the Management Board expects consolidated sales to turn around and rise again, consolidated EBIT to improve further, and consolidated earnings after taxes to return to the black.

Zapf Creation AG will publish its audited annual financial statements on March 31, 2008, and discuss them at both a financials press conference and an analysts' meeting.

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