

Ravensburger▲

2008 Annual Report
of the Ravensburger AG Group



RAVENSBURGER.
BRAND PHILOSOPHY AND VALUES.



RAVENSBURGER.
BRAND PHILOSOPHY AND VALUES.

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2008 was a successful year for Ravensburger. With a turnover of € 287.8 million, which is an increase of 0.7 %, we have seen a marginal improvement on last year's figures of € 285.8 million. After exchange-rate adjustments the growth in turnover amounts to 1.5 %. The net profits from operative business for the whole Ravensburger group are satisfactory despite being slightly down on last year's results. This can be attributed to the fact that price increases in purchasing and increases in costs could not be passed on to retailers.

Fortunately, our markets remained stable up until the end of December 2008. In the Toys, Children's Books and Youth Books divisions there were no perceptible decreases in consumer spending.

The Games, Puzzles and Arts/Crafts division achieved a turnover of € 231.9 million which amounted to an increase of 0.5 % (currency-adjusted + 1.5 %) compared with the previous year's result of € 230.9 million. This division increased its turnover by a clear + 6.4 % in Germany whilst the turnover outside Germany decreased by 3.6 % (currency-adjusted - 1.9 %). This decrease can be put down to losses on foreign exchange as well as financial problems in retail trade involving insolvency cases and our own reluctance to supply when sales were not guaranteed. A further reason for the decrease in turnover in our foreign

markets was that retailers were very cautious in their orders for the Christmas trade given the general climate of scepticism and low expectation.

The partially electronic boardgame "Wer war's?" was largely responsible for the positive results on the domestic market. It received awards for the "Children's Game of the Year 2008" and "Germany's Game Prize". For the first time the "Children's Game of the Year" recorded a higher turnover than the "Game of the Year" according to the retail sales figures to customers. "Wer war's?" was finally ranked as the sixth-best product taking all the categories on the German toy market in 2008 into account. Thanks to this sales success and the successful launch of "Billy Biber" Ravensburger became the market-leader in Germany in the category Games for the first time since 1999 with a market share of over 22 %.

The Children's and Youth Book division increased its turnover by 1.7 % from € 50.3 million to € 51.1 million. This growth was achieved despite the fact that around 80 % of the grocery retailers who sell books were not supplied owing to the financial problems experienced by the intermediary rack jobbers. Turnover increased especially in the areas of books for first-readers and youth novels. The youth novel "The Wave" by Morton Rhue which sold 350,000 copies was particularly successful.

The Leisure and Promotion Service division increased its turnover by 16.4 % from € 8.2 million to € 9.5 million. The Ravensburger Spieleland recorded an increase in turnover of 9.7 % which amounted to € 6.9 million (2007: € 6.3 million) – this was achieved despite a fall in visitor volume. The downturn in visitor numbers (318.000/- 9.8 %) can be attributed to the unfavourable weather conditions with low temperatures and snowfall around the time of the season-opening at Easter. Although the negative start to the season with the fall in visitor volume could not be compensated for, the increase in turnover was achieved through both admission price increases and increased revenue in the areas of gastronomy and shopping facilities.

Ravensburger's overall annual result 2008 is a positive one given the present financial and economic crisis. Nevertheless, we are feeling the effects of the financial crisis through the financial problems within the retail trade. As a consequence, we have experienced losses in turnover as a result of insolvency cases and insufficient del credere insurance in the retail trade.

On the positive side, our Books and Toy markets were stable. In the case of Toys it was as late as calendar week 52 before we experienced a positive development in the European markets.

After initial consumer reticence the Christmas trade was concentrated in the last two days before Christmas Eve. Although sales figures for December (30 % of the total annual sales from retailers to customers) were still down by 3.7 % compared with those of the previous year, they increased to 6.0 % by the end of calendar week 52.

In 2008 there were drastic price increases in resourcing markets world-wide especially because of the sharp rise in the price of crude oil. These price increases could not be passed on in full to the retail trade.

In the 2008 fiscal year we ventured further into the digital world and reacted to the changing habits of our target group. Our internet presence was analysed and we are now in a position to carry out restructuring in 2009. As far as products are concerned, certain Ravensburger classics were developed for Nintendo DS and sold very well on the market. The partially electronic boardgame “Wer war’s?” can be regarded as a successful combination of traditional game elements and electronics. Similarly, we are trying to preserve traditional elements and also to keep in step with new developments and behavioural patterns in the media and communications segments. We are doing this in a careful and considered way, as we have always done throughout our 125-year history.

In our review of the 2008 fiscal year we would like to thank all our employees in the Ravensburger group who through their commitment, enthusiasm and creativity have contributed to the success of the company, strengthened the image of our brand and ensured the satisfaction of both our customers and business associates. We would also like to thank the works council whose members have represented the concerns of the staff in a constructive and equitable manner. Above all, we would like to thank our retail partners for their close cooperation and commitment to the Ravensburger company.

We are very cautious about our forecast for the coming fiscal year. The main reason for our restraint concerning projected turnover and operational results is the global economic crisis and its effects on our markets.

Our new products have been well received by retailers. We are expecting to gain impetus from our game classic “memory®” which will be celebrating its 50th birthday in 2009. For the anniversary of the most successful Ravensburger product in terms of global sales there will be a special edition. In addition, we wish to provide the brand “Painting by Numbers®” with a new identity in order to increase its market appeal. We are extending the range of the successful book series “Wieso? Weshalb? Warum?” and “Leserabe” with topical

themes and expect to achieve positive effects. We hope that buying patterns in both our low-price product category and in the product categories designed essentially for children do not change substantially in 2009 – at least in German-speaking countries.

Nevertheless, owing to the difficult economic conditions which prevail, we have to assume that we will experience a downward trend in our business operations in 2009.

The focal point of the reporting year 2008 was the company’s 125th anniversary, which was cause for celebration but also an opportunity to look back, to reflect and to assess our current position. The company history was brought to life in brochures and films produced as part of our public relations work. They focus on the founding of the publishing company in 1883 and trace the continual growth of its product range, numbers of employees and locations to the present day. They recognise not only the parts played by the company’s founder and the founding family but also the contributions made by the town of Ravensburg and the company’s image-building products. Significantly, our company history – which also involved overcoming setbacks and difficulties – was presented in a series of ventures in which new ground was broken – the capturing of new foreign markets and the creation of

new product segments, new corporate structures and processes. On looking back at our history one central question emerged: What is it that has held our company together for so long? We see the answer in an inner strength, in our identity as a family company, in our mission and values, which are built on ideas, designs and materials of high quality and a sense of responsibility.

Ravensburger values: The annual report on our anniversary year 2008 wishes to convey this essential idea.

We attempt to define our principles and describe the efforts we make to maintain quality and ensure responsibility by providing small examples. By highlighting certain games and books we show how Ravensburger quality expresses itself. Our values are the groundstone which enables our brand to gain people’s trust. It is this philosophy which provides us with a sense of orientation and purpose in such difficult economic times. In this way, the focus of this business report is once again to establish the link between our tradition and the present: This focus is: “Ravensburger. Values for 125 years”.

The Managing Board



RAVENSBURGER.
VALUES FOR 125 YEARS.

RAVENSBURGER, THE BRAND OF TRUST

The blue triangle is a seal of quality and a respected trademark with high brand awareness, especially in Germany. Behind the blue triangle, there is a family company that feels duty-bound to uphold values that are gaining in importance today. Games, books and art and craft products from Ravensburger not only give pleasure, they are useful, too; they shape hearts and minds. At the same time, they communicate values our society needs: enjoyment, education and togetherness.

RAVENSBURGER VALUES AND WHAT THEY STAND FOR

Ravensburger offers only content of the highest quality. Our products are the result of our rich experience and of the very latest insights, of expertise and knowledge. Ravensburger always uses superior-quality materials. We put a great deal of loving care and attention into the development and manufacture of our products and ensure they satisfy our stringent quality and safety standards before leaving our premises. What's more, Ravensburger assumes responsibility for more than the products themselves.



More than Good Content: Meaning and Pleasure for Life

“Only the best” was the principle that guided the founding father of the Ravensburger publishing house from the very beginning. Otto Maier wanted to make toys to please heads, hands and hearts. The standard he set still applies today. One reason for the quality of Ravensburger products is that we develop them ourselves. By far the majority of our games and books are Ravensburger originals – developed by our own editorial teams and produced to the highest quality with well-known authors and illustrators. We see it as our abiding duty, nay our responsibility, to take a keen interest in the needs, wants and interests of the children, young people and adults for whom we make our products. What’s more, we observe trends and

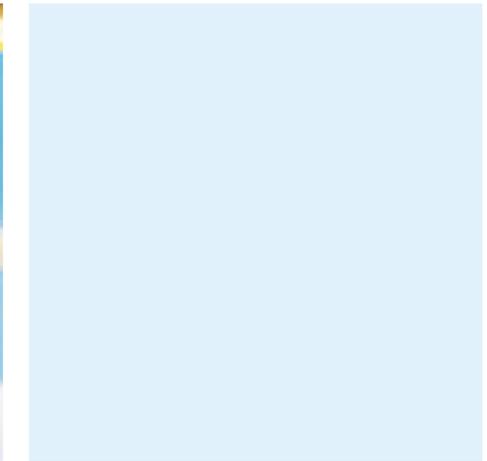
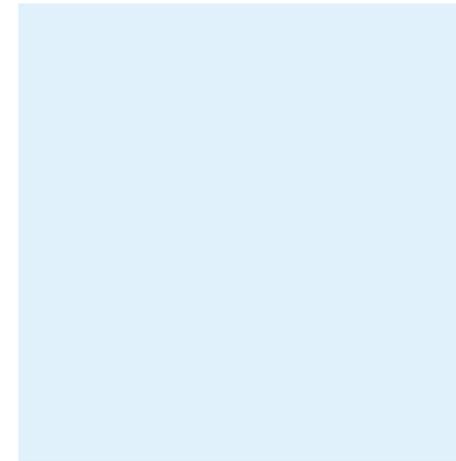
developments, work side by side with teachers and child carers, and also consult recognised authorities. Products that cater to different age groups, superior content and clear design – these are the fundamentals of Ravensburger quality. The themes and texts of our children’s products are adapted to the different stages in a child’s development, to the appropriate abilities and skills. This also applies to presentation – in other words, to the colours and shapes, pictures and design we use. A further guiding principle at Ravensburger is to reject all glorification of violence. Our games and books offer an opportunity for meaningful occupation and convey positive values, such as a sense of community and family.

Board picture books: see how colourful early learning can be

Ravensburger has been publishing board picture books for tiny tots since 1904. They are among the classics in our programme and an ideal example of our “age-group suitable” quality standard. Ravensburger board picture books are available for children of three to 36 months. We apply our knowledge of the needs and developmental stages of the very youngest children so that we always have the right book to suit the motor, mental and emotional development of the first three years. To start with,

we use brilliant colours and simple shapes. The illustration of a cup (1), for example, is greatly simplified but clearly recognisable. Children from three to 12 months begin to recognise objects and put them into context; mere recognition and naming already aid speech development. Touch-and-feel books (2) encourage children of 12 to 18 months to grasp, pull and touch – using all of their senses and developing their fine motor skills in the process. From the age of two onwards, an understanding of

sequences and broader contexts begins to grow and toddlers can follow simple picture stories in board books and distinguish between right and wrong (3), before and after. Story-telling, discovering and comparing begins with board picture books for children of between 24 and 36 months. A fine example here are the discovery picture books (4), which invite the child to take a really close look at the pictures and discover the stories they contain.

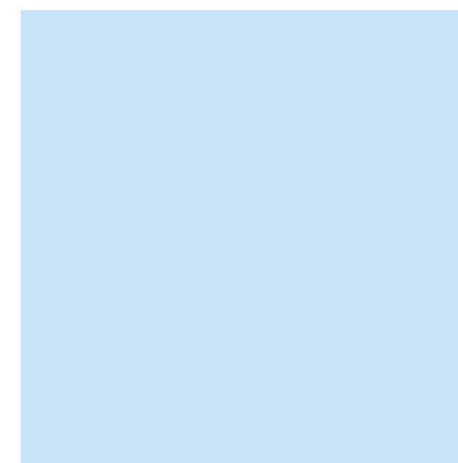
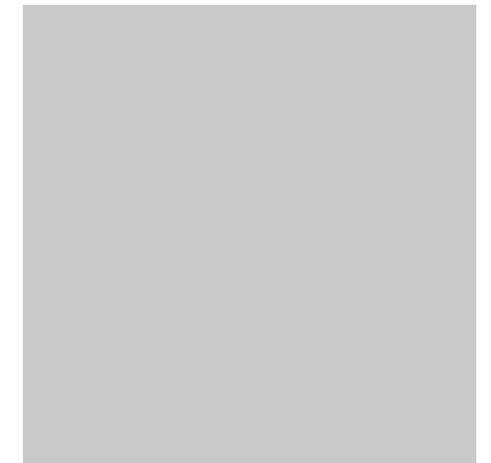
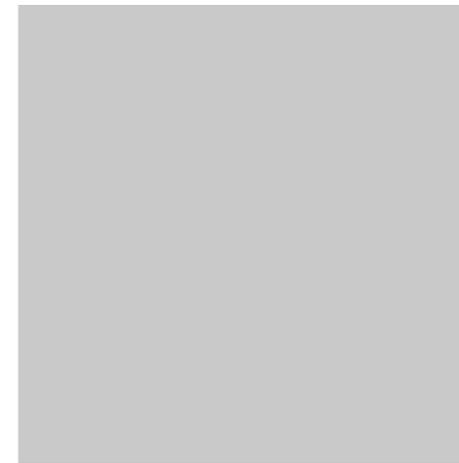
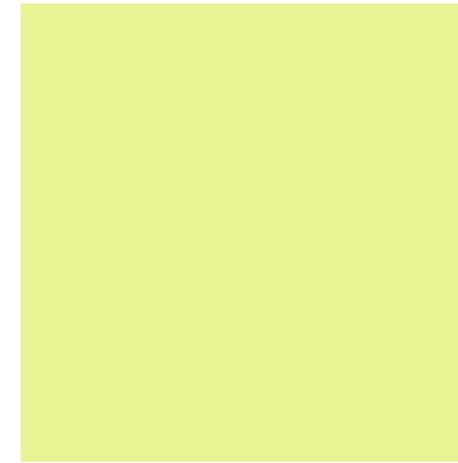
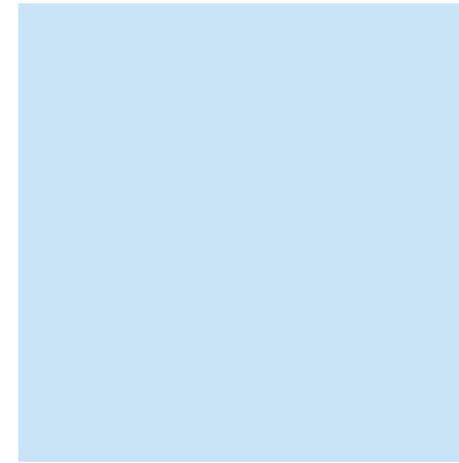


The playful way to discover the world: “Wieso? Weshalb? Warum?”

Germany’s most popular series of children’s books, out since 1998, gives children the answers they are looking for on subjects like nature, technology and the environment – and always at the children’s level, detailed and realistic. Each volume is the result of intensive development. A team of experts, authors and illustrators takes an in-depth look at the various subjects, researches them extensively and always takes the children’s perspective. One team, for instance, accompanied a

group of children to the airport to find out what children find interesting there, what they notice, which questions they ask. The book “Alles über Flugzeuge” (All About Planes) provides the answers. The detailed treatment of a subject usually takes at least 12 months – and the time and effort are truly worthwhile. The books arouse the children’s curiosity with interactive play elements such as carefully designed windows that open to reveal content that’s both easy to assimilate and lots of fun,

too. They inspire children to make discoveries: How does it look inside a cockpit? (1); How does an aeroplane take off?(2); What is hidden inside the ground beneath a tree trunk? (3); How does a locust move? (4). The windows give an insight into hidden secrets and make complicated processes comprehensible. Since there is no shortage of amusing touches, too, the books become learning companions that are simply ideal for young children.

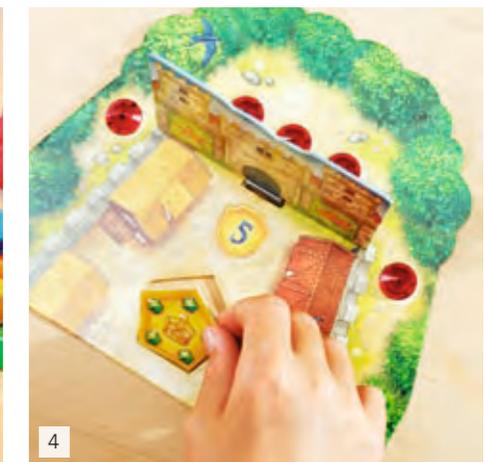
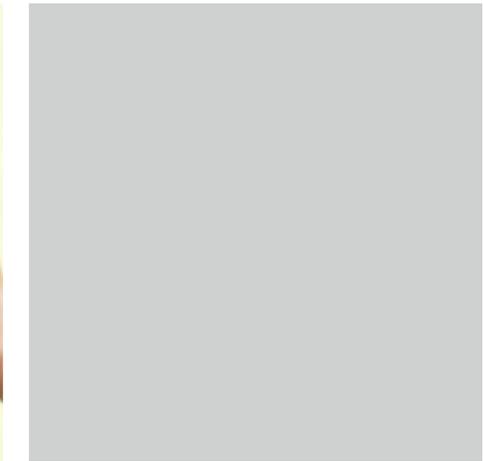
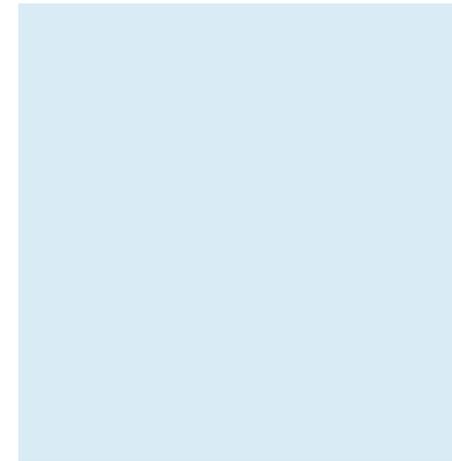


High learning motivation and individual advancement: “Spielend Neues Lernen”

At Ravensburger, we have a long tradition of producing educational games. Inspired in the early days by Pestalozzi and Fröbel and later by the early reading and arithmetic of the pre-school movement, today the programme fosters skills. Brain researchers, development psychologists, practitioners and educationalists are involved in the entire process of product conception and show us how children learn from the influences and stimuli they encounter. This is how the new Ravens-

burger play and learn series Spielend Neues Lernen came about. It comprises over 20 games that focus on key skills such as language and mathematics (1), basic knowledge of nature and technology, and physical awareness and motor functions (2) and are geared towards children aged between three and ten. Packaged in exciting stories, the games help children practise and develop their powers of combination, invention, concentration and reaction. Different materials (3) – paper, board,

wood and fabric – as well as visual, auditive and motor stimuli inspire children to play and learn with all their senses. And the variety of methods used maximises the children’s success. Our individual, team and competitive games plus a wide variety of activities, such as knocking, turning, speaking rhythmically, inventing rhymes, balancing, identifying objects by touch, listening, reading, building and more are always tied meaningfully into the subject. Degrees of difficulty graded by age group and simple self-check mechanisms such as colour keys and punch holes (4) make independent learning literally child’s play.





More than High Quality: Conscientiousness

Ravensburger is one of the few German game producers to manufacture almost all of its products itself. We make 85 per cent of our articles at our main factory in Ravensburg and at our factory in Polička, Czech Republic. This alone guarantees top quality. We manufacture a small portion of our products in collaboration with partners in the EU. We also collaborate with partners in China who can provide the required high level of manual craftsmanship for those products that cannot be produced at a reasonable price in Europe. Here, we are conscientious about ensuring the safety of all products and operate a system of painstaking checks not only during production, but prior to shipment to Germany and on the products' arrival in Ravensburg.

Quality consciousness is an everyday element of the Ravensburger corporate culture. We are profoundly aware of our responsibility towards the children who use

our games and books and we take the utmost care in the development, production and processing of our products. The elaborate quality assurance procedures we impose in line with our own self-imposed inspection requirements are clear evidence of this. In many cases, they are more stringent than the EU standards, for example in the case of critical ingredients. Safety is our top priority, especially when it comes to products for small children. Because they put our books in their mouths, we use only pure cellulose instead of recycled materials. We also have a so-called "mouth gauge" with which we check how small a part can be without a child being able to swallow it. Our limit value is 7 per cent above the legal requirement. To ensure that children cannot detach and swallow small parts from toys or books, we do a pull test that's 10 per cent higher than the statutory standard; and we are also 15 per cent above standard with our break-resistance test. Even the

Ravensburger Spieleland theme park is one of only a handful of parks anywhere in the world to hold certification from Germany's technical inspection and monitoring authority, TÜV, for maximum possible safety and quality. After all, our aim is for Ravensburger products and activities to give carefree enjoyment – and to give parents a safe, secure feeling.

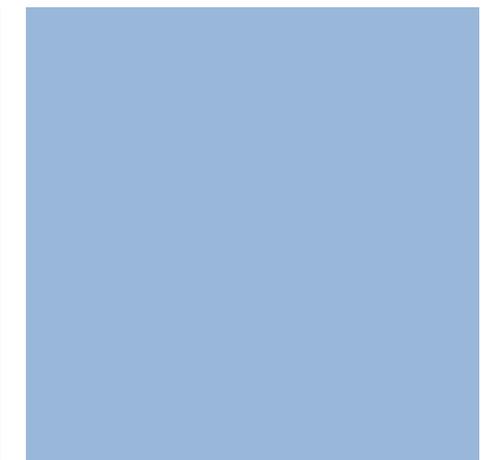
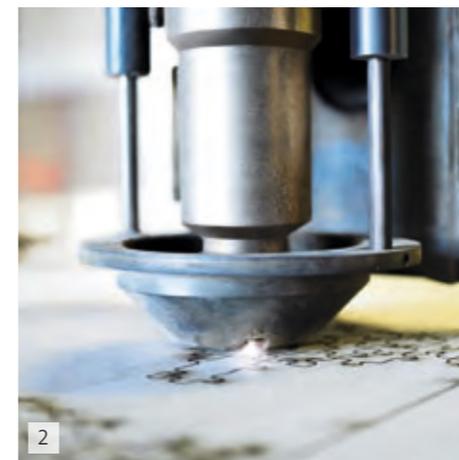
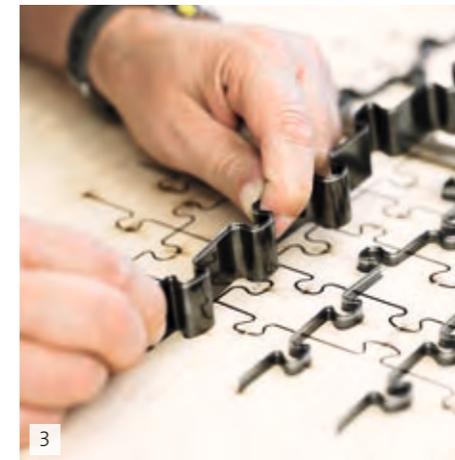
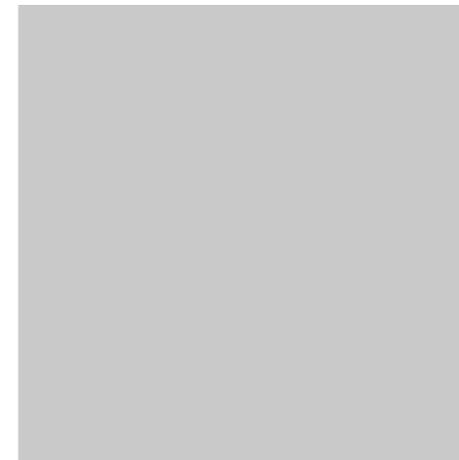
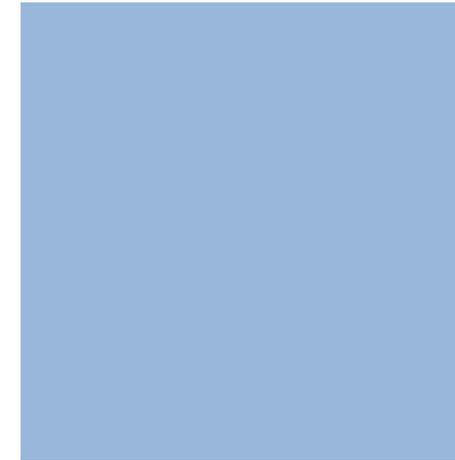
Thanks to the geographical proximity and flexibility of our production plant, we can keep deliveries going out to retailers until shortly before Christmas – anywhere in Europe, within 48 hours of ordering. Our Consumer Service offers uncomplicated assistance, free of charge, via our online service page; on request, we can soon replace a lost puzzle piece or a game's instruction sheet that simply cannot be found.

Ravensburger quality puzzles are superbly crafted

The Ravensburger range of puzzles has the right picture and the right number and size of pieces for every age group. Ravensburger puzzle pieces are so precisely cut that assembling the puzzles is a genuine “experience”. The premium quality we produce comes from over 40 years of experience and an elaborate production process that begins with the choice of board. Developed exclusively for Ravensburger, our board is ecological and the grain and length of the cellulose fibres are

ideally adapted to our quality standards. The chrome linen facing of the printed picture makes for non-glare pieces. Precise punching of the puzzle pieces from the board-mounted motif is crucial to perfect interlocking, variety of shape and a “quiet picture”. The process resembles that of cutting out biscuits from a piece of rolled dough. Whereas small cutters are used for biscuits, we need precise punching templates for the manufacture of puzzles. Here at Ravensburger, we produce these

templates in a lengthy process that combines handcraftsmanship and watchmaker’s precision with state-of-the-art technology. To ensure that no two pieces are identical, templates are drawn by hand (1) and laser-cut (2) into a mounting plate. Our specialists bend metal cutters by hand using specially developed tools, insert them one by one with millimetre accuracy into the laser-cut lines on the plate (3) and check that no gaps have been left (4). Once the finished punching tool has been set up in the punching machine, the puzzle pieces can be cut. Constant checks ensure that all cut edges are clean and the puzzles complete in their boxes.





More than Responsibility: Obligation

More than 125 years of company history in one place, a place that has lent the Ravensburger brand its name – those years stand for close ties and deep roots with the city and the region. A logical consequence of this is the need to keep the location competitive – and that's quite a challenge we are facing. The family enterprise's close ties also bring with them a responsibility.

A family enterprise stands very much for continuity, enduring values and hard and fast principles. In our case, these values are also greatly influenced by the owner family. We all feel duty-bound to keep the Ravensburger promise of quality – in terms of content, materials and service.

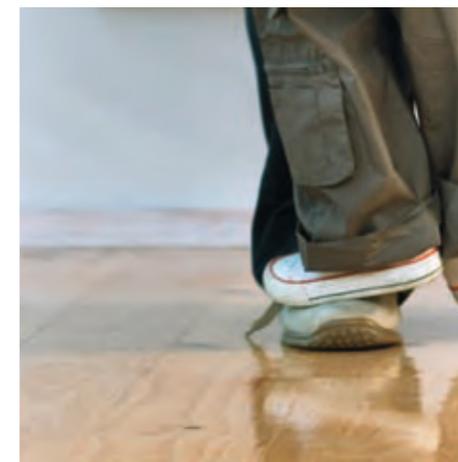
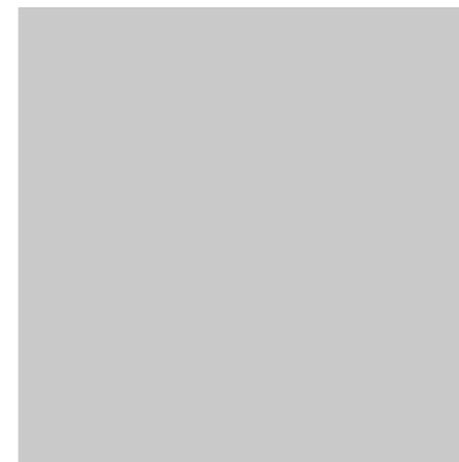
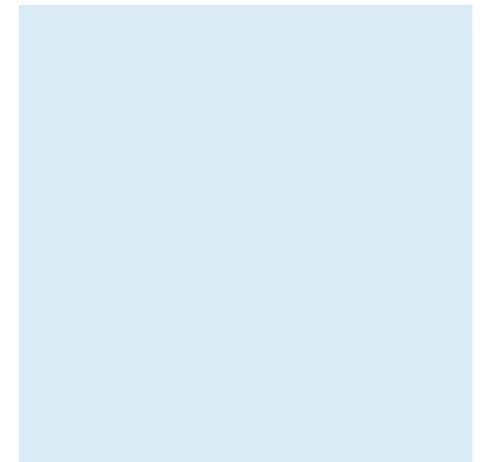
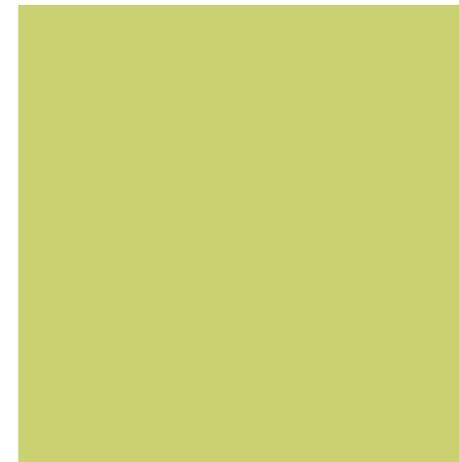
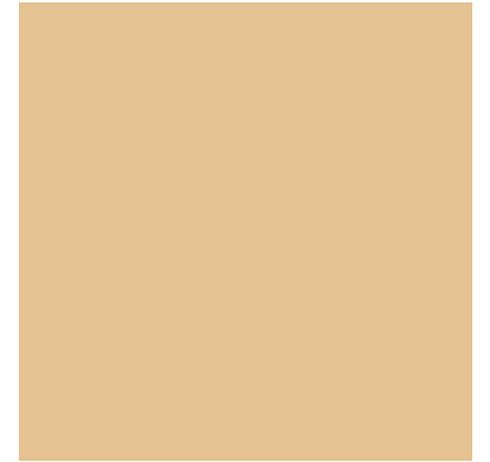
Responsible production, fair partners and corporate social responsibility

Because we produce our own products, we can ensure that working standards are fair. We are highly successful in our efforts to ensure the greatest possible safety for our production and logistics employees. As for the small proportion of articles we cannot produce ourselves, we do our utmost to ensure fair working conditions at our partners' production sites. Ravensburger was one of the first to join the "Fair Play" initiative and we insist that our suppliers in China, for example, hold

certification of compliance with the International Council of Toy Industries' code. The code includes a ban on child labour, compliance with statutory working hour regulations, as well as safety, health and environmental standards. Our partner companies are obliged to meet these standards and their compliance is monitored by independent institutes. To us, responsible production also means using resources sparingly and doing our utmost to protect the environment. We recycle

more than 95 per cent of our production waste. Here at Ravensburger, responsibility also applies to our business dealings: we are reliable and predictable partners for everyone with whom we work, for our authors and suppliers, for our customers and buyers all over the world.

In the year 2000, the family enterprise founded the non-profit-making foundation "Stiftung Ravensburger Verlag", which sponsors educational and child-raising projects in the cultural and social environment of children and families. Ravensburger also continues in its commitment both to Germany's national reading foundation, "Stiftung Lesen", of which we have been patrons since its formation in 1988, and to the "Mehr Zeit für Kinder" (More Time for Children) initiative it has already been supporting for many years.



Long experience and the keen sense of responsibility that governs all of our actions have forged the values which influence every aspect of our work, small and large, today and tomorrow. We act upon those values with conviction and feel a deep obligation to keep our brand promise.



Playing is more than just passing the time.
Reading is more than just acquiring information.
Enjoyment is more than just having fun.
Education is more than just gaining knowledge.
Being together is better than being alone.

Enjoyment, education and togetherness –
we believe in these values.
With passion and intellect.

So that children and adults
constantly

Discover what is really important.

Annual Report of the Ravensburger AG Group

Business development and situation in 2008

For the Ravensburger Group the general business environment over the past fiscal year 2008 varied according to the individual markets. Whilst the toy markets in Germany, Italy, the Benelux countries, Austria and Spain recorded gains, the markets in France, the United Kingdom, Switzerland and the United States stagnated or experienced a slight downturn. Both the American dollar and the British pound declined considerably in value during the course of the fiscal year, which had a negative impact on turnover in these countries.

In almost all markets concentration of trade continued.

Under these prevailing conditions the Ravensburger Group was able to rely on its strengths of its products with regard to contents, quality and service in order to maintain and 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 operational areas of the Group and of the German subsidiaries are managed centrally by divisions of the Ravensburger AG. This applies in particular to the operational areas of finance, treasury, central controllership, central marketing, public relations, human resources, IT and the legal issues.

In addition to the Holding operations, 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 within the group. Finally, it controls and coordinates the risk management system for the whole group.

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 Book 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, the Benelux countries, Austria and Switzerland, as well as in the United States, separate distribution companies are maintained, whereas smaller markets are served from Germany in the form of an export business. The products are mostly produced in Ravensburger's own factories in Germany and the Czech Republic, whereas the logistics are managed from Germany.

The Children's and Youth Book division concentrates on 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 is aimed at both children and parents and offers a wide variety of attractions suitable for children. As part of its range of services, this division organises promotions and events for other brand name companies.

Business development of the operative divisions

Games, Puzzles and Arts/Crafts division

The turnover of this division increased by 0.5 % (currency-adjusted: 1.5 %) from € 230.9 million in the previous year to € 231.9 million in 2008. The largest single market of this division is still Germany where in the past fiscal year Ravensburger recorded an increase in turnover of 6.4 %. Almost 57 % of the turnover is generated abroad. In Italy and the Benelux countries as well as in Switzerland the turnover in the past year was positive or stable, whilst in the United Kingdom, Spain and France there was a decrease in turnover. US turnover increased again in 2008 by 3.1 % in US currency, yet owing to exchange rates was down - 3.8 % in Euro.

The expansion of important product brands and a wide range of international licences contributed positively to turnover.

In the games sector turnover was increased by 4.5 %. The award of "Children's Game of the Year 2008" for the partially electronic game "Wer war's?" had a positive effect especially in Germany. However, the product families "Phase 10", "Make'n'Break", "Labyrinth" and the new successful 3D action game "Billy Biber" also contributed to the growth within this sector.

In the Puzzles product sector turnover rose to € 61.6 million in 2008 with the aid of 2D puzzles and is up by 0.6 % compared with the previous year.

In 2008 the "puzzleball®" achieved a turnover of more than € 30 million which amounted to an increase of 10.1 %. Roughly € 1 million came from the UEFA licenced products for the European Football Championship of 2008.

The turnover of the two most important product families in the Arts/Crafts division "Painting by Numbers®" and "Mandala-

Designer®" suffered a loss in turnover 2008. The product lines "Paper Creation®" and "Science X®" which had been introduced in the previous year did not meet expectations in 2008. In total, the division recorded a loss in turnover of 14.3 % in the past fiscal year.

The turnover of the product line "ministeps®" was very successful again in 2008 and achieved a turnover of € 7.9 million, which is an increase of 16.2 %.

The fiscal year 2008 was characterised by considerable price increases for both raw materials and the purchase of finished products from Far Eastern countries. Whilst in the case of raw materials the increase in energy costs up to the middle of the year was mainly responsible for these increases, the reason for the price increases for products purchased from China was the raising of the legal minimum wage in countries of the Far East. The cost increases could not be passed on to the markets during the year. Negative effects from changes in exchange rates amounting to € 1.4 million had a further detrimental impact on results.

Children's and Youth Book Division

With a loss in turnover 2008 of 1 % the German book market achieved much better results than those predicted in November thanks to the very good Christmas trade. Fiction books recorded the most positive development followed by non-fiction books. The category Children's and Youth book followed in third place and although there was a fall in turnover of -4 %, the results were much better than those expected after the significant increases gained by the bestsellers in 2007.

With a further growth of 1.7 % the Ravensburger book publishing division has been able to confirm its leading position for the seventh year in succession especially as the gross turnover of the books with the blue triangle has risen by 5 %.

With an increased turnover of 17 % the narrative fiction category has achieved the best result compared with the previous year, followed closely by the Ravensburger paperbacks and “ministeps®” with an increased turnover of 14 %. Similarly, the whole picture book range achieved above-average results with an increase of 7 %. After an increase of 8% in the previous year the product brand “Wieso? Weshalb? Warum?” achieved an increase in turnover of 1 % in the fiscal year 2008. The categories Children’s non-fiction (- 13 %) and Thomas Brezina books (- 9 %) did not meet expectations in terms of turnover.

Overall, the past fiscal year was a successful one which ended with sales revenues of € 51.1 million which is a plus of € 1 million compared with the previous year.

Leisure and Promotion Service division

Ravensburger Spieleland AG

The Ravensburger Spieleland had approximately 318,000 visitors in 2008. These visitor numbers were down by 9.8 % on those of the previous year as a result of the adverse weather conditions during the whole of the Easter vacation and in April. The fact that approximately 13,000 season and annual tickets were sold – this amounts to an increase of 39.9 % – clearly shows that the Spieleland is also attractive to repeat visitors. With 252,000 admission-paying visitors figures were down by 7.5 % compared with those of the previous year. The two-day tickets sold very well with figures of 4,000 tickets sold in the past season. This increase of 67.9 % is the result of close cooperation with hotels, guesthouses and tour operators.

With a turnover of € 6.9 million (+ 9.7 % compared with the previous year) Ravensburger Spieleland achieved its best results ever. The main reasons for this were the average admission price increases of € 2 for single day tickets and the revenue from the gastronomy (+ 17.7 %) and shop/merchandising (+ 29.8 %) areas. The per capita

revenue on the basis of the visitors to the park increased by € 3.82 from € 17.93 to € 21.75 compared with the previous year. The main reason for this increase is the addition of shopping facilities and services.

The majority of Spieleland visitors in 2008 again came from Germany (70 %). The percentage of visitors from Switzerland decreased by 5 %-points to 23 %. Only 6 % of the visitors came from Austria and 1 % from other European countries.

Ravensburger Leisure & Promotion Service Division GmbH

The Ravensburger event agency is a service provider for business clients in the sectors of stationary and mobile brand environments, children’s corners and events. Through tours of shopping centres, town festivals and consumer trade fairs as well as design and creation of various children’s corners, this division achieved a turnover of € 2.6 million in the past fiscal year, which amounts to an increase of 39 % 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 fiscal year 2008 of € 287.8 million (+0.7 %). Miscellaneous operating revenues amounted to € 7.9 million and therefore exceeded those of the previous year, which is primarily due to higher profits from currency exchange rates as well as additional accounting profits.

The operating expenses rose by 3.4 % to € 264.2 million. Material costs increased by 3.2 % to € 86.7 million on account of considerable cost increases for raw materials which could not be passed on to the market. Personnel costs increased to € 65.0 million despite the fact that the average number of employees remained approximately the same in 2008. This slight increase resulted from the increase in wage and salary levels as well as from 125th anniversary bonus payments. Depreciation of tangible and intangible assets decreased by € 1.3 million to € 4.9 million. Miscellaneous operating expenses, however, increased by € 6.3 million to € 107.6 million. The reasons for the increase in these expenses were administrative and selling costs as well as exchange losses and accruals for foreign forward exchange contracts.

The financial result fell by 0.8 % to € 2.0 million. The main reason for this was the negative development on the stock markets in 2008, which produced a result from asset management which was lower by € 1.6 million on account of depreciation and stock market losses. In contrast, income from investments was higher at € 0.9 million.

The result of the ordinary business year was € 33.6 million, € 6.4 million below the result of the previous year.

The extraordinary result of the Group was at the same level as that of the previous year at € 0.5 million. Tax expenses were lower in the

past fiscal year at € 8.8 million (previous year € 13.7 million). This decrease along with the decrease in the before-tax-earnings results from the lowering of taxation rates in Germany (Corporate taxation reform law 2008) and both the reversal of tax accruals and tax refunds from foreign countries from previous years.

On balance, the Ravensburger Group succeeded in maintaining its consolidated end of year result after tax at the high level of € 24.3 million, despite the effects of the stock market development and the one-time expenditure for the 125th anniversary.

Assets

The balance sheet total of the Group as of 31 December 2008 is € 239.1 million. This sum is down by € 18.7 million compared with the previous year (€ 257.8 million). The liquidity, in particular, has been reduced as a result of the disbursement of private accounts of shareholders and limited partners of the Ravensburger Holding GmbH & Co. KG.

On balance, the fixed assets increased by € 3.4 million to € 65.0 million investments in tangible assets of € 4.5 million were lower than those of the previous year (€ 5.8 million) and also lower than the depreciation of tangible assets (€ 5.3 million). As a result, the fixed assets decreased at the end of 2008 by € 0.7 million (taking currency fluctuations into consideration) compared with the previous year. Fixed assets also include the long-term bonds. These long-term bonds increased during the fiscal year by € 4.7 million to € 20.5 million caused by a higher share of securities from the asset management system as well as a reclassification of a bonded loan of € 4.0 million which had hitherto been held under current assets.

Current assets were reduced over the same period of time by € 21.8 million to € 173.0 million. This includes the shares also held in the asset management system. On account of the situation on the

stock exchange the short-term securities (particularly shares) were reduced by € 4.6 million to € 7.6 million. Liquid assets were reduced to € 46.9 million (previous year € 72.9 million).

The capital commitment in the operative current assets (inventories, receivables and other assets) increased. Inventories increased in the Games, Puzzles, Arts/Crafts division as well as in the Children's and Youth Book division to € 2.9 million as a result of a scheduled storage plan to guarantee high supply capacities for the Christmas trade and for deliveries of new products at the beginning of 2009. The trade receivables increased by € 3.8 million as a result of the deferment of sales towards the end of the year. Other assets increased by € 2.6 million particularly because of specifically scheduled tax deferrals as well as advance payments.

Liquidity/cash flow

The cash flow from the Ravensburger Group's current business operations was € 8.5 million in the year covered by the report and, at the accounting date, was € 29.7 million below the figure of the previous year (€ 38.2 million). The main reason for this figure was that funds were tied down in current assets (inventories, trade receivables and payables as well as received payments) which, compared with the previous year, had increased by € 13.9 million, as is also the case with accruals (+ € 10.4 million).

The cash flow from investment activity improved by € 5.7 million. This is partly a result of smaller investments in tangible assets (- € 1.3 million compared with the previous year) and also has to do with a reduction of € 3.7 million in investment in bonds of fixed and current assets.

Dividend payments reached the same levels of the previous year (€ 14.4 million). A percentage of these dividends as well as all the personal accounts of the shareholders and of the limited partners of the Ravensburger Holding GmbH & Co. KG were paid out in 2008

to the total amount of € 29.5 million. The funds for financing purposes were therefore reduced by € 21.9 million. The Ravensburger Group has no liabilities to banks as at the end of the year.

Financing structure

In the past fiscal year the shareholders' equity of the Ravensburger Group increased from € 131.7 million to € 142.4 million. The reason for this increase was the Group's net annual income of € 24.3 million, which was reduced by the dividend payment of € 14.4 million. As a result of this and the balance sheet contraction following the reduction of other liabilities, we have an equity ratio of 59.6 % (previous year 51.1 %).

The pension accruals rose by € 0.6 million to € 25.9 million.

In 2008 the tax accruals were reduced to € 3.2 million (previous year € 13.7 million). The reason for this reduction was the payment of taxes for 2006 and 2007 as well as the reversal of a tax accrual. In the past fiscal year other accruals decreased by € 0.8 million. This reduction results mainly from the liquidation of accruals which were not drawn upon.

Trade payables including received payments fell by € 0.8 million as at the accounting date.

The liabilities to the Ravensburger Holding GmbH & Co. KG increased by € 6.9 million. These liabilities were paid at the start of the year 2009. Other liabilities decreased by € 24.8 million. This is attributable mainly to the payment of private accounts to the shareholders and limited partners of the Ravensburger Holding GmbH & Co. KG to the amount of € 23.6 million.

In the course of the fiscal year 2008 the Ravensburger Group had an average total of 1,487 employees (previous year 1,491).

Outlook at the beginning of the 2009 fiscal year

Games, Puzzles and Arts/Crafts division

The new products and relaunches developed for 2009 including the activities planned for the 50th anniversary of "memory®" have been well received by retailers. There are good opportunities for purchasing production materials and finished goods.

The following issues are seen as potential risks for the business operations and development in the current year:

- the global recession and the ensuing reduction in consumer demand as well as the impact of the financial crisis on retail trade and, as a consequence, the reduced insurance cover afforded by credit insurance companies for the outstanding debts of large European customers
- a partially disastrous decline in retail prices
- the increasing process of concentration in retail trade (with the risk that some outlets close and the danger of reduced margins for producers and suppliers).

Children's and Youth Book division

The Ravensburger book publishing company expects in 2009 the difficult economic conditions to have impacts on turnover and operating profits.

In 2009 the main priority is a programme of process and cost optimisation. The high quality standards of our products, the appeal of the Ravensburger brand and our active marketing measures in all the relevant marketing channels and markets provide us with a firm base to achieve satisfactory turnover levels in 2009.

Leisure and Promotion Service division

In the 2009 season our aim is to increase the brand awareness of the Ravensburger Spieleland with specific sales and marketing measures and public relations initiatives, thus extending the catchment area of our visitors. For the first time we will attempt to appeal to grandparents as a new target group so that they visit the park with their grandchildren. No provision has been made for large investments in new attractions in the park.

Expected visitor volume for the coming season is below that of the previous year, which allows for the present unstable economic situation. Through both a price increase and cost saving measures the overall result for the coming fiscal year is expected to show further improvement.

The Ravensburger Leisure and Promotion Service Division GmbH will also stage tour events as in previous years. We aim to generate fresh potential for growth through the creation of customised concepts for children's corners and stationary and mobile brand environments.

Ravensburger Group

In summary, the Managing Board of the Ravensburger AG expects a downturn in business in 2009. Difficult external conditions are responsible for the projected business development despite the sound positioning and quality of Ravensburger products and brands as well as the creativity and commitment of our employees.

Given these conditions, it remains our aim to limit the projected downturn in sales and profits. There were no issues of particular importance to report on after the accounting date.

Ravensburg, March 6, 2009

The Managing Board

Consolidated Balance Sheet of Ravensburger AG Group,
Ravensburg, Balance Sheet as of December 31, 2008

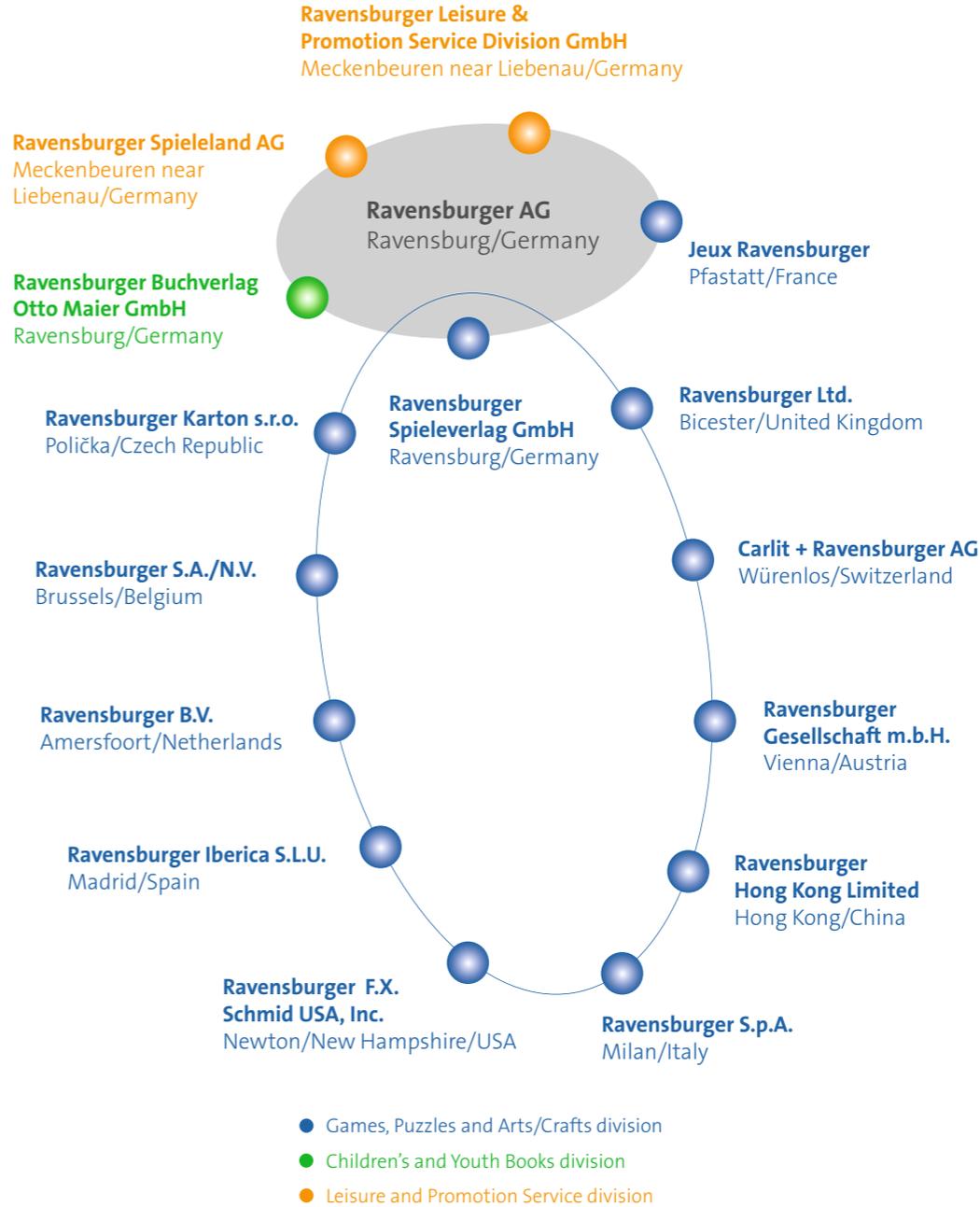
ASSETS	€	€	€	T€
				31.12.2007
A FIXED ASSETS				
<i>I. Intangible Assets</i>				
1. Film rights, software, licences and similar rights	92,682.56			177
2. Payments in advance	0.00			6
		92,682.56		183
<i>II. Tangible Assets</i>				
1. Land and buildings	30,590,575.29			32,605
2. Technical equipment and machinery	4,515,027.59			3,098
3. Other equipment, factory and office equipment	7,156,923.40			7,116
4. Payments on account and assets under construction	746,533.00			859
		43,009,059.28		43,678
<i>III. Financial Assets</i>				
1. Shares in affiliated enterprises	1,432,452.51			1,433
2. Participations in affiliated enterprises	0.00			500
3. Participations	7,669.00			15
4. Long-term investments	20,486,921.05			15,805
		21,927,042.56		17,753
			65,028,784.40	61,614
B CURRENT ASSETS				
<i>I. Inventories</i>				
1. Raw materials and supplies	6,922,221.70			6,525
2. Work in process	3,475,469.56			3,404
3. Finished goods and merchandise	15,868,816.36			14,068
4. Payments on account	1,110,113.25			469
		27,376,620.87		24,466
<i>II. Receivables and Other Assets</i>				
1. Trade receivables	78,963,253.14			75,130
2. Receivables from affiliated enterprises	2,471,615.51			2,552
3. Receivables from enterprises in which the company has a participating interest	0.00			420
4. Other assets	9,664,041.64			7,085
		91,098,910.29		85,187
<i>III. Securities</i>				
Other securities	7,592,033.47			12,242
<i>IV. Cash on Hand, Central Bank Balances and Bank Balances</i>				
	46,927,773.91			72,910
		172,995,338.54		194,805
C PREPAID EXPENSES			448,494.22	451
D DEFERRED TAXES			626,013.80	888
		239,098,630.96		257,758

LIABILITIES AND SHAREHOLDERS EQUITY	€	€	T€
			31.12.2007
A EQUITY			
<i>I. Subscribed Capital</i>	12,480,000.00		12,480
<i>II. Capital Reserves</i>	39,050,000.00		39,050
<i>III. Earning Reserves</i>	20,138,912.63		17,798
<i>IV. Retained Earnings</i>	70,731,368.41		62,376
		142,400,281.04	131,704
B ACCRUALS			
1. Accruals for pensions	25,948,885.18		25,356
2. Tax accruals	3,223,254.41		13,717
3. Other accruals	28,179,791.10		29,017
		57,351,930.69	68,090
C LIABILITIES			
1. Customer advances	220,275.00		19
2. Trade payables	27,785,540.11		28,784
3. Payables to affiliated companies	7,731,718.68		816
4. Other liabilities	3,568,885.44		28,334
		39,306,419.23	57,953
D DEFERRED INCOME		40,000.00	11
		239,098,630.96	257,758

Consolidated Income Statement of
Ravensburger AG Group, Ravensburg, for the Period
January 1, 2008 through December 31, 2008

	€	€	€	2007 T€
1. Turnover		287,767,628.24		285,761
2. Increase in finished goods, inventories and work in progress		134,544.95		988
3. Other operating income		7,916,231.61		6,027
			295,818,404.80	292,776
4. Cost of materials				
a) Cost of raw materials, consumables and supplies and of purchased merchandise		75,719,810.06		74,060
b) Cost of purchased services		10,988,381.76		9,916
			86,708,191.82	83,976
			209,110,212.98	208,800
5. Personnel expenses				
a) Wages and salaries	52,093,247.15			51,406
b) Social security and employee benefits	10,422,961.34			10,374
c) Pensions and other benefits	2,454,305.99			2,295
		64,970,514.48		
6. Depreciation of intangible fixed assets and tangible assets		4,937,481.06		6,198
7. Other operating expenses		107,635,060.69		101,321
			177,543,056.23	
			31,567,156.75	37,206
8. Income from profit and loss absorption/transfer agreement	241,870.14			3
9. Income from participations	1,500,093.26			800
10. Income from other investment and loans including book profits and write-up income	1,159,601.42			803
11. Other interest and similar income	2,610,448.63			2,435
		5,512,013.45		
12. Dispositions of financial assets and of current asset securities including disposition losses	2,413,807.06			312
13. Interest and similar expenses	1,090,801.14			942
		3,504,608.20		
			2,007,405.25	2,787
14. Results from ordinary operation			33,574,562.00	39,993
15. Extraordinary results			-455,468.00	-455
16. Taxes on income		8,307,132.28		13,168
17. Other taxes		597,299.74		534
18. Income or expense tax of allocation group relief		103,658.00		2
			8,800,774.02	13,700
19. Consolidated income of the year			24,318,319.98	25,838
20. Prior period unappropriated retained earnings brought forward			47,976,149.08	35,121
21. Transfer to revenue reserves (previous year transfer from revenue reserves)			1,563,100.65	1,417
22. Retained earnings			70,731,368.41	62,376

Organigram of the Ravensburger AG Group



Comparative of the Ravensburger AG Consolidated Group

	1998 T€	1999 T€	2000 T€	2001 T€	2002 T€	2003* T€	2004* T€	2005* T€	2006 T€	2007 T€	2008 T€
Sales without consolidated sales RTV Family Entertainment AG	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	287,768
Results from ordinary activities as a percentage of sales	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 %	33,575 11.7 %
Net income/(loss) for the year after tax margin as a percentage of sales	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 %	24,318 8.5 %
Cash flow** as a percentage of sales	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 %	32,237 11.3 %	30,967 10.8 %
Balance sheet total	273,026	236,542	245,946	226,070	198,257	256,736	265,001	234,654	237,055	257,758	239,099
Shareholder's equity as a percentage of balance sheet total	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 %	142,400 59.6 %
Number of employees (year-end)	2,011	1,979	1,862	1,727	1,440	1,377	1,448	1,436	1,426	1,491	1,487
Investments in tangible fixed assets	24,641	8,980	8,580	3,334	2,763	1,952	4,739	7,891	3,282	5,812	4,515
Depreciation of tangible fixed assets	15,321	14,995	11,846	15,877	8,048	7,203	6,137	6,211	6,889	6,444	5,278
* 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)											

2008 Annual Report
Ravensburger AG Group
Ravensburg, May 2009

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