

WE ARE RAVENSBURGER



WE ARE RAVENSBURGER

Comparative of the Ravensburger AG Consolidated Group

	1997 T€	1998 T€	1999 T€	2000 T€	2001 T€	2002 T€	2003* T€	2004* T€	2005* T€	2006 T€	2007 T€
Sales without consolidated sales RTV Family Entertainment AG	248,983	295,610	301,804	284,375	288,328	254,444	266,972 258,343	286,575 280,536	287,671 283,770	281,505	285,761
Results from ordinary activities as a percentage of sales	10,987 4.4 %	2,977 1.0 %	3,083 1.0 %	-5,216 -1.8 %	7,952 2.8 %	23,234 9.1 %	27,562 10.3 %	32,173 11.2 %	40,885 14.2 %	45,623 16.2 %	39,993 14.0 %
Net income/(loss) for the year after tax margin as a percentage of sales	7,984 3.2 %	1,714 0.6 %	-3,809 -1.3 %	-14,498 -5.1 %	5,424 1.9 %	9,589 3.8 %	14,884 5.6 %	26,271 9.2 %	29,075 10.1 %	30,883 11.0 %	25,838 9.0 %
Cash flow** as a percentage of sales	23,215 9.3 %	18,323 6.2 %	12,579 4.2 %	12,118 4.3 %	17,900 6.2 %	39,100 15.4 %	28,900 10.8 %	36,700 12.8 %	40,200 14.0 %	41,400 14.7 %	32,000 11.2 %
Balance sheet total	193,949	273,026	236,542	245,946	226,070	198,257	256,736	265,001	234,654	237,055	257,758
Shareholder's equity as a percentage of balance sheet total	55,285 28.5 %	53,899 19.7 %	47,703 20.2 %	25,673 10.4 %	31,805 14.1 %	34,422 17.4 %	57,753 22.5 %	83,237 31.4 %	97,845 41.7 %	121,244 51.1 %	131,704 51.1 %
Number of employees (year-end)	1,730	2,012	2,020	1,834	1,700	1,409	1,396	1,448	1,438	1,407	1,485
Investments in tangible fixed assets	17,046	24,641	8,980	8,580	3,334	2,763	1,952	4,739	7,891	3,282	5,812
Depreciation of tangible fixed assets	11,436	15,321	14,995	11,846	15,877	8,048	7,203	6,137	6,211	6,889	6,444
<p>* 2003–2005 consolidated financial participations RTV Family Entertainment AG included ** Operating cash flow without working capital and accruals established from 2000 in accordance with DRS 2 (German Accounting Standards No. 2)</p>											

Annual Report

Supervisory Board

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Lindau
Chairman

Dorothee Hess-Maier
Ravensburg
Vice-Chairwoman

Rolf Allmendinger
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Managing Board

Karsten Schmidt
Ravensburg
Spokesman

Jörg-Viggo Müller
Reutlingen
(from April 1, 2007)

Frank Mallet
Ravensburg
(until March 31, 2007)

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2007. The Ravensburger year in brief

You have in your hands the 2007 annual report in our jubilee year 2008. 2008 is a special year for our company, because Ravensburger is celebrating its 125th anniversary. This report is therefore accompanied by an article which pays tribute to the story of Ravensburger as the story of a special relationship between a company, a town and a family.

Only one in eight family businesses in Germany is still owned by the family that founded it, which makes it even more worth emphasising that Ravensburger has remained a family firm. The fourth generation is already actively involved in the business. The third generation of the family, Otto Julius Maier and Dorothee Hess-Maier, have succeeded in leading the firm of Ravensburger safely and successfully during the recent decades of strong growth, while uniting the interests and needs of the firm with those of the family. In the 1950s they took over the Otto Maier publishing company and brought Ravensburger to its current size. During the period of their management the number of employees grew from around 80 to 1,400, the turnover increased from around DM 1 million to € 300 million. On behalf of all present and former employees we would like to thank Otto Julius Maier and Dorothee Hess-Maier for their achievement as entrepreneurs.

And now our report on the past year: 2007 was a good year for Ravensburger. The Children and Youth Books

division had a record turnover. Ravensburger Spieleland in its 10th year also saw a massive increase in turnover. The Games, Puzzles and Arts/Crafts division achieved good growth, particularly in view of the negative exchange rates and the loss of turnover after the World Cup. Turnover in the Ravensburger Leisure and Promotion division developed according to plan and was satisfactory. In total the turnover of the Ravensburger Group grew by 1.5 % (currency-adjusted on account of the weak Swiss franc and US dollar by 2.1 %) from € 281.5 million in 2006 to € 285.8 million last year. Adjusted to take into account the special items contained in the previous year's results, basically the release of provisions, the profits from operative business improved once again.

The Games, Puzzles and Arts/Crafts division had a turnover of € 230.9 million in 2007, as opposed to € 229.5 million in the previous year. This means an increase of 0.6 % (currency-adjusted + 1.4 %). Over and above this, in 2007 we had to make up for the sales of € 10.7 million which we had earned in 2006 with products connected with the World Cup, especially puzzles.

The biggest single market for the Games, Puzzles and Arts/Crafts division is still Germany. Here we were able to achieve an increase in turnover of 2.6 %. Just under 60 % of the turnover is generated abroad, the strongest growth being in Spain up 27.5 %, Italy up 8.3 % and the USA up 7.7 %

(currency-adjusted + 17.5 %). In France and the United Kingdom on the other hand sales were disappointing, because we had to accept falls of 7.4 % and 2.2 % respectively. In France this could be traced back mainly to a drop in the entire puzzle market by a double-figure percentage; in the United Kingdom unusually high stocks were built up in the trade through the introduction of the "puzzleball®" in the previous year. The retail sales to consumers were on the other hand very pleasing.

The Children and Youth Books division only publishes books in German and therefore concentrates on German-speaking countries. It increased sales by 5.7 %, from € 47.6 million to € 50.3 million. This increase in sales for the 7th year running is an excellent development in view of intense competition from international bestsellers and anniversary editions from several competitors in 2007.

Ravensburger Spieleland had 355,000 visitors in 2007, the tenth year of its existence, which represents a 7.5 % increase on the previous year. This was due to a substantial increase in the number of season tickets sold, to the good weather between Easter and mid-August and to the various activities connected with the 10th anniversary. Raising the entrance fees by € 1 on average, more visitors and an increase in the turnover per head in catering and the shop brought a pleasing 13.8 % increase in sales to € 6.3 million.

Our Event Agency, the Ravensburger Leisure and Promotion Service division showed a drop in sales compared with the previous year from € 2.1 million to the current € 1.9 million, as a result of a planned concentration on profitable turnover.

In the 2007 financial year we were able to improve our market position again to some extent. This is shown by trade panels which measure retail sales to the consumer and cover between 50 % and 70 % of the market. Ravensburger ranks fourth in the German toy market with a market share of 6.4 %, and was thus able to stabilise the big increase in market share of the previous year, which had been achieved with products connected with the World Cup. In the games segment Ravensburger was able to expand its market share by 0.3 percentage points, achieving the highest volume growth of all toy manufacturers and consolidating its second-place position. In the puzzle division we are the market leaders with over 70 % market share but we did suffer slight losses in volume as there was a slight downturn in the overall puzzle market. In the baby toys sector we achieved a 12 % increase in retail sales to consumers and thus increased our market share by almost 1 % to the current 8.7 %. In the science kits segment, which is still small, the volume rose by 3.8 %, which contributed to the consolidation of our ranking of third in the market. In the rest of Europe the Games, Puzzles and Arts/Crafts division increased its sales to the consumer,

particularly in the United Kingdom by 6 %, Italy by 4 % and Spain by 17 %.

In the Children and Youth Books division we had to give up our leading market position for the time being, despite good sales because of especially successful titles published by two competitors, but we are confident that we will regain it in the course of this year.

In the year covered by this report we made important strategic decisions. The "Vision 2015" which was formulated in 2003, with quantified intermediate goals for the year 2008, was reviewed in 2007 for the first time in relation to our progress towards our targets and the measures we were taking. Basically, development is going according to plan, however we have reflected the changes in our market environment and amended our strategies. The focus is on our largest area of business, Games, Puzzles and Arts/Crafts. In planning the programme we want to build up our own innovation management team and call in experts from a specialised college and from a consultancy – as sparring partners and as overseers of the process. We also plan to expand our electronics range and use more electronic functions in games. The supply chain is to change from just handling the products to being an integral service provider for the range and for sales.

In the field of marketing, we want to open up new ways of communicating,

particularly in view of the negative development of the European TV markets. The strategic target for sales is to change from being a push sales organisation to being a push and pull sales organisation, i.e. we strengthen sales promotion, care of the shelves etc in the retail trade. In order to be able to work on the additional strategies we have planned, we will expand our management resources. Our long-standing promotion of qualified junior managers will also help us with this.

Our outlook for the next financial year is one of guarded optimism. The high level of our market position and the long-term decline of the markets hardly permit higher rates of growth any longer. But we are optimistic on account of the 2008 programme, which was received very well by the trade. We also expect boosts in German-speaking countries from various promotions with limited special editions of games and books in connection with our 125th anniversary. Highlights in the Games, Puzzles and Arts/Crafts division are new products such as the "Minis®" Advent Calendar, this above all because of the success of our first Advent Calendar, the "puzzleball®" in 2007, furthermore the heart-shaped "puzzleball®", pocket games to tie in with the "Wieso? Weshalb? Warum?" books, the family board game "The Name of the Rose" and a game based on garbled proverbs in the "Games and Fun" range, plus a re-launch of the "Mandala-Designer®" product range. Important new books

are the paperback of "The Wave" from the film by Dennis Gansel, based on the successful book by Morton Rhue, the children's non-fiction book "The GDR" by Hermann Vinke, and the boxed set "My First Favourite Books" for children aged 2+.

At this point we would like to thank all the staff of the Ravensburger Group, who through their creativity and dedication have ensured the success of our company, the reputation of the brand and the satisfaction of our customers. Our thanks also specifically to the works council, whose members have championed the interests of the workforce in a fair and constructive manner. But above all we would like to thank our trading partners for their co-operation and their commitment to Ravensburger.

Over and above its duty to report the facts, this year's annual report would like to make the firm Ravensburger a live experience. It would like to convey what holds a company with a long history together – a shared attitude which is evident in a natural feeling for quality, a personal sense of responsibility, and an affectionate view of the whole picture. This is what the portraits of some of our staff – as representatives of all the staff – describe, under the self-confident but modest motto "We are Ravensburger".

The Managing Board

Eight of our staff members, from different sections of the company, tell us about their jobs, about the Ravensburger spirit and about their pride in working for the blue triangle. And they give us an insight into the role played by Ravensburger in their home lives: playing games, reading stories, doing puzzles and generally sharing laughter and discovery.

There is no nicer way for the people in our company to express the fact that their heart is in what they do. Or even better: what they so enthusiastically are.



WE ARE RAVENSBURGER

Here's why!

She is passionate about her job as editor of "Wieso? Weshalb? Warum?". Since the birth of her daughter, Caroline Jacobi's workload in the publishing house has got smaller, but her enthusiasm is even greater. Because Nele shows her in her childish way that the books are really well loved: at seven in the morning she comes to her mother with her favourite volume of "Wieso? Weshalb? Warum?"

Why Ravensburger books are successful

The main reason is simple: because Ravensburger books see things through the eyes of their target group. This applies to the series with the three children's questions as it does to all the other Ravensburger books; they do the subject matter justice and enter into each stage of development and age group with subtle differentiation. In the subject matter, the text and the illustrations. In cardboard picture books for encouraging language acquisition, for example, a clear realistic style of illustration is used, which makes a cup recognisable as a cup, so that it can be named. In this way books are created which interest, delight and stimulate children.

Why there is a blank page at the beginning

A Ravensburger book is not just a book with a blue triangle in the lower right-hand corner. It's a Ravensburger book through and through. From the first idea to the production. That's what

makes the difference. 80 % of the books are original creations: a theme is suggested, a concept is drafted, suitable partners for the illustrations and the text are sought and then a new book is developed in close co-operation. Ravensburger has its own large editorial team. Including in-house prepress right up to hand-over to a printer and bookbinder. And where do the ideas come from? From intensive consideration of the target group, from permanent contact with illustrators and authors, from conversations and looking at books together in crèches, nursery schools and with our own children. From looking at text books on education and beyond the boundaries of the industry. In short, from editors such as Caroline Jacobi. She came to the Ravensburger publishing house in 2002 with the best qualifications: a degree in German, studies at the Institute for Research into Children's and Young People's Books, spells in the theatre, in book-selling and as an editor. From 2004 she headed up the newly-founded editorial team of "Wieso? Weshalb? Warum?". Since the birth of her

daughter she has been working half-days. But wholeheartedly.

Why Ravensburger is on a child's wavelength

The children's book series "Wieso? Weshalb? Warum?" has been on the market since 1998 and is one of Ravensburger's most important product brands and the most successful series of children's books in Germany. In 10 years more than 12 million copies have been sold. "Wieso? Weshalb? Warum?" is available in the form of books for children from the age of 4, as a Junior series from age 2, and as activity boxes, painting books, games, science kits and puzzles. What makes the series so special is that it gives children detailed answers, appropriate to their age, to questions on many topics, and offers fascinating insights, detailed illustrations and interactive effects. But what interests a two-year-old? What do five-year-olds want to know? Finding that out is the first step towards a new "Wieso? Weshalb? Warum?" book. Typical children's questions on the subject of space travel:



How do spacemen eat? Where do they do a wee? What does their toilet look like? Doesn't everything fly up in the air? Such questions are important stimuli for the conception of a book and for the research among experts in the corresponding subject. There can easily be a year and a half between the first idea for a book and its publication. In order to attain the high quality demanded by Ravensburger, sketches and texts are discussed at every stage and checked thoroughly. Are the contents and the pictures factually correct, are they presented in a way appropriate to the age group? Sometimes several stages are necessary before an ideal result is obtained.

Really immersing yourself in a topic

"Cars, cowboys, forest, Stone Age, circus, zoo...", says Caroline Jacobi, "it makes no difference what subject we develop for a "Wieso? Weshalb? Warum?" book, we get completely involved in the topic. We sift through the relevant specialist literature but sometimes we also do research on the spot, get the experts to explain everything to us until we are experts too. Until we really grasp the subject, so that we can compress the essential facts and convert them into a form that a child can understand. Until we have a feeling for the subject as well as the factual knowledge, a feeling that is closer to the crucial details and nuances, more authentic and more recognisable for children." For the new circus book, for example, research was done at a big circus and at various small circuses. For "All about Cars" the illustrator and the author went to VW and were shown round the works. It's only by doing this kind of research that you hear, see and discover the things that bring a book to life. The detail for example that someone rides through the workshop on a bike. "And when I went through the factory with the

completed book," Caroline Jacobi explains, "I thought: Wow! It's just like in the book!" If you can say that, then the book is really good.

Lots of flaps, lots behind them

In "Wieso? Weshalb? Warum?" books the illustrations are very subtly differentiated and very detailed. Another reason why children love the books is that every time they look at them they discover something new. The famous flaps to look behind, which have become a trademark of the "Wieso? Weshalb? Warum?" books, make that especially clear. And rightly so! They make sequences of events and processes understandable even to children who can't read, by means of pictures. Unlike many comparable products on the market, the "Wieso? Weshalb? Warum?" books have illustrations on the back of the flaps, which show a view of the next level, explain a connection, or continue a story. Especially in the Junior series of "Wieso? Weshalb? Warum?" the little ones learn a great deal from the flaps. Because – as tests have also shown – children who can't yet read occupy themselves for hours alone with the books, over and over again, because the flaps take over the explanatory function. The Junior series tries to capture virtually all the information or knowledge that needs to be conveyed in the picture. "And the children thank us in their own way, they simply love the books," says Caroline Jacobi. Incidentally, the books are not only loved by children. Mothers are always telling us that they have only now understood how a 4-stroke engine works. Or teachers praise specifically the clear, vivid and easily understood explanations. That is why Ravensburger so enjoys developing "Wieso? Weshalb? Warum?" books on constantly new topics.



Caroline Jacobi
Book Editor



Search games

He has the job that people ask Ravensburger the most questions about: how is a game created? In a systematic process consisting of a search list, author briefing and defined steps in-house. The games developer today is an interface manager. Lothar Hemme, games editor. And a proud Ravensburger for the second time.

Market analyses and search lists

As a games editor Lothar Hemme has the job of making games out of ideas. He picks up an idea suggested to him by a systematic search process at Ravensburger and takes it step by step through a fixed development process. The process begins with an annual review of the countries in which Ravensburger is active. Ravensburger's contribution to the games market, our relation to the competition and the most important movements of the market in the various countries are analysed. Based on these individual analyses, a general analysis is undertaken and via several intermediate steps a search list is made. The key data of such a list are for example the kind of game, the target group, the price and the topic. Here is an example: an educational game, a certain price, target group 5 to 9-year-olds, topic: starting English. Or, a three-dimensional children's game with surprise effects. Or, a family game about money.

Interaction with authors

Lothar Hemme approaches professional game authors with search criteria that are deliberately loosely formulated or he sifts through ideas for games that have come from them in recent months. Ravensburger works closely with the best authors all over the world. Depending on the guidelines, a briefing may be with one particular author or several, in accordance with the specialities and personal strengths of the individual authors. However, it is the idea for the game, the unique game mechanism and the question of which sphere the idea can be transferred to, that sets the development process in motion. The author then devises the game in continual collaboration with the editorial staff.

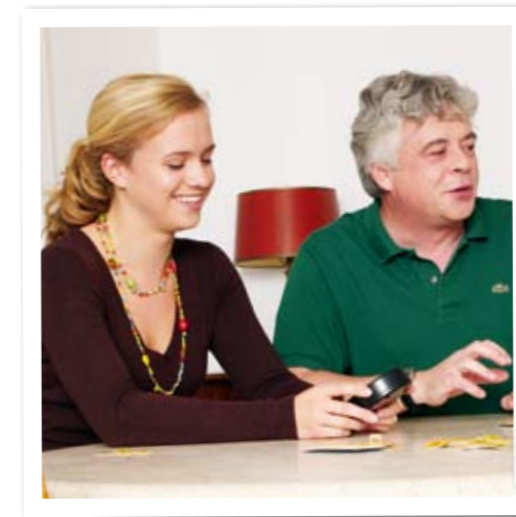
Open to suggestions for games

It is hardly surprising that a well-known publisher of games such as Ravensburger receives many unsolicited suggestions for games. Since 2004 these

have been pre-selected by an external games agency. As a result of this procedure, which includes a test fee, the number of submissions has declined to about 500 a year. The quality of the suggestions, as regards their suitability for the Ravensburger games division and their originality, has however noticeably improved. Around 30 to 50 % of the suggestions are presented to the editorial staff and placed on the shortlist for possible production. The Ravensburger website provides people interested in sending in their ideas with all the necessary information on the submission and selection procedure.

Step by step to a new game

Lothar Hemme co-ordinates the further development of a new game with the Design and Product Development departments; this is where the board, the pieces and the packaging are created. The editor works on suggestions for the title and composes the instructions for playing the game. After nu-





merous trial rounds, the game is improved, refined, made more attractive, until it is ready to go into production. Finally, measures for marketing and communication and sales promotion get under way to give the new game a good start in the market.

The future of games instructions

This has been a topic ever since games have been produced: how can one convey the charm of a new game to the customer? How can one present complex rules in such a way that they will be read? Ravensburger takes such questions very seriously. Lothar Hemme describes the company's cooperation with experts in the psychology of perception, who have studied bridging texts. But it must be borne in mind that habits of perception are changing as a result of modern media and formats, such as MTV editing, for example. There have been attempts to teach the rules by means of a DVD, with the new game Arcadia. The visual medium is suitable as an additional encouragement and an emotional introduction, says Lothar Hemme: it can put us in the mood, it can give us a basic understanding of the game and perhaps increase our willingness to

read the written instructions. But these are still important. And the question remains relevant: what is the best way to tell people how to play the game? As simply as possible and in the degree of detail a good game deserves.

The editor as guardian of the brand

All new ideas and games in the making have to face the question of whether they are in keeping with Ravensburger's image. In this respect the editors are guardians of the brand, and throw out certain topics, mechanisms and types of game. As a matter of principle nothing is accepted which glorifies violence. This principle is even more important now that violence is ever more present, because of the increasing influence of the media and especially of computer games, and the threshold of tolerance in society is lower. Other taboo topics besides violence are sex and drugs, whereby alcohol and cigarettes are included among drugs. The list of taboos is balanced by a positive list. "We want to entertain people with our games but the entertainment is not meant to be bland, though this is perceived very differently by consumers", says Lothar

Hemme. The spectrum ranges from very simple games to games which require a certain level of tactical and strategic skill, and demand some intellectual effort in order to be enjoyed by those taking part.

New developments from "memory®" to electronics

Lothar Hemme is also responsible for themed games such as "Think®", "Spiel & Vergnügen" and "memory®". His guardianship of the top brand in games, with its increasing familiarity abroad, is twofold: he takes action if the protected brand name is used illegally and, together with the product management department, he sets the parameters for the expansion of the "memory®" brand. Apart from that Lothar Hemme is concerned with strategic considerations in respect of new markets and opportunities for development for Ravensburger games. Also on the agenda is the integration of electronics into games, in order to open up new product areas.

A Ravensburger twice over

As an editor from 1984 onwards, Lothar Hemme was mainly in charge



of products for children, which fitted in well with that phase of his life, when he was a young father. In 1991 he moved to a publishing house in Hamburg, but he returned to Ravensburger in the spring of 1996. Since then he has been deeply involved in the field of board games. He has never defined himself in terms of a job title, he stresses. "It was always the content that interested me more." What is the special attraction of Ravensburger for Lothar Hemme? "This feeling, this special spirit, which was immediately perceptible again even after five years' absence." Actually, he had expected the company to have changed more, if only because the games publishing division had moved in 1992 from a medieval house to a new building with modern architecture. "But the new walls breathed the same spirit."



Lothar Hemme
Editor Board games

Globetrotting buyer

Buying is regarded more and more as an interim quality control and therefore has increasing responsibility. As a buyer, Bettina Petry travels in the world of materials. With typical Ravensburger far-sightedness.

A buyer for the love of it

She came to Ravensburger as a trainee, went on to do formal business training, obtained a further qualification as a buyer and materials manager and is now Purchasing Manager. It is only natural that her business card is in two languages. What Bettina Petry finds so marvellous about her job is the contact with other people, other cultures, other languages. She has been with Ravensburger for 23 years and is passionately involved. The reason she finds purchasing so exciting is that it is so varied, bringing new challenges every day. Purchasing means guiding and managing processes, organising and co-ordinating projects, negotiating contracts, advising colleagues, solving problems and much more besides. What she likes is the element of strategy in purchasing – the research into the purchasing market, looking out for alternative suppliers and new materials, on her own doorstep and all over the globe. It can easily happen that on

her expeditions through the world of materials Bettina Petry discovers something that she can pass on as a suggestion to the editorial staff.

Top of the shopping list: Made in Germany

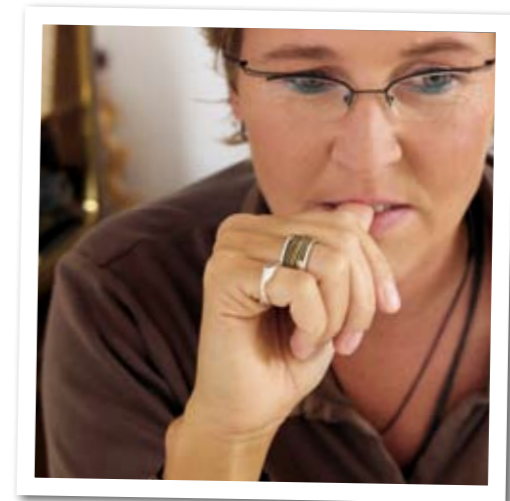
Bettina Petry is responsible for procuring materials and articles for the production department at Ravensburger. A large proportion of the Ravensburger articles are sourced in-house from the factories in Ravensburg and Polička in the Czech Republic. As far as goods from elsewhere are concerned, Ravensburger buys in Germany or Europe if possible, the nearer the better. “Some of our suppliers”, says Bettina Petry, “are within a radius of 4 to 200 km.” That means environmentally friendly, short transport routes and shorter lead times. Moreover, being nearby means easier communication and more insight into the production process. For example, Ravensburger obtains all kinds of cards for its games in Germany, as

well as around 98 per cent of the small wooden pieces – barricades for the game “Malefiz”, cones, trees etc; the remaining 2 per cent come from Europe. Also “made in Germany” are felt, “Puzzle Conserver”, handicraft glue, labels, textile cords, modelling clay, candle wax and much more. “Seven of my top suppliers, measured by turnover, are in Germany”, says Bettina Petry and, “As a matter of principle we try to get materials which contain ‘critical’ substances and materials that come in contact with the skin or the mouth from Germany. Then we feel safer, because of the quality standards.”

Desktop business trips to the Far East

Materials and products that require intensive work by hand are purchased in the Far East. Though only a fraction of the total materials purchased, this claims the largest part of Bettina Petry’s attention and working hours. Whenever something needs to be elaborately sewn, ready-made, glued or assembled, Ravensburger works





with suppliers in the Far East. Bettina Petry can call on a number of tried and tested suppliers there and she also has the support of the Ravensburger office in Hong Kong. Top priority is the safety of the materials and products purchased. So all suppliers are audited every year to check that they are upholding the quality criteria and they are obliged by contract to inform the buyer in advance of any change in the material or construction. The co-operation and the work run so smoothly now that a great deal can be done from the desk, by telephone and e-mail. Online shopping on a grand scale, you might say. But when it's a matter of new and complex projects, Bettina Petry does fly direct to China and meet her business partners on the spot.

Major safety precautions with "ministeps®"

In the toddler sector, up to 3 years old, materials are a particularly sensitive subject. To guarantee the greatest possible safety, Ravensburger has been working for many years with one main supplier in China for the production of plush articles and concentrates on proven fabrics. In order to bring

some variety into the "ministeps®" range, however, the fabrics are combined in different ways for the characters' clothes. Safety remains the most important requirement for products for small children from 0 to 3. As Bettina Petry explains, this is why, in addition to the strict routine process of ensuring safety levels, Ravensburger also has the whole "ministeps®" range tested once a year by a second independent test institute in specially prescribed trials and individual tests.

Needed during product development

The earlier Purchasing gets involved in the development of new projects and products, the more efficiently it can advise. At an early stage Bettina Petry can point out that a certain approach is not technically or financially feasible, she can draw attention to possible problems and introduce alternatives. This saves a lot of work later on. If Ravensburger also wants to distinguish itself from its competitors by developing new products completely independently, this means that Purchasing cannot fall back on standard parts but "must re-invent the wheel again and again" with the suppliers.

And of course, the price is supposed to remain within limits, in spite of special models and sometimes small orders.

Ravensburger purchasing philosophy: quality before price

At Ravensburger quality is top priority. That has always been the case, has acquired new force following the increasing pressure on prices and is regarded as set in stone at Ravensburger. "We have internalised the quality standard," says Bettina Petry. The subject is omnipresent as a demand and as a process. At the same time, ever stricter EU regulations are being introduced. What does that mean for purchasing? The challenge of trying to reconcile the quality and safety standard on the one hand with the downward pressure on prices on the other is becoming greater all the time. Nevertheless, in principle it is still quality before price. Once the quality is assured, one tries to acquire that quality at the most reasonable price possible.

Quality is durability

Leaving aside the subject of safety for the moment: how does one recognise Ravensburger quality in general? "I think

Ravensburger quality is durability," says Bettina Petry. "We try to make the articles aesthetically attractive, we want a game to still be intact and look good after ten years." That may not be apparent when you buy it, but after a certain time it is. "I think it takes a little while before one recognises the real quality." It's remarkable really that the Purchasing Manager should say that. After all, she is right at the other end of the scale, so to speak, selecting the materials, before they are turned into a product. The Ravensburger attitude to quality could hardly be more convincingly expressed. Or more modestly.

Safety is worth a fortune

Purchasing is confronted with special challenges when materials and objects are used which are not specifically intended or manufactured for use in games. Because everything that is found in the box with a game must satisfy the safety standards of games in general. And the quality and safety criteria of Ravensburger in particular. A few years ago on the list of contents for a new children's craft game there was a pair of scissors. And in the material test before ordering it

was found that the chrome content of the scissors was way above the permitted limit for children's toys. "We looked around for alternatives, tested numerous pairs of scissors – with the same result: excessive chrome content," reports Bettina Petry. "The attempt to have scissors made which were chemically harmless proved to be too expensive, because of the different demands of the market and the relatively small number we wanted. In the end we resorted to an unusual measure; the blades of the scissors were gilded, the danger of chrome escaping was neutralised, and so the safety requirements were fulfilled." Science experiment sets also contain objects which are not originally manufactured for play. So sandpaper, which is found in "ScienceX® Elektrizität" for example, must be free of heavy metals, in other words chemically harmless for children. In her search for suitable sandpaper Bettina Petry struck it lucky in Germany, incidentally.



Bettina Petry
Purchasing Manager

It's good when everything fits together

She has always liked doing puzzles, since she was a child. So it seemed a good idea to work for Ravensburger. After an apprenticeship as a packaging mechanic she worked in puzzle production and in central purchasing. Now she is an assistant in the quality control department. She enjoys the fruits of her labours herself, when she does puzzles after work. Sabrina Schramm has been at Ravensburger for 4 years. But really for much longer.

Quality is a puzzle made of many pieces

Quality is an expectation, quality is a promise, quality is work. Work that has to be done anew every day. Even though the quality of the puzzles is defined down to the smallest detail at Ravensburger, what counts in the end is the result: the way the customer experiences the quality. The most pleasing recognition for the Ravensburger puzzle-makers comes from puzzle fans. As the leading seller of puzzles in Europe, Ravensburger knows how important each individual piece is in the complete work of art that is a puzzle. From the cardboard to the picture and the printing to the punched out pieces. Yes, even to the service of replacing lost pieces. Ravensburger knows what puzzle fans want: the more directly a picture invites you to daydream your way into it, the greater the variety in the shape of the pieces, the more perfectly the pieces fit into each other – the greater the pleasure and the relaxation. Ravensburger works continuously to perfect each individual aspect of puzzle quality, simply to offer premium puzzles.

Feel, appearance, fit

How does quality reveal itself for the enthusiastic puzzler Sabrina Schramm? The answer comes promptly as she points to a completed puzzle on the table: "The perfect fit, the way the pieces combine is absolutely sensational. They can be fitted into each other wonderfully." Puzzle quality is also evident in the feel of the pieces in your hand, in the feeling you have as you are doing the puzzle. Sabrina Schramm holds up a piece and points to the smooth edges, the clean cut. She adds, "Perfect fit is also shown in the fact that you know that each piece only fits in just one place. If it doesn't slot in easily, downright smoothly, it's not in the right place."

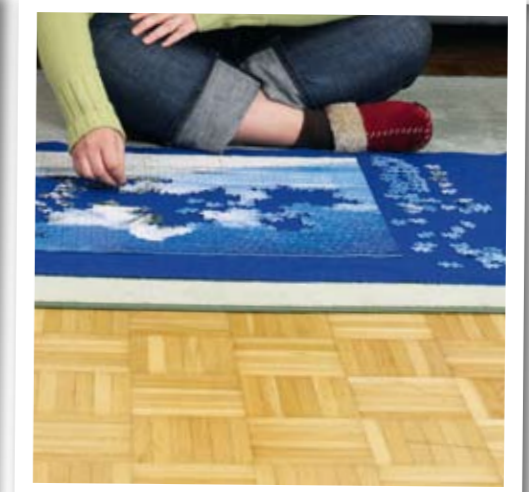
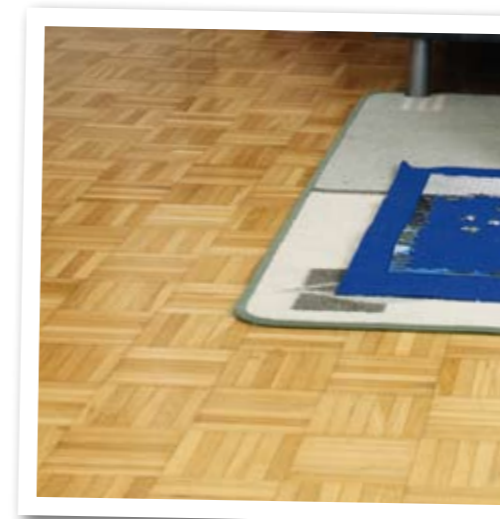
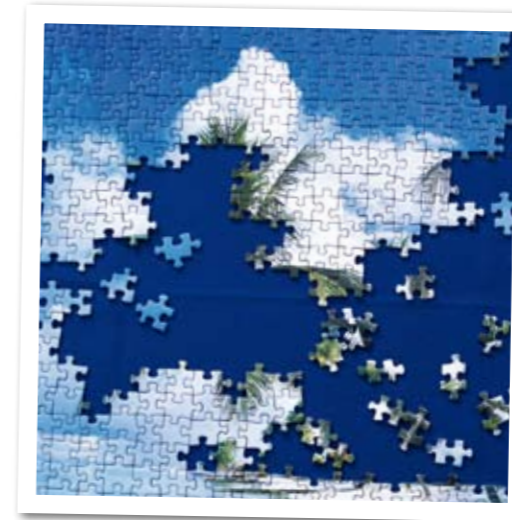
Keeping track by doing puzzles

Keeping an eye on the market and thoroughly researching the products of the competition is part of working on the quality of your own puzzles. A nice job for Sabrina Schramm. On behalf of the company she regularly does puzzles made by other manufacturers,

in order to recognise differences and clarify the quality of their own in the context of the current competition. After all, the quality of Ravensburger products is particularly in the spotlight because of their comparatively high price. Sabrina Schramm describes another interesting special job: for a while she did puzzles produced by her own company – Ravensburger puzzles since 1970, one from each year. The aim of the exercise was to recognise differences – from the box to the picture to the shape of the pieces – and as it were trace the development of the quality.

Made by hand to begin with

The sensational fit, as Sabrina Schramm proudly calls it, is the result of the effort that goes into making the stamping tools. Ravensburger does not use prefabricated punched lines but makes the cutting dies itself. In their own department employees produce the tools by hand with a trained eye, sensitive fingers and great care. The tools are made out of razor sharp steel bands and bent by hand with special





pliers according to a hand-drawn pattern. The result of this complicated handiwork: in a 1000-piece puzzle no two pieces are alike. The great variety of shapes ensures that a piece only fits exactly in one place, one tab only fits in one groove. Variety in shape and perfect fit – a great deal is invested in these two excellent features of Ravensburger puzzles: around 170 hours' work are needed to make the stamping tools for one 1000-piece puzzle. If puzzles are produced in three shifts during the high season, a stamping tool is worn out after about two weeks. The department making stamping tools never runs out of work.

On a knife edge

Puzzle quality is also a question of the perfect cardboard. The structure of the fibres and the consistency of the cardboard contribute to a great extent to the way the pieces softly click together. The crucial thing is the right balance between elasticity and stability. Stability ensures that the edges are precisely cut and that the pieces lie flat on the table. These requirements are objectively difficult to define but they can be experienced as tangible quali-

ties. Puzzle fans notice the difference at once. Besides the right consistency of the material, the way the pieces are cut also contributes to the "soft click" experience. The cut must strike the right balance between the pieces feeling good in your hand and the picture lying flat and steady on the table. In order to make the pieces lie pleasantly in the hand and feel good, the upper surfaces are slightly rounded, the edges soft. But they must not be too rounded, otherwise the picture looks destroyed. What is the correct depth for the punching contours? For puzzle fans, a completed puzzle should always be recognisable as a puzzle, not look smooth like a poster. That's why the cutting contour mustn't be too fine or too deep.

Checking the pieces during production

Sabrina Schramm knows puzzle production like the back of her hand, after all, she was a machine operator responsible for puzzles for a whole year. Constant quality control is an integral part of the job. Her own high standard is supported by detailed guidelines which can be looked at on the spot.

The machine is fully automatic – on one side a sheet of paper with a picture on it is inserted, on the other side a complete bag of 1000 pieces comes out. The bags are regularly checked, to see whether the control number, which makes it possible to trace the production from the date to the person at the machine to the tools, is complete and whether the bag is correctly sealed. If a bag could come open easily, pieces could get lost. Then the contents are examined: do the pieces look good, are there pieces still stuck together, with ragged edges, creases or other noticeable features? If any of the strict standards of the quality regulations are not met, the machine is stopped and corrections are made.

At the interface between suppliers and production

The next stage in Sabrina Schramm's puzzle career at Ravensburger was 6 months in Central Purchasing. Here she learned about co-operating with the suppliers of materials. One of her jobs was matching the quality of the material with the suppliers on the one hand and the in-house production on the other. If the material deliv-

ered did not satisfy Ravensburger standards there had to be negotiations over returning it and arranging a new delivery as soon as possible. Delivery dates and production dates had to be co-ordinated. "Here I learned about the other side of our quality," says Sabrina Schramm, "an important experience."

Doing puzzles and an eye for quality

Has doing puzzles changed for Sabrina Schramm, since she has found out what complicated things puzzles are and how much expertise, how many trials, how much co-ordination is needed in order to be able to offer premium quality? "Yes," she says. "There is still relaxation, there is still a challenge and a sense of achievement in seeing how all the pieces fit together and the picture appears bit by bit. But at the same time it's quite different now." Before, she was pleased about each connecting piece, because it contributed to getting on faster. The picture was in the foreground. Now she looks much more closely and examines the exact fit. What is the most important thing? That the fun of the puzzle matches the higher quality standard!



Sabrina Schramm
Quality Control Assistant

Mainstay of quality

The syllable 'le' in his name that suggests a diminutive is only Upper Swabian local colour, Ravensburger modesty. It would be more appropriate to the size of his responsibility to add a syllable denoting magnitude. Uwe Stützle, head of process engineering and quality control, has been with the company for 18 years. A Ravensburger veteran. Concerned with quality and safety even in his leisure time. For example when he shows his son in Ravensburger Spieleland how to get a lot of fun out of excavating.

Responsibility that has evolved

All the things he has done at Ravensburger have been valuable experience for his current area of responsibility. He had holiday jobs at Ravensburger, studied physics, trained as a packaging mechanic, experimented with processing, worked on the setting up the factory in Chalon, France, did further training in industrial paper processing, took over the print and print processing departments, reorganised process engineering, took over the whole area of quality control. That is a responsibility for quality that has evolved.

Guardian of quality for the whole group

As head of process engineering and quality control, Uwe Stützle is responsible for the quality and safety of Ravensburger products, from 2008 for the whole Ravensburger group, that is games, puzzles, arts and crafts as well as children's and young people's

books. Uwe Stützle is the guardian of quality for production in our own factories and for the small proportion of goods and materials which Ravensburger obtains from business partners. As the person responsible for process engineering, Uwe Stützle also researches new methods of production and materials. In addition, he occasionally advises the creative departments regarding the technical feasibility of new ideas for products.

In-house production as a guarantee of quality

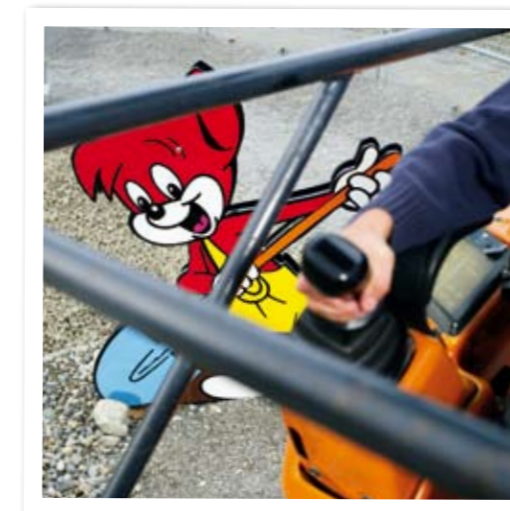
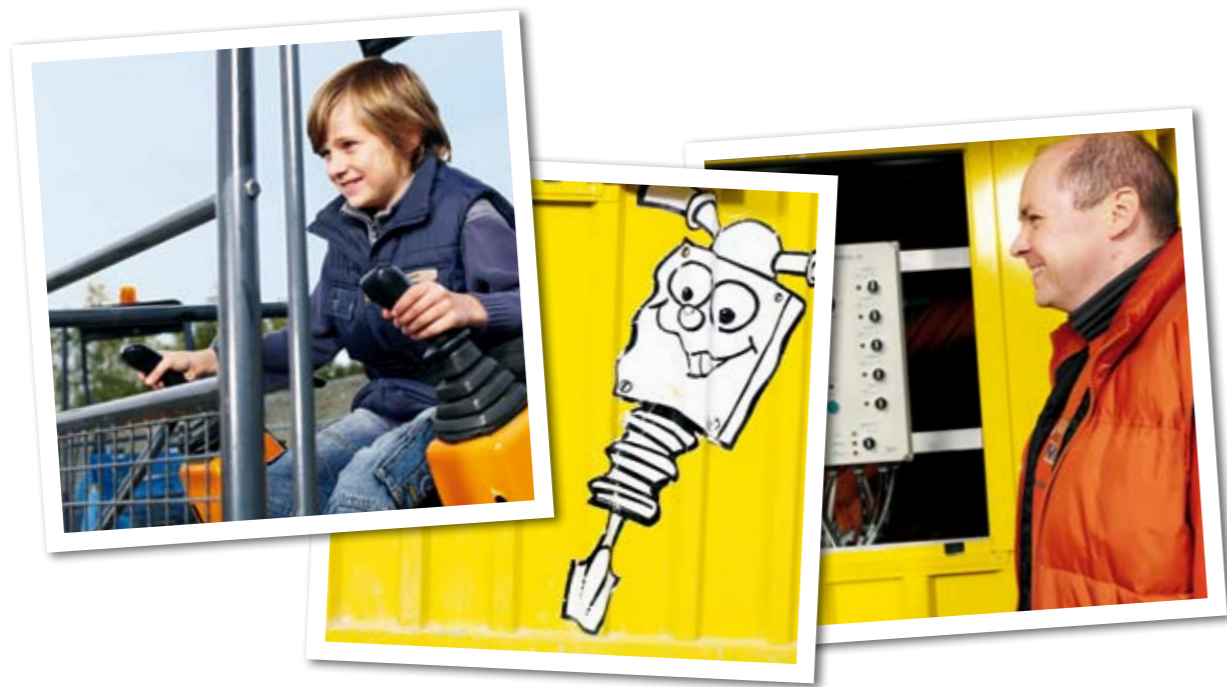
Next to service, quality is the central pillar of the Ravensburger business model. Ravensburger puts its faith in its own development and production and invests a corresponding amount in ensuring quality. In the international toy market Ravensburger holds a special position as a result of this: by far the majority of goods are produced in its own factories in Ravensburg and Polička in the Czech Republic. The most important advantage:

the high proportion of in-house production makes Ravensburger confident in its product quality. And this has two strong aspects. It is seen in the systematic process of ensuring quality; but also in the 'soft' side of quality – the attitude, the evolved standard.

Quality is an attitude of mind

Quality is firmly anchored, even internalised, in the hearts and minds of the employees. This is true of all levels of the hierarchy from the managers to the grass roots. In the end Ravensburger quality manifests itself at the machine, at the conveyor belt, at the shrink tunnel. Each employee decides with the help of his/her own standards and the defined guidelines what is acceptable from the quality point of view, and where they should intervene. A shrink-wrap for example must fit closely, it mustn't have any holes or produce blisters or creases. And the question is not whether these defects would have a negative effect on the





purchase of the product, the point is that Ravensburger doesn't want it to be like that. It doesn't meet the aesthetic requirements of the company. It doesn't match the standards set for the contents, the material and the appearance of Ravensburger products. Only if all the employees know this and are convinced of it will they intervene spontaneously when they notice even the smallest deviation from the standard. And for example press the stop button on the shrink tunnel if the film is not as it should be.

Advice on new developments

Quality products are created only when each individual element of a product is good quality. Quality cannot be put in afterwards. That is why employees from quality control are involved at the development stage of a new product and advise product managers on materials, statutory requirements and technical feasibility. The most sensitive area is products for children under 3; here safety is top priority. Especially when a completely new product idea is introduced, it is essential to clarify what safety regulations have to be taken into account, and what materials can be considered.

Only when all the necessary tests have been passed can prototypes be made, which then also go through a series of preliminary tests. In the next stage of development the prototype is tested externally, a full report is written, and finally it is tested in-house again. Specifically in the area of products for babies and toddlers Ravensburger has its products tested by independent external institutes. And then goes the extra mile, with its own tests with even stricter safety regulations.

Caution regarding certain materials

Another task for quality control is to keep an eye on the whole realm of materials and statutory regulations concerning them: which materials are considered questionable, which ones might be forbidden for products for small children in the foreseeable future? Which material ought to be tested voluntarily already, which should not be used, even if it is not (yet) banned? "I can only recommend our children's toys with a good conscience if I know that we are always one step ahead," says Uwe Stützle. This caution is typical of Ravensburger.

Extra checks for goods from China

For the co-ordination and quality control of products made in China, Ravensburger maintains its own offices in Hong Kong and China. The staff make spot checks on the completed goods before they are shipped, to make sure that they maintain the mechanical and chemical standards. When the goods reach Ravensburg the same checks are carried out once more. Ravensburger pays close attention to the working conditions at the workshops of its suppliers in the Far East. Almost all of the suppliers are certified by the ICTI. This code of the worldwide association of toy manufacturers is committed to maintaining legal, social, health and ethical standards in toy factories. The certification is renewed regularly by independent inspectors after checks on the spot in China.

An important test: Golden Sample

The so-called Golden Sample process plays a significant role in quality management as a whole. A Golden Sample, a model made in the original material, is the point of reference for suppliers, for the pre-delivery check and the

check on receipt of the goods, in short for everyone involved in the quality control process. Before a Golden Sample gets the seal of approval it has to pass a comprehensive examination of its functions, safety and quality. Take "Billy Biber", for example. Here Uwe Stützle checks everything. Are all the test reports there? Are all the product descriptions to hand? Do they correspond to the materials used? Is a full test report on the paper and print colours of the instructions included? Are all the statutory warnings on the box? Besides a check on the papers, the Golden Sample test includes checks on the appearance, the feel and the functions. Are the colours of the contents the same as those on the picture on the box? Are the figures free of injection marks? Do the electronics work? Uwe Stützle examines several specimens meticulously.

Stricter than the law demands

The Ravensburger safety standards, particularly for products for babies and toddlers, go beyond the statutory standards in many respects. The products are tested for mechanical and chemical safety in Ravensburger's own laboratories and at independent test-

ing institutes. For example a so-called drop test makes sure that if a product falls from a certain height it does not break into small parts that could be swallowed. The statutory standard is 80 cm, Ravensburger tests from a height of 100 cm. Whether small parts could be swallowed is also tested against a standard that corresponds to the diameter of a child's gullet. The diameter in Ravensburger's test is 2.3 mm more than the standard. In order to exclude the possibility of a child breaking bits off toys and swallowing them, Ravensburger carries out a tensile test which is 10 newtons more than the standard.

Quality all the way to service

Another of Uwe Stützle's responsibilities is service, more precisely customer service. All enquiries and complaints are brought together in a central service department, systematically recorded and analysed on a monthly basis. Unusual complaints are followed up and the points complained about sorted out or improved if necessary. "Last year we had a complaint rate of less than one percent," says Uwe Stützle. One can easily regard this as confirmation of Ravensburger quality. The cus-

tomers service department receives far more frequent enquiries about lost pieces of puzzles or games – there are around 33,000 e-mails and 13,000 phone calls a year. It is an indication of how much service quality means to Ravensburger that there are spare parts in stock of all the current range.



Uwe Stützle
Head of Process Engineering and Quality Control

Travelling in Germany

He travels in the name of the blue triangle. He is a Sales Representative on the outside and on the inside a Ravensburger. He looks after and trains the retailers and in the process learns how products and service can be improved. Holger Mehling, always out and about, on his way to a customer.

A dual Ravensburger role

He can even tell you the date of his first day at work without hesitation; Holger Mehling has been at Ravensburger since 1st October 1991. 16 years as a Sales Representative. Actually he didn't intend to stay so long, he wanted to get to know the industrial side for 5 years, after running a branch of a toy shop for the previous 8 years. But he stayed, and two years ago he also took over an extra job as a training adviser for retail staff. He is a Ravensburger through and through. And the ideal man for the job because he knows both sides, the industry and the retail trade. Holger Mehling is a sales rep with his own customers and support service. He looks after 100 customers in specialist stores, in self-service shops, in big department stores and in specialist markets in the region around Frankfurt/Main, Aschaffenburg, Würzburg and Kitzingen. The combination of sales and training is interesting in that he can use much of his experience from sales

and the retail trade in his courses. And because he can pass on suggestions for improvements from the courses to the product managers.

Inside views from the outside

Holger Mehling spends a lot of time on the road, starting out from Würzburg, where he lives. He goes to customers, to training courses and sometimes to Ravensburger itself. A typical working day begins the evening before, with the preparation for the visits he plans to make to customers: sales targets, turnover figures, discounts, terms, products. And the next morning he gets in the car and hopes to reach the first customer without any traffic jams. Holger Mehling drives according to the trip schedule he has drawn up on the basis of his priorities. He usually visits five or six customers in a day, and goes over the appointments in the evening as well as thoroughly preparing for the ones ahead. What form does the visit take at the customer's? If the owner or manager

is in the shop, the conversation takes place right there. If the customer has done his stock-taking, they go through the catalogue page by page and make up the order. If there is no stock survey available, Holger Mehling takes on the job and sometimes spends two or three hours on it, with bigger customers it can even be a whole day. Depending on the turnover and type of selling, Mehling goes to a customer between three and ten times a year.

Much appreciated by the trade: Ravensburger Service

In 1901 Ravensburger, or rather the Otto Maier Verlag, as it was then called, already employed a 'travelling gentleman', a representative of the publishers and in this it was one of the pioneers of service to the trade. This has remained so. Ravensburger provides an above-average service with its unusually large team of sales representatives. They make it possible to give each customer individual attention, which is also supported by



the culture of responsibility that has evolved. "We back up the retailer with sales material and suggestions for decoration, with sample games and substitute products and we handle complaints in a generous and uncomplicated way. It's no wonder that the trade has voted us number one for sales service in the toy trade for years (a survey in the trade newspaper "markt intern")." Even though the subject of price dumping by bulk suppliers keeps coming up in discussions on the trade side – the Ravensburger sales service is and always will be a reliable and predictable partner for the retailer. A part of that is the fact that the shops are treated equally when it comes to allocating articles and the reliable systems regarding terms. The retailers also greatly appreciate the fact that Ravensburger can deliver goods right up to Christmas.

Training courses all over Germany

Whereas Holger Mehling's work as a Sales Representative is restricted to a relatively small area, as a Training Adviser he travels all over Germany. On 80 days a year altogether he trains sales staff, buyers and staff instructors from the retail trade as well as demonstrators from Ravensburger. For the technically demanding new product "Paper Creation®" patterns and colour variations are presented, and the product's possibilities explained; the centrepiece is a film showing how to create artistic objects. Questions of quality, stability, how to deal with complaints and further purchases of the contents are also discussed. What Holger Mehling keeps noticing at his training courses is the increasing difficulty in understanding the rules of games. This is partly to do with problems of time but also with a general decrease in willingness to read complicated instructions. Of course it is in Ravensburger's interest

to train the sales staff so well that they can present and explain the products adequately.

Feedback for the game makers

The training courses are very valuable to Ravensburger as sources of information. Whether people say the instructions for a game are too complicated or the packaging of a game does not tell you enough about it, the sales reps relay such information to the editors and product managers responsible. In the case of the packaging, it is then reworked. Or the sales promotion material for a product is redesigned or additional presentation tools are provided. The feedback is particularly important for new products, whether it comes from training courses or direct from everyday sales. Holger Mehling takes every suggestion seriously, even the smallest quality defect, and passes it on to the appropriate person. As well as new products, games that have been in the range for a long time but need a little nudge are presented at the courses. Or games that have sold very well but are not being played correctly by many users. That is what training courses are primarily there for, of course: sales promotion at first hand.

Welcome to the family games day

Once a year Holger Mehling holds a very special training course, voluntarily. Not for retailers, but for Ravensburger's actual target group: families. The event, organised by a religious institution in Würzburg, has already become a tradition and is booked up two years in advance. Around 20 families, 60 to 70 children and adults between 4 and 60, meet under the motto: Get away from the computer! Play board games instead! What the Ravensburger salesman particularly likes about these weekends is that he can

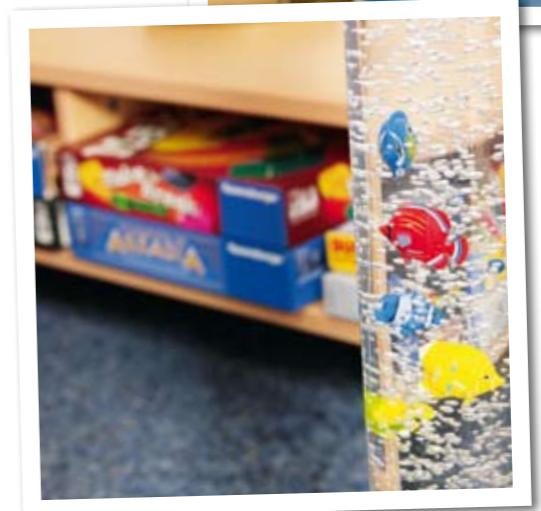
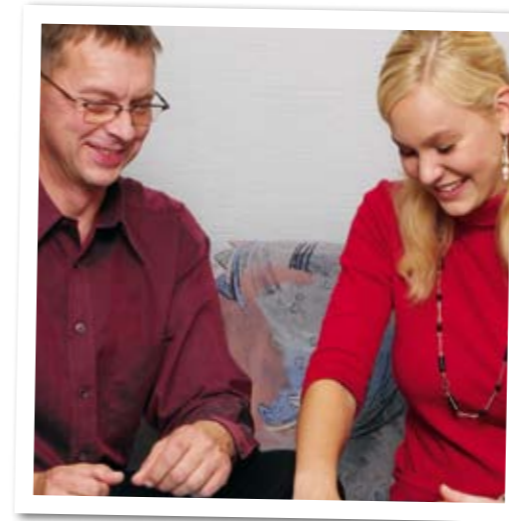
give a lot here but also take a lot away with him. He is advertising games in the best sense, communicating his knowledge and enjoyment of the games and at the same time learning how the games are seen by the end consumers, what they like and what they don't like, what they want and what's missing.

Ravensburger freedom

Anyone who has worked for a company for 16 years although he only meant to stay for five has good reasons for it. What Holger Mehling especially appreciates about Ravensburger is the ability that his job offers him to leave his mark, the sense of personal responsibility, the freedom to make decisions. The other thing he values is the esprit de corps between his colleagues. You get on with everyone really, he says. Another thing that is special about Ravensburger: you are not just a number, you don't just do your job. On the contrary, it's a good feeling to know that you are going to the customer with good products. You are proud to be travelling in the name of the blue triangle.



Holger Mehling
Sales Representative and
Training Adviser



Book-keeping

The figures in the second part of this report come chiefly from her. But Andrea Rogait's contribution to the company is even greater, because her heart is not only in the figures, but also in what really counts in dealings with business partners – correctness, fairness, openness, long-term thinking, in short the Ravensburger attitude.

The balance sheet is correct

Andrea Rogait is a company accountant, originally a tax consultant, who has worked at Ravensburger for 14 years altogether. The last 12 years, and with a gap of 18 months, the two years before. In the year and a half in between she took up the challenge of building up the accounts department in a smaller company but she left Ravensburger very reluctantly. She was therefore almost compelled to agree when Ravensburger asked her to come back. Especially as her task was successfully completed. Andrea Rogait still remembers that phone call 12 years ago very well. Her interest in Ravensburger and in new perspectives for development made her glad to return. "It was meant to be, I believe, the way it came about," she says. Her personal balance sheet is correct.

Proud of the end-of-year accounts

"Consolidated accounting, taxes and insurance" it says on her business card. Three very different tasks with a

great deal of responsibility. Andrea Rogait's main job is preparing the consolidated accounts. This comprises consolidation, bringing together the figures for the subsidiaries, and the figures for the annual report. What gives her particular pleasure in this job, what makes her happy? "When the annual accounts are finished and there are no mistakes and they go through on time and are then printed in the annual report, that does make me proud. You think once again: Yes, I've done it, and it went well."

Tax returns

Andrea Rogait's second area of responsibility involves working with tax authorities and tax consultants, and dealing with internal enquiries regarding tax matters. She answers special questions from the sales department concerning supplies from other countries, for example. She deals with tax enquiries about invoicing within the Ravensburger group. For the freelance department she is the person foreign authors contact regarding tax deduc-

tions at source. She can advise on various problems in the field of turnover tax or income tax, and she helps the subsidiaries abroad to deal with their tax obligations in Germany.

Good book-keeping creates planning reliability

Good book-keeping is the basis for the financial management of a company. Only if one has exact up-to-date figures can one judge the financial position, know how much room to manoeuvre one has and plan reliably. "For this purpose we draw up both actual and projected balance sheets at the end of each quarter. That means that even before the final annual accounts are presented we can discuss and make use of the margins available and react to current law. In this way we can anticipate important work on the final accounts, which in turn helps us to compile the final accounts on time. The important thing here," explains Andrea Rogait, "is that accuracy is the predominant feature of the work ethic. It is crucial to have well-trained





and highly motivated staff, who are capable of fully understanding processes and putting them into practice." Besides this, the technical equipment is also an important factor. Efficient hardware and software, which provide reliable, sophisticated analysis methods are indispensable nowadays.

Planning reliability

The budget is also consolidated by Andrea Rogait. "The budget begins with the turnover plan for the sales department. The material costs and other kinds of expenditure planned by the relevant departments are then related to this amount. On the basis of the results arising from this and the budget propositions, a budget balance sheet and profit and loss account is prepared." When these figures reach Andrea Rogait at the end of the year she really has a lot to do. All the subsidiaries send in their budgeted balance sheets. In the course of this process, questions that arise from the subsidiaries are answered and, after a plausibility check, the figures are added up in a group file. After that, the consolidation process begins, the elimination of intra-company relationships.

Weighing everything up rather than short-term advantages

Another of Andrea Rogait's areas of responsibility must be mentioned: insurance management, property insurance, to be precise. This covers fire and liability, in both cases for the whole group. Two aspects are especially important. One is risk management, that is, the question of where improvements are possible in order to minimise risks. Thanks to close co-operation with the technology department, this gives her interesting insights into other areas of the company, right down to production. The other aspect, in which once again the typical Ravensburger philosophy is seen, is the way they deal with their existing insurance partners. And with the many companies who want to do business with Ravensburger. "Instead of only looking out for favourable rates and playing off one insurance company against another, we value long-term business partnerships, mutual reliability and honesty." This has always worked well, particularly in difficult situations. "On a monetary and on a human level." And there's another fact that Andrea Rogait is always aware of. "We can afford to

think like this because Ravensburger is a family business with a long-term outlook."

Not a cold world of numbers

"Fairness, friendliness and loyalty to colleagues are not a matter of chance in the accounts department. They have something to do with the Ravensburger philosophy and with the spirit of the family business." Andrea Rogait has experienced the other side in her career, where the job is only a job, where it's every man for himself, where there is nothing friendly about it and nothing that binds people together. "At Ravensburger on the other hand, there is a sense of togetherness," she says. "The world of numbers is not cold at all, our contact with each other is friendly and respectful. We help each other in our work, we discuss problems." It is no coincidence that many colleagues have been with the company for a long time, some longer than she has.

Head, number and heart

In addition to the 'soft' factors, there is a basic attitude that characterises the book-keeping department at



Ravensburger: correctness and absolute compliance with the law. "We only do what we are committed to with a good conscience," Andrea Rogait emphasises. "All decisions are carefully weighed up. We think long-term and cautiously, we act with consideration. We feel connected to the other people in the company. We know the family that founded it. The job is much more than just a rung on the career ladder." The only thing we are calculating about is that the accounts balance in the long term.



Andrea Rogait
Company Accounting,
Tax and Insurance

A Ravensburger in America

It is one of the most important toy shops in the world. It is the address for toys in New York: here at FAO Schwarz on Fifth Avenue Ravensburger is one of the top 5 suppliers and is the only manufacturer of games and puzzles to have its own shop-in-shop here. And Thomas Käppeler is the energetic Ravensburger on the spot.

A New York legend

European tourists like to drop in here to buy their genuine New York souvenir puzzle at FAO Schwarz on Fifth Avenue, right next to the Apple store. Rich New Yorkers shop in the prestigious New York toy shop too. It's not unusual to see celebrities slip through the door carrying their children. A clientele that consciously wants to see its offspring grow up with high-quality toys. Sometimes New York parents may have their nurseries kitted by FAO Schwarz for 20,000 or 30,000 dollars. At FAO Schwarz the high New York prices are higher still. But that is not really what counts. What matters for Schwarz customers is the guarantee that they are getting exclusive brands and the best quality.

More than a blue corner: The Shop-in-Shop

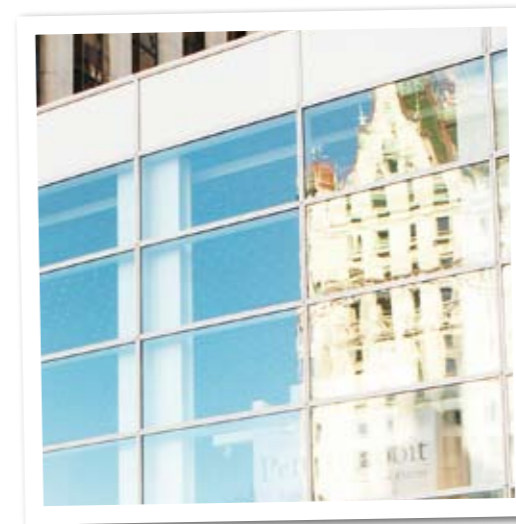
When FAO Schwarz rethought its sales strategy in 2007 with more emphasis on quality, originality and design integrity, many of its suppliers and products were rejected. Ravensburger on the other hand, which had been represented at FAO Schwarz for

many years, was invited to set up its own shop-in-shop, which meant that the stock could be greatly increased. Today Ravensburger is exclusively represented with children's games and puzzles. No wonder Thomas Käppeler, CEO of Ravensburger F.X. Schmid USA, Inc. is proud of such a brand presence in the USA. In addition to puzzles and children's games, the stock also includes arts and crafts such as "Mandala Designer®" and "Painting by Numbers®." According to David Niggli, Chief Merchandising Officer at FAO Schwarz, Ravensburger is valued as a leading brand in the specialist trade, as a supplier with the highest quality puzzles in the USA and as a European manufacturer. FAO Schwarz stocks by far the largest range of Ravensburger specialist products. The bestsellers are the 540-piece "puzzleball®" The Earth, the 240-piece "puzzleball®" The Globe, the puzzle mat, the 2000-piece puzzle New York and the game "Make'N'Break". "FAO Schwarz is our biggest speciality retail client. They are only four hours' drive from our office and they spend over 500,000 dollars a year," says Thomas Käppeler, who maintains the relationship personally and often drops in when he's

in New York. The next thing that's planned is a second shop-in-shop at FAO Schwarz in Las Vegas.

The refined specialist trade and the lucrative mass market

Ravensburger's core business, in the USA as in Europe, is in specialist shops. The customers are also comparable. They are better educated and have an above-average net household income. In the specialist trade Ravensburger is the number one with puzzles and games, and has a market recognition of 90 percent. As regards sales Ravensburger is one of the top 5 suppliers. One of the factors in this success, according to Thomas Käppeler, is the perception of Ravensburger as a German brand, which is associated with excellent engineering, top quality and reliability – just like German cars. Despite its good standing in the specialist trade, Ravensburger has decided on a more aggressive approach to its marketing strategy and has been supplying mass market shops like Walmart and Target more intensively for some time. To avoid clashes with the quality image in the specialist trade however, Ravensburger is





represented here by a reduced range and only with puzzles for adults. “In spite of the restrictive policy regarding the range, we’re selling most to Walmart, followed by Target and the bookshop chain Barnes and Noble, which are equal, and in fourth place FAO Schwarz. That makes FAO our largest customer in the specialist toy trade,” says Thomas Käppeler, summarising the market position. Ravensburger USA now achieves an annual turnover of 15 million dollars. The remarkable thing is that this significant growth, virtually double, has occurred in the last four years.

A puzzle market divided into two

The American puzzle market actually consists of two markets: an aggressive mass market with low-priced goods on the one hand and a specialist trade market. Completely different manufacturers and products are found in the two markets. Ravensburger, the clear number one in the specialist shops, is ranked fourth in the total puzzle market, which is a very respectable position, in view of its low market share. “Fourth place is also respectable because we have worked our way up from eighth in a very short time,”

says Thomas Käppeler. The perception of Ravensburger puzzle quality is also remarkable: particularly customers who don’t normally buy in specialist shops write letters enthusing about the quality they have never experienced before, about the perfect fit of the pieces and the fact that the corners of the pieces don’t break off. But the success of Ravensburger puzzles is due not least to consistent brand management and the uniform appearance of the packaging with its unmistakable lettering and blue triangle.

Appropriate address: One Puzzle Lane

Ravensburger has had a distribution company in the USA since the 1980s. But the takeover of F.X. Schmid in 1998 including its American subsidiary brought a new quality to the US presence. Ravensburger has been active in the USA since 1999 with its own subsidiary, developing and distributing games for children, adults and families and puzzles for children and adults in the USA and Canada. F.X. Schmid puzzles for adults are still in the range and SIMBA toys and SIKU are sold. Ravensburger F.X. Schmid USA, Inc., that is the official name of the company, is based in Newton, New Hamp-

shire, about 50 km northwest of Boston and about 4 hours’ drive from New York. At One Puzzle Lane there are about 20 employees. The fitting address came about because Ravensburger built on a newly developed area and was allowed to choose the address. What could be more appropriate than “Puzzle Lane”.

The exciting part of sales

And Thomas Käppeler? Does he still feel like a Ravensburger after a good ten years in America? “Very much so,” he says, “I have come to really appreciate the company, I owe my entire career to it. I am very attached to Ravensburger and proud to represent the blue triangle in America.” Thomas Käppeler started at Ravensburger in the market research department in 1989, after his university studies. Before that he had completed two placements there and various jobs during the school holidays and university holidays. As if this connection from his youth were not enough – Käppeler was born in Ravensburg. So he started in market research, began to get bored after a few years (which a shrewd boss had prophesied at his job interview) and moved to international sales. To

the USA. And what does Thomas Käppeler find exciting about working in sales? “The fact that the situation changes every day, almost every hour. It doesn’t matter whether you’re going to a client or wherever, there’s always something new.” That sounds a bit like unlimited opportunities. Thomas Käppeler is in exactly the right country.



Thomas Käppeler
CEO Ravensburger · F.X. Schmid USA, Inc.

Financial Statements



Annual Report of the Ravensburger AG Group

Business development and situation in 2007

The general business environment for the Ravensburger Group in the fiscal year 2007 was characterised by a heterogeneous development in the individual sales markets. Whereas the markets for toys and games showed increases in Germany, France, Italy, the Benelux countries, Austria and Spain, the markets in the United Kingdom, Switzerland and the United States were stagnant or decreased slightly. Both the American dollar and the British pound considerably declined in value in the course of the fiscal year, which had negative effects on turnover in these countries.

In nearly all markets, concentration of trade continued.

Under these prevailing conditions, the Ravensburger Group was able to exploit the strengths of its products in terms of content, quality and service and hold or further strengthen its market position.

Overview of the Ravensburger AG and Group

Ravensburger AG is the managing holding company of the Ravensburger group of companies. Various functions of the Group or of the German subsidiaries are performed centrally by specialised divisions of the Ravensburger AG. This applies in particular to the functions of finance, treasury, central controllership, central marketing, public relations, human resources, IT and legal issues.

In addition to the holding function, Ravensburger AG (RAG) also leases the land and buildings in Ravensburg to the operative subsidiaries and licenses the use of the Ravensburger brand to the companies of the group. Finally it controls and coordinates the group-wide risk management system.

The operative business of the Ravensburger Group is run by the subsidiaries of the Ravensburger AG. The Group is divided into three business divisions, the Games, Puzzles

and Arts/Crafts division, the Children's and Youth Books division and the Leisure and Promotion Service division.

The Games, Puzzles and Arts/Crafts division develops, produces and sells its products internationally with the main focus on Europe. In the large European markets such as France, the United Kingdom, Italy, Spain, Benelux, Austria and Switzerland, as in the United States, separate distribution companies are maintained, whereas smaller markets are served from Germany in the form of export business. The products are mostly produced in Group-owned factories in Germany and the Czech Republic, whereas logistics are controlled from Germany.

The Children's and Youth Books division concentrates on the German-speaking markets and publishes picture books, children's non-fiction and fictional children's and youth books.

With the Ravensburger Spieleland adventure park, the Leisure and Promotion Service division is aimed at children and parents and offers various types of attractions suitable for children. Promotions and events are also offered as services for other brand name companies.

Business development of the operative divisions

Games, Puzzles and Arts/Crafts division

The turnover of the division increased by 0.6 % (1.4 % at constant exchange rates) from € 229.5 million in the previous year to € 230.9 million in 2007. The largest single market of the division is still Germany. In the past fiscal year, an increase in turnover of + 2.6 % was achieved. Approximately 60 % of the turnover is achieved abroad. The strongest growth market of the Ravensburger Group in 2007 was Spain with a growth of + 27.5 %, followed by Italy with + 8.3 % and the USA with + 7.7 % (at constant exchange rates + 17.5 %). France remained the most important foreign market in 2007. Here the development in turnover was disappointing, with a decrease of - 7.4 %, likewise in the United Kingdom (- 2.2 %).

The expansion of the important product brands and a wide range of international licences contributed to the development in turnover:

In the games sector, turnover was increased by 3.9 %. Here the new concept of the "spielend neues lernen®" range introduced in 2006 again had a positive effect on turnover, particularly in Germany. In addition to the new electronic version of the children's game "Wer war's?" and the great success of the line extension "Make'N'Break Extreme", the long-selling family games grouped under the heading of "Our best family games" contributed to the growth. The games brand "memory®" was also successful in 2007. In the card games sector, the success story of "Phase 10" continued.

In the puzzles product sector, turnover in the past fiscal year decreased by - 5.0 %. However, it must be taken into account here that in the previous year more than € 10.7 million was achieved with FIFA licensed products for the World Cup. Adjusted by this turnover received in the previous year, the development in turnover looks much better.

The turnover of the two most important product families in the Art/Crafts division – "Painting by Numbers" and "Mandala-Designer®" – increased again in 2007. Together with the introduction of the new product line "Paper Creation®", the Arts/Crafts division increased by 8.7 %.

The turnover of the product line "ministeps®" also greatly increased and is the 5th most successful young children's brand in Germany.

In the fiscal year 2007, more production units began to move from Ravensburg to the factory in Polička/Czech Republic. When this project is completed, approx. 3.2 million games production units will have been moved. This measure was necessary to meet the increased logistical requirements of the markets supplied from Ravensburg.

Children's and Youth Book division

Despite a restrained overall Christmas trade, the book market in Germany experienced a satisfactory development in 2007 with an increase of just over 3 %. By far the most successful was the category Children's and Youth books, which showed strong growth, especially in the 4th quarter, thanks to particularly successful bestsellers. Overall, this market segment achieved growth of more than 20 %.

The Ravensburger book publishing company was able to increase turnover for the 7th year in a row with growth of 5.7 % to € 50.3 million despite the difficult competitive situation, and continues to be one of the leading suppliers in the children's and youth book market.

As in the previous year, the success was supported by many product segments. Special mention should be made here of the young children's range "ministeps®" with an increase in turnover of 46.1 %, the product brand "Wieso?Weshalb?Warum?" with an increase of 8.0 %, the learning range with growth in turnover of 27.5 % and the paperback and children's and youth fiction range with an increase in turnover of 9.6 % and 3.0 % respectively. The only category significantly below the level of the previous year with - 15.0 % was children's non-fiction. However, this decrease in turnover was not unexpected, as 2006 included special effects with corresponding figures (anniversary promotion 50 years of non-fiction, World Cup). Only the category of picture books failed to meet expectations, as two main titles did not achieve the planned sales figures in the 2nd half of the year.

Leisure and Promotion Service division

Ravensburger Spieleland AG

A total of 355,000 visitors were welcomed to Spieleland in 2007. The number of visitors therefore increased in the 10th year of opening by 7.5 % compared with the previous year. The total of almost 8,000 season tickets sold (+ 62.3 %) and 1,200 annual tickets (+ 68.6 %) and the associated increase

in the number of repeat visitors, plus the good weather, contributed to the increase in the number of visitors to the park. In addition to a large number of activities for the 10th anniversary of Ravensburger Spieleland, the unusually good spring weather led to an increase in one-time visitors. With about 272,000 visitors paying admission (season and annual ticket holders are only counted once here), this number of visitors was also considerably higher in the 2007 season compared with the previous year (+ 8.0 % paying guests). With a turnover of € 6.3 million (+ 13.8 % compared with the previous year), Ravensburger Spieleland achieved its highest turnover since it opened. In addition to the considerable increase in visitor numbers, an increase in admission prices by an average of € 1 for single tickets and considerably increased secondary revenues in gastronomy and shop/merchandising contributed to the increase in turnover. Here, too, the anniversary activities had a positive effect.

Despite the pleasing development in turnover, however, a loss of € 1.2 million was recorded.

The majority of Spieleland visitors came from Germany in 2007 (63 %). The proportion of visitors from Switzerland increased by 6 % points to 28 %. 6 % came from Austria and 3 % came from the other European countries.

Ravensburger Leisure & Promotion Service Division GmbH
The Ravensburger event agency is a service provider for business customers in the sectors of stationary and mobile brand environments, children's corners and events. With tours of shopping centres, town festivals and consumer trade fairs as well as the design and implementation of various children's corners, turnover of € 1.9 million was achieved in the past year. In the 2007 fiscal year, unprofitable turnover was deliberately avoided, for which reason turnover decreased by - 11.5 % compared with the previous year.

Situation of the Ravensburger AG Group

Income situation

The Ravensburger Group achieved a consolidated turnover in all divisions in the 2007 fiscal year of € 285.8 million (+ 1.5 %).

Miscellaneous operating revenues amounted to € 6.0 million and were therefore significantly below those of the previous year, which was due to the reversal of accruals in the previous year.

The operating expenses items only increased slightly by 1.8 % to € 255.6 million. Material costs increased, for example, by 1.4 % to € 84.0 million, as the proportion of in-house production was increased. Nevertheless, personnel costs were reduced to € 64.1 million, although the average number of employees increased in 2007. This increase was mainly due to the expansion of games production in the Czech Republic with considerably lower pay levels. In addition, personnel costs of the previous year included one-time higher accruals for pensions. Depreciations of tangible assets and intangible assets decreased by € 0.7 million to € 6.2 million. Miscellaneous operating expenses, on the other hand, increased by € 5.3 million to € 101.3 million. In addition to administrative costs, royalties contributed to the increase in these expenses. These increased due to the continuing rise in turnover from licensed products. Communication costs increased as a result of specific investments in individual European markets strategically defined as growth regions.

The financial result increased by € 1.5 million to € 2.8 million. The main reason for this was higher interest revenue from interest on current accounts, and the reduction in interest expenses as a result of the shareholders' loans which were repaid in full the previous year.

The result of ordinary business was € 40.0 million, € 5.6 million below the level of the previous year. Adjusted by the special effect contained in the previous year from the

reversal of accruals, the result of ordinary business was € 4.3 million above the figure of 2006.

The extraordinary result of the Group was at the same level as the previous year, at € - 0.5 million.

Tax expenses decreased in the past fiscal year to € 13.7 million (previous year € 14.4 million). The decrease results in particular from the reduction in expenses for deferred taxes.

On balance, the Ravensburger Group succeeded in maintaining its consolidated end of year result after tax at a high level of € 25.8 million. The result reflects the good operative earning power and unlike the previous year is not influenced by positive special effects.

Assets

With € 257.8 million, the balance sheet total of the Group as at 31 December 2007 is € 20.7 million above the figure of the previous year (€ 237.1 million). The increase in assets is due almost entirely to increased liquidity.

On balance, fixed assets decreased by € 2.5 million to € 61.6 million. The investments in tangible assets of € 5.8 million were significantly higher than the previous year (€ 3.3 million), but less than the depreciations of tangible assets (€ 6.4 million). As a result, the fixed assets decreased at the end of 2007 by € 0.8 million compared to the previous year. Fixed assets also include the long-term bonds of the asset management system introduced in the previous year, which were € 1.6 million less than the previous year.

Current assets increased in the same period by € 23.7 million to € 194.8 million. This includes the shares also held in the asset management system. The securities item in current assets increased by € 2.6 million to € 12.2 million. Cash and cash equivalents increased to € 72.9 million (previous year € 50.6 million).

However, there was a slight reduction in capital commitment in operative current assets (stocks, receivables and other assets). Stocks increased particularly in the Games, Puzzles and Arts/Crafts division as a result of a date-related increase to secure high delivery capacity in the Christmas season by € 2.5 million. In contrast, however, receivables from goods and services decreased by € 4.7 million.

Liquidity / cash flow

The cash flow from current business activities of the Ravensburger Group was € 38.2 million in the year covered by the report and was therefore € 16.6 million above the figure of the previous year (€ 21.6 million) as at the specified date. Although the annual net profit of € 25.8 million was € 5.1 million below the figure of the previous year and the balance from depreciations and appreciations on the fixed assets decreased by € 0.3 million, an additional € 12.8 million was released from operatively necessary current assets (stocks, receivables and liabilities from goods and services) and from accruals (+ € 5.6 million).

The cash flow from investment activity improved by € 23.5 million. There were higher investments in fixed assets (€ 2.5 million) and considerably lower investments in bonds of fixed and current assets (- € 26.0 million).

Despite a considerably higher dividend payment of € 14.4 million, the capital fund increased from € 50.6 million at the end of 2006 to € 72.9 million at the end of the 2007 fiscal year. However, it must also be taken into consideration that the dividend has not been paid out in full.

The Ravensburger Group has no liabilities to banks as at the end of the year.

Financing structure

The shareholders' equity of the Ravensburger Group increased in the past fiscal year from € 121.2 million to € 131.7

million. This was attributable to the net annual income of the Group of € 25.8 million, reduced by the dividend payment of € 14.4 million. The shareholders' equity ratio remained unchanged at 51.1 % on the accounting date, as the build-up of liquid funds led to a corresponding increase in total assets and liabilities.

The pension accruals were virtually unchanged at € 25.4 million.

Tax accruals increased in 2007 to € 13.7 million (previous year € 10.7 million). This was due to lower tax pre-payments throughout the year compared with the expected tax burden. Miscellaneous accruals decreased in the past fiscal year by € 3.6 million. The accruals formed in the previous years for various risks were essentially used up in 2007 without the need for new accruals of a comparable amount.

Accounts payable including advance payments received increased by € 4.2 million as at the accounting date.

As a result of the private accounts of several limited partners of Ravensburger Holding GmbH & Co. KG previously accounted at this KG and transferred to the RAG in 2007, miscellaneous accounts payable increased and accounts payable to associated companies decreased accordingly.

An average total of 1,491 employees were employed in the Ravensburger Group in the course of the 2007 fiscal year (previous year 1,426) (excluding seasonal staff of Ravensburger Spieleland AG and Ravensburger Leisure & Promotion Service GmbH). The increase occurred in particular in the Games, Puzzles and Arts/Crafts division and was mainly due to the expansion of the production facilities in the Czech Republic.

Outlook at the beginning of the 2008 fiscal year

Games, Puzzles and Arts/Crafts division

The business division will continue to pursue its targets defined as part of the long-term strategy. The main measures concern:

- investments in further improvement of the market position in the individual countries,
- definition and development of pan-European product brands under the Ravensburger® label,
- establishment of standard processes in the area of sales promotion and development towards a sales organisation in all distribution companies,
- implementation of an innovation process in the area of product development.

The new products presented at the Nuremberg toy fair at the beginning of 2008, including the products specially developed for the 125th anniversary, were very well received by the trade. Together with the wide range of products already sold in 2007, this should ensure a continued satisfactory development in turnover and profits for the current year.

The following points are regarded as possible risks for business development in the current year:

- the increasing concentration of trade with the risk of a reduction in margins for the industry,
- a partially disastrous price competition in trade,
- further increases in transport costs,
- the increasingly later Christmas trade, which makes it extremely difficult to effect follow-up deliveries in time.

Children's and Youth Books division

The Ravensburger book publishing company expects further growth in turnover and increased market shares in 2008.

However, the increasing concentration of trade and the accelerated decline of small and medium-sized bookshops offer only low chances of growth in the medium term.

Nevertheless, the Ravensburger book publishing company regards itself as well equipped to successfully defend its market position. With its high-quality product range and a leading position in many product sectors, the situation is assessed as very stable. The book publishing company will also be very much influenced by the 125th anniversary of the Group in 2008. It is the incentive for a plan of action for the whole year in all important product sectors and a large number of events with children.

Ravensburger Leisure and Promotion Service division

In the 2008 season, the public profile of Ravensburger Spieleland is to be further improved with specific measures relating to sales, marketing and public relations and the catchment area of visitors expanded. No major investments in new attractions are planned at the Ravensburger Spieleland.

Expected numbers of visitors for the 2008 season are the same as the previous year. Additional use of the park for incentive and marketing events of corporate customers will continue to be offered.

As in previous years, the Ravensburger Leisure & Promotion Service GmbH will also organise touring events in 2008. New growth potential will be generated by creating individual concepts for children's corners as well as stationary and mobile brand environments.

Ravensburger Group

Considered as a whole, the Managing Board of the Ravensburger AG expects generally stable business development in 2008. Difficult external conditions are balanced by the good positioning and quality of the Ravensburger products and brands and the creativity and commitment of our employees.

Against this background, it remains our objective to maintain and improve the results achieved.

There were no incidents of particular importance after the accounting date.

Ravensburg, March 10, 2008

The Managing Board

Consolidated Balance Sheet of Ravensburger AG Group, Ravensburg, Balance Sheet as of December 31, 2007

ASSETS	€	€	€	T€	LIABILITIES AND SHAREHOLDERS EQUITY	€	€	T€
				31.12.2006				31.12.2006
A FIXED ASSETS					A EQUITY			
<i>I. Intangible Assets</i>					<i>I. Subscribed Capital</i>	12,480,000.00		12,480
1. Film rights, software, licences and similar rights	177,493.31			329				
2. Payments in advance	5,520.00			0	<i>II. Capital Reserves</i>	39,050,000.00		39,050
		183,013.31		329	<i>III. Earning Reserves</i>	17,798,099.25		20,194
<i>II. Tangible Assets</i>					<i>IV. Retained Earnings</i>	62,376,149.08		49,520
1. Land and buildings	32,604,705.74			32,551		131,704,248.33		121,244
2. Technical equipment and machinery	3,097,869.78			3,639	B ACCRUALS			
3. Other equipment, factory and office equipment	7,116,487.13			8,263	1. Accruals for pensions	25,355,852.97		25,026
4. Payments on account and assets under construction	858,689.30			55	2. Tax accruals	13,717,428.13		10,729
		43,677,751.95		44,508	3. Other accruals	29,016,464.92		32,646
<i>III. Financial Assets</i>						68,089,746.02		68,401
1. Shares in affiliated enterprises	1,432,452.51			1,433	C LIABILITIES			
2. Participations in affiliated enterprises	500,000.00			511	1. Customer advances	18,555.32		547
3. Participations	15,289.00			15	2. Trade payables	28,784,504.88		24,056
4. Long-term investments	15,804,983.62			17,390	3. Payables to affiliated companies	815,635.97		16,551
		17,752,725.13		19,349	4. Other liabilities	28,333,859.85		6,248
		61,613,490.39		64,186		57,952,556.02		47,402
B CURRENT ASSETS					D DEFERRED INCOME		11,374.71	8
<i>I. Inventories</i>								
1. Raw materials and supplies	6,524,531.38			5,022				
2. Work in process	3,403,894.10			3,283				
3. Finished goods and merchandise	14,068,508.89			13,100				
4. Payments on account	469,057.68			546				
		24,465,992.05		21,951				
<i>II. Receivables and Other Assets</i>								
1. Trade receivables	75,129,739.68			79,838				
2. Receivables from affiliated enterprises	2,551,925.76			1,102				
3. Receivables from enterprises in which the company has a participating interest	420,251.76			259				
4. Other assets	7,084,654.96			7,770				
		85,186,572.16		88,969				
<i>III. Securities</i>								
Other securities	12,241,857.29			9,649				
<i>IV. Cash on Hand, Central Bank Balances and Bank Balances</i>								
		72,910,178.93		50,546				
		194,804,600.43		171,115				
C PREPAID EXPENSES		451,644.35		662				
D DEFERRED TAXES		888,189.91		1,092				
		257,757,925.08		237,055		257,757,925.08		237,055

Consolidated Income Statement of Ravensburger AG Group, Ravensburg, for the Period January 1, 2007 through December 31, 2007

	€	€	€	2006 T€
1. Turnover	285,760,585.03			281,505
2. Increase (previous year decrease) in finished goods, inventories and work in progress	988,095.01			-1,404
3. Other operating income	6,027,545.58			15,174
		292,776,225.62		295,275
4. Cost of materials				
a) Cost of raw materials, consumables and supplies and of purchased merchandise	74,060,157.14			71,902
b) Cost of purchased services	9,915,771.30			10,856
		83,975,928.44		82,758
		208,800,297.18		212,517
5. Personnel expenses				
a) Wages and salaries	51,405,764.08			51,306
b) Social security and employee benefits	10,374,046.55			10,360
c) Pensions and other benefits	2,295,659.17			3,666
		64,075,469.80		
6. Depreciation of intangible fixed assets and tangible assets	6,197,802.29			6,855
7. Other operating expenses	101,321,067.55			96,034
		171,594,339.64		
		37,205,957.54		44,296
8. Income from profit and loss absorption/ transfer agreement	2,999.46			11
9. Income from participations	800,404.90			750
10. Income from associated enterprises	0.00			18
11. Income from other investment and loans including book profits and write-up income	803,420.01			365
12. Other interest and similar income	2,434,483.50			1,638
		4,041,307.87		
13. Dispositions of financial assets and of current asset securities including disposition losses	312,231.66			156
14. Interest and similar expenses	942,156.50			1,299
		1,254,388.16		
		2,786,919.71		1,327
15. Results from ordinary operation		39,992,877.25		45,623
16. Extraordinary results		-455,468.00		-347
17. Taxes on income	13,167,782.09			13,665
18. Other taxes	533,250.25			734
19. Income or expense tax of allocation group relief	1,999.00			7
		13,699,033.34		14,392
20. Consolidated income of the year		25,838,375.91		30,883
21. Prior period unappropriated retained earnings brought forward		35,120,429.04		31,579
22. Transfer from revenue reserves (previous year transfer to profit reserves)		1,417,344.13		-12,942
23. Retained earnings		62,376,149.08		49,520

Organigram of the Ravensburger AG Group



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Ravensburger AG Group
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