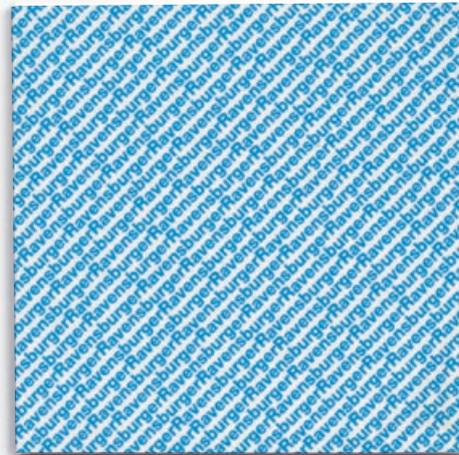


Ravensburger ▲

2009 Annual Report
of the Ravensburger AG Group



memory®

REMEMBER. DISCOVER. EXPERIENCE.



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.





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2009. THE RAVENSBURGER YEAR

Despite the financial crisis, the toy markets in Europe have remained surprisingly stable. Only United Kingdom's toy market was in decline, as Woolworth, one of the country's largest retailers with more than 10 % of the market share, dropped out of the market at the end of 2008. The games and puzzle markets in Switzerland and Spain also developed at less positive rates.

The reasons for this overall satisfactory development are two-fold: the consumers' decision not to save on purchases for children, as well as a stagnating computer games market, which has restricted budgets over the past few years.

The children's and youth book market showed excellent development in Germany, with a plus of 11 %. It should be

noted, however, that the market grew exclusively from the success of an all-age vampire series that was assigned to the children's and youth segment, although it was also read by adults. The dominance of this series absorbed considerable purchasing budgets and retail sales areas. If one disregards this series, the market declined slightly in 2009.

Within the context of this market situation, Ravensburger is able to look back on a satisfying year. Turnover in the Ravensburger Group rose slightly by 1.7 % as compared to the previous year. Annual income (after taxes) rose by 40 % to € 34 million.

In the Games, Puzzles and Arts/Crafts division, turnover decreased in relation to the previous year by 2.5 %. Three primary

reasons can be identified: firstly, our commercial partners reduced stocks, in some cases considerably, due to restricted financing from banks. Secondly, the increase in the price of the euro led to a 25 % turnover decline in the export segment as compared to the previous year. The countries affected here included Poland, Russia, Turkey and Hungary. A third reason: due to a double-digit slump in turnover up to February, minus 6 % up to June and the corresponding uncertainty in regard to Christmas sales, we reduced both marketing budgets and retail stocks.

Cuts in the personnel area affected the Ravensburger Group across the board. These were carried out with mild measures such as overtime reduction, the exclusion of holiday entitlement transfer to the following year and a hiring freeze.

The Children's and Youth Book division recorded 0.8 % higher turnover than the previous year (adjusted for changes in the consolidated companies). In a difficult market environment, individual categories saw sales gains. For instance, the children's special interest book range "Wieso? Weshalb? Warum?®" grew once again by 3.7 %. Similar to the Games, Puzzles and Arts/Crafts division, the Children's and Youth Book division reduced its marketing budget over the course of the year in view of the disappointing turnover development during the period.

The Ravensburger Spieleland was able to increase turnover by 2.2 %, attaining the best result since its formation. 50 % of the turnover growth resulted from the Christmas markets on the Advent weekends, which were held for the first time ever.

For a fiscal year which was highly satisfactory for Ravensburger in light of the challenging economic conditions, we would like to express our heartfelt thanks and appreciation to our staff, the members of the Works Council and our commercial partners.

For some time now, the borders between traditional and digital games have become more fluid. Ravensburger has actively participated in this development in a diverse variety of ways. A good example here is the electronically-supported board game for children "Wer war's?". It was honoured as "Children's Game of the Year 2008" and that same year surpassed the sales figures for the "Game of the Year" – a new feat since both critics' awards were established. "Wer war's?" was able to repeat this success in 2009, and was placed fifth in the consumer sales rankings for toys in Germany overall.

The founding of our subsidiary "Ravensburger Digital" in May 2009 with headquarters in Munich was an important strategic step for the Group. The objective of this subsidiary is to exploit turnover po-

tential for the Ravensburger brand in the area of digital media, including consoles, smart phones and online games. Another goal is to develop expertise for the classic games segment.

For the new fiscal year, we expect momentum from "tiptoi®" as well, an innovative digital-audio learning system for books and games. It will be launched by both the Games, Puzzles and Arts/Crafts division and the Children's and Youth Book division in 2010.

The Managing Board

memory®

REMEMBER. DISCOVER. EXPERIENCE.

If one takes the name of the game in a literal sense, then an annual report is also a certain kind of memory aid – a review which recalls the most important events and figures for the reporting year. A medium for corporate memory.

One very special event in 2009 was the 50th anniversary of memory® . With more than 75 million copies sold worldwide, memory® is Ravensburger's most successful game and also its most well-known product name. In short, memory® stands for Ravensburger like no other game.

Under the motto of the memory® claim "Remember. Discover. Experience." we would like to unveil selected cards from the past, present and future of the brand for the 2009 Annual Report.



REMEMBER.

Who isn't fond of looking back on playing memory®? Remembering the wonderful suspense, or when the outcome hinged on finding a specific motif. The chapter REMEMBER recalls 50 years of the memory® success story. It reports on the origins of the game, on its remarkable figures and on the wide variety of topics and licenses that exist.

REMEMBER. DISCOVER. EXPERIENCE.

A MOMENTOUS GIFT

It all started with a grandfather who wanted to treat his grandchildren. The Swiss national Heinrich Hurter crafted a game from square cardboard cards, which he pasted with clippings from illustrated magazines and department store catalogues – always creating two cards with the same motif.

The game was so popular in the family of his son William, who was a diplomat in London at the time, that friends encouraged him to offer the concept to a game manufacturer. This was how William Hurter came to contact the Otto Maier Verlag in December 1957, presenting his game to the then programme director in January 1958. Just a few days later, the publishing house agreed to produce the game, and at the end of February 1959, “memory®” was presented for the first time at the Nuremberg Toy Fair.

Who wouldn't be interested in seeing what the forerunner of the game looked like – the celebrated first version from the Hurter family household? Unfortunately, its whereabouts remain a mystery, for William Hurter took the game back home with him at the time. This actually makes sense, as his children were reluctant to part with it for much longer.

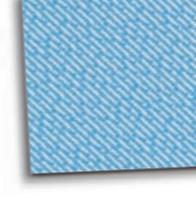
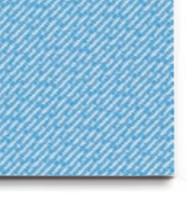
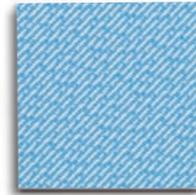
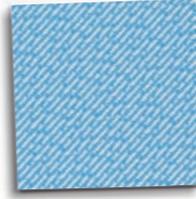
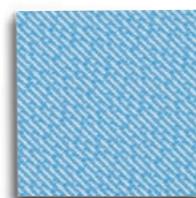
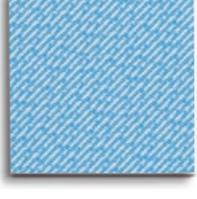
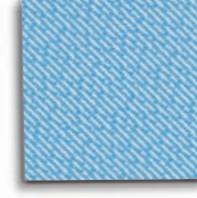
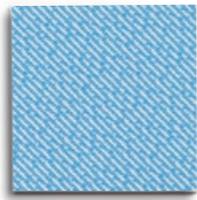
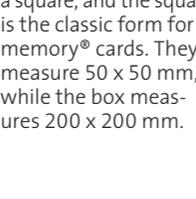
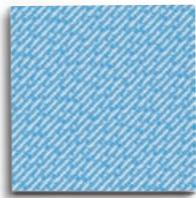
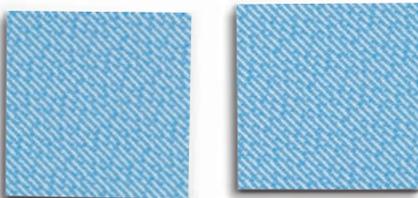
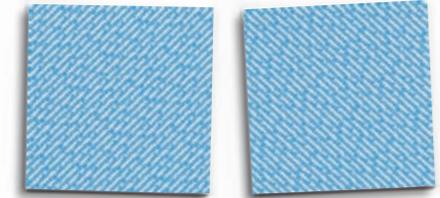
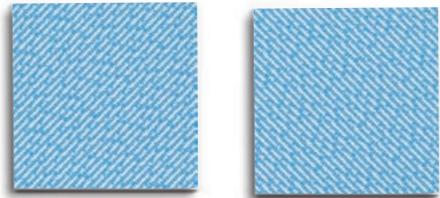
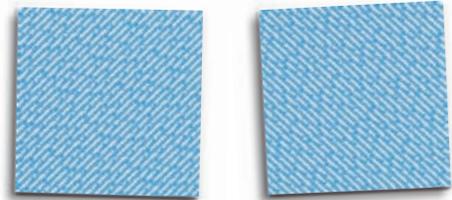
The very first memory® appeared on 15 April 1959 under the name “memory® Bilder”: 108 cards, 5 x 5 cm format, in a square box measuring 20 x 20 cm. The image details originated exclusively from the books, games and catalogues of the publishing house, including the world-famous “House of Cards” by Ray and Charles Eames, as well as from Alice and Martin Provensen’s “Mr. Noah and His Family”. One of the motifs was the publisher’s mark which

had just been created – the triangle with the pointed cone figure. The choice of images made the game unmistakable and uncopyable. As a side effect, it was also a clever move for the publishing programme with regard to advertising. This was effective branding, long before this word was even used for visual marketing in terms of distinctiveness and recognition factor.



REMEMBER. DISCOVER. EXPERIENCE.

MEMORY® – A GAME OF NOTABLE FIGURES

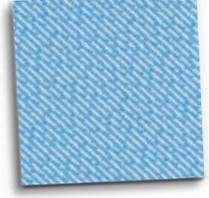
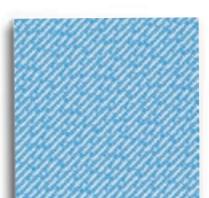
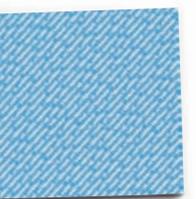
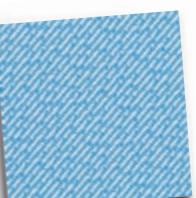
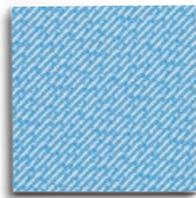
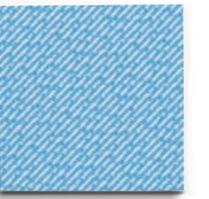
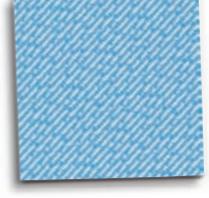
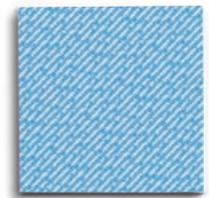
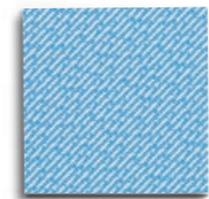
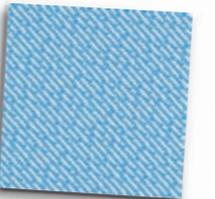
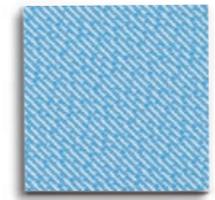
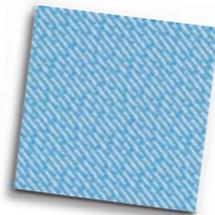


8
times around the
earth – this is how
long all memory®
cards sold would
reach if they were
all lined up.

4.80
German marks.
This was the retail
price for the first
memory® in 1959.

4
Equally long sides make
a square, and the square
is the classic form for
memory® cards. They
measure 50 x 50 mm,
while the box meas-
ures 200 x 200 mm.

1
The No. 1 Ravens-
burger game has
shown some impres-
sive figures. A small
selection from the
first 50 years of
memory®.



75,000,000
copies of memory® were sold world-
wide between 1959 and 2009.

8,000
copies of the first
memory® game
were sold in its
launch year – a
huge number at
the time.

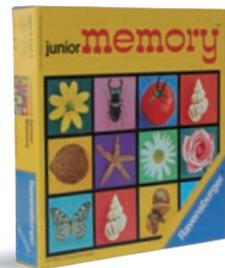
250
different memory®
versions have been
published by Ravens-
burger in the past
50 years.

91
per cent of all Ger-
mans are familiar
with memory®, ac-
cording to a study.

DIVERSITY THAT ONE TRULY REMEMBERS

50 years of memory® also unfold as a diverse history of topics and motifs. There are versions of memory® for children, families and adults. There is a wide variety of package sizes, components and card formats. The cards show photographs and

drawings, child-friendly designs and cultural assets, everyday objects and works of art, yellow lemons and shaggy-maned lions. A small journey through time over five decades.



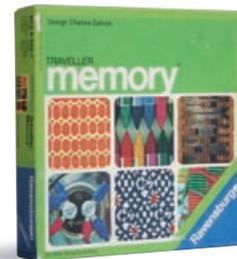
“memory® Kinder”

In 1960, “memory® Kinder” followed in the footsteps of “memory® Bilder”, with 72 cards and simple motifs. With nearly six million copies sold, it becomes a classic of the memory® range (from 1962 as “memory® Junior”).



“memory® 1x1”

As always, memory® trains the ability to remember and concentrate. Calculating skills are also tested in this version. Launched in 1969, “memory® 1x1” is part of the learning memory® range. In 1971, variations on the themes of reading and traffic signs are launched.



“memory® Traveller”

In 1974, the first memory® game conceived expressly for adults is published with the Ravensburger “Traveller” games series – with the most sophisticated artistic standard to date. Design: Charles Eames. In 2009, a new edition is launched called “memory® Eames”.



“memory® Deutschland”

With “memory® Deutschland” from 1985, the game box appears in cube form. 100 cards show typical motifs from Germany, from the minnesingers through Neuschwanstein Castle and Dürer’s hare to the cuckoo clock.



“memory® Umwelt”

It appeared on the market in 1993, playfully communicating the avoidance of unnecessary rubbish as well as correctly sorted packaging waste. The object of the game is to match goods with the suitable collection points. Since these can number up to three, the game deviates from the classic “pairing” principle.



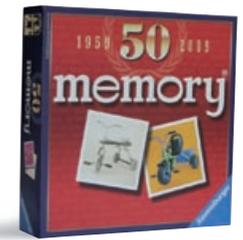
“memory® Tierkinder”

Launched for the first time in 1996, “memory® Tierkinder” quickly becomes an important money maker and is now a classic memory® edition. Fascinating photos show domestic and exotic animals, from young kittens to small penguins.



“ministeps® memory® Bauernhof”

In 2006, a new fabric version is launched as part of the baby and infant series “ministeps®”. The 24 fabric cards are softly padded and have round, quilted corners. In an affectionate manner suitable for children, they show motifs from the farm world.



“memory® 1959-2009”

In 2009, Ravensburger produces a very special edition. It invites players to take a journey through time over five decades. What’s more, it brings a new principle into play: each pair encompasses an article of daily use from the 1950s and its counterpart from the present day.



REMEMBER. DISCOVER. EXPERIENCE.

BIG STARS ON SMALL CARDS

Mickey Mouse was the first. In 1980, the first memory® game was produced using motifs that Ravensburger had not created itself. Starting from the 1990s, the famous Walt Disney figure was succeeded by an array of stars, with new heroes presented each year. The Lion King, Heidi, Cinderella, Winnie the Pooh, Teletubbies, SpongeBob, Bob the Builder, Winx and Hello Kitty: what children know and love from the cinema, TV, books and comics is also popular as a memory® game. This process always involved the union of two strong brands: the world-renowned game brand memory® and internationally famous licensed characters. “Mickey Mouse®” was the longest running; “Winnie the Pooh®” the biggest selling licensed edi-

tion. Success is no coincidence. For when a memory® game punctually lines the shelves for the premiere of a film or TV show, it also becomes a market success. For this process to work, the game creators must not only have the right instincts but also need to pay close attention to the licencing market. Internationality is part and parcel of the licensing business – the packages and game instructions for each of these editions are published in six languages. But along with international stars, national stars also exist: in Norway, for example, there’s the memory® version of “JUL i svingen”, a popular cartoon series; in Holland, there’s “memory® Efteling”, featuring characters from the amusement park of the same name.

A selection:



Mickey Mouse: © Disney; Hello Kitty: © 1976, 2010 Sanrio CO., LTD; Disney Princess: © Disney; Winx: Winx Club™ © 2003–2010 Rainbow S.p.A. Series created by Iginio Straffi; SpongeBob: © 2010 Viacom International Inc.; Winnie the Pooh: © Disney. Based on the “Winnie the Pooh” works by A. A. Milne and E. H. Shepard; Bob the Builder: © 2010 HIT Entertainment Limited and Keith Chapman. Licensed by SUPER RTL; The Lion King: © Disney



DISCOVER.

Pick up a card, turn it over – and discover the sought-after motif! As well as great delight in doing so. Each memory® game is an exciting journey of discovery. The DISCOVER chapter uncovers interesting facets of the memory® world. It unveils memory® as a Ravensburger hero; it reports on the scientific world, new segments and the value of the brand.

Entdecken, was wirklich wichtig ist.



Mehr Zeit für Kinder.



Ravensburger

REMEMBER. DISCOVER. EXPERIENCE.

BILLBOARD HERO FOR RAVENSBURGER

For five years, the image billboard used by Ravensburger to support the initiative “More time for children” could be seen across Germany. From the very outset, it was not only highly popular with the public but within the company itself. One priest even made it the subject of a sermon and praised it as “a work of advertising art with depth”.

The fact that memory® cards were selected for the billboard is no coincidence. This shows that memory® stands for Ravensburger like no other product – one might even say that memory® embodies the Ravensburger brand and its core values enjoyment, education and togetherness. The game unites everything that distinguishes Ravensburger: it ensures togetherness and unites the generations; the uniquely simple rules turn it into a game for everyone, in and of itself. The

game makes an important contribution to education: it promotes children’s development, while also training the ability to recall, concentrate, quickly recognise images and handle emotions. Above all, memory® brings enjoyment to everyone involved, time and time again.

“Discover what is really important.” The concise headline of the memory® billboard also moved hearts from the very outset. Its message seems to pinpoint everything that the people working at Ravensburger are committed to. Meanwhile, the phrase has become the brand promise.

Fifty years of market success and strong brand popularity make memory® a rare example of continuity and reliability. In so doing, the brand also takes on a truly reliable magnitude in an unstable world.



REMEMBER. DISCOVER. EXPERIENCE.

WHY CHILDREN ALWAYS WIN

The phenomenon has been well-known for a long time. When playing memory®, children are superior to adults – this is virtually part of the game rules. Now researchers have analysed why this is the case, and science has delivered a conclusive answer. Children have a fundamental advantage when playing memory®: their nerve cells are connected by a significantly greater number of synapses. Children possess 200 billion of these, but with the onset of puberty, this number is reduced by half. Not because we become less clever, but because we become more intelligent, as a professor of psychology

explains: “Starting from the age of 12 or 13, our brain increasingly knows better which ‘synapse motorways’ it needs to use to move forward faster. Adults use significantly fewer connections between the nerve cells – but also pay less attention to details.” Yet this is exactly what plays a role in memory®. In addition to the main motif on the card, one must also note the colour, background and other details. And this is where children excel. What’s more, they play in more concentrated fashion, whereas adults are more easily distracted by their environment, discussions and thoughts.

The discovery of children’s superiority in remembering cards shows once again that memory® is an ideal family game. And when kids are able to win so easily, they also have more fun playing. In the long run, this is the greatest benefit.



REMEMBER. DISCOVER. EXPERIENCE.

BIG ART IN SMALL FORMAT

For the past few years, Ravensburger has been expanding the segment for adults, thus positioning memory® as a brand for the entire family and all age groups. Topics include art, architecture, design and travel. In 2004/05, “National Geographic Adventure” was launched; in 2006, “Pinakothek der Moderne” and “Weltkulturerbe”; in 2008, “History of Art” and “Famous Portraits”; in 2009, “Charles and Ray Eames”. The series is elegantly furnished: brilliantly printed photographs and illustrations, high-end packaging and an illustrated booklet containing both game instructions and explanations of the motifs.

With this series, the game becomes a cultural journey, and inspiring tours through the most famous museums of the world can be enjoyed in one’s living room. Encounters with famous buildings, images or objects of design become much more than a way to experience art. They motivate discussions, influence players to immerse themselves in the topics, and remind them of what they have seen and experienced.

Klasse

Aktenzeichen

Eingetragen am

28

M 39999/28 Wz

15.11.77

MEMORY

8.1.75. Otto Maier Verlag, 7980 Ravensburg, Marktstr. 22-26.

Geschäftsbetrieb: Verlag, Herstellung und Vertrieb von Gesellschaftsspielen, Spielwaren, Druckerzeugnissen und Beschäftigungsmaterial.

Waren: Legekarten-Spiele. GK. 28 (Durchgesetztes Zeichen).

Schutzdauer verlängert mit Wirkung

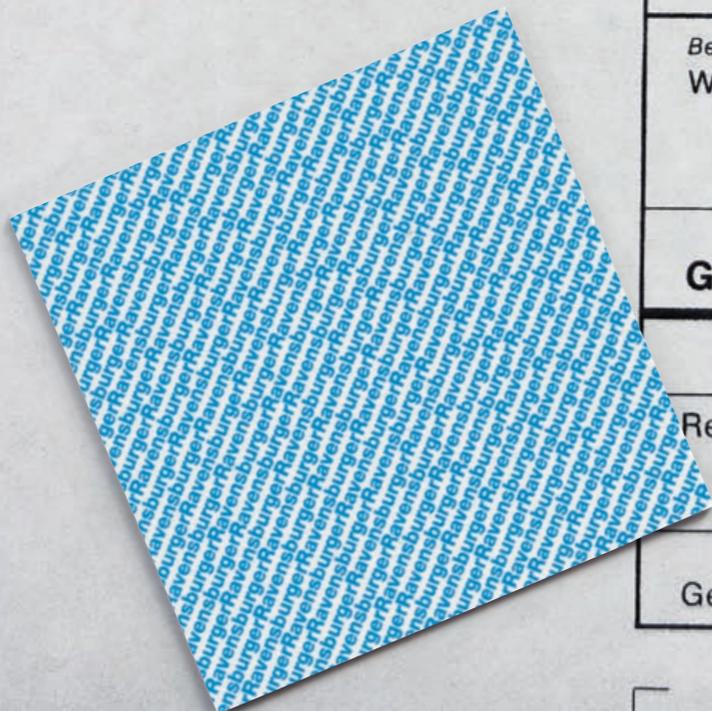
Bei Eintragung nach § 6a Warenzeichengesetz
Widerspruchsverfahren abgeschlossen

Gelöscht am

Internationale Registrierung

Registriert unter Nr.

Gelöscht am



REMEMBER. DISCOVER. EXPERIENCE.

THE VALUE OF THE BRAND

A half-century of market presence and high sales figures have made "memory®" Ravensburger's most well-known product brand and also one of the world's most famous game brands. With the prominence of the brand, its desirability has also grown – and thus also the risk of unauthorised usage by third parties. Yet every unauthorised imitation harms the brand. Its contours become blurred and it loses value when it cannot be unambiguously assigned to a manufacturer and specific qualities. That's why Ravensburger has placed a particular focus on trademark protection and defending our brands against imitators.

"memory®" is one brand created by Ravensburger that has been registered as a trademark, not only with the German Patent and Trademark Office, but also in many countries around the globe. Only Ravensburger may use the "memory®" brand name in the games product segment – which also includes interactive games. Brand management and trademark protection make a key contribution to maintaining the value of the memory® product brand and, in equal measure, the Ravensburger® family brand. For in the end, the brand is the most important means of differentiation and value creation that a

product possesses. It provides orientation in an increasingly overwhelming range of products; it conveys dependability and consistent quality. In this way, the trusted brand Ravensburger® stands for quality of content and materials, as well as for the education of heart and mind. It is no coincidence that the word mark "Ravensburger" also stands quasi as a pattern on the back of the memory® cards. The added value of the family brand is always part of the game.



EXPERIENCE.

memory® connects generations. Regardless of whether children play among themselves, parents or grandparents play with children, or adults challenge one another – memory® is always an experience. The chapter EXPERIENCE examines the world of memory® tournaments while looking out on the future of memory® in two ways. The excitement continues.



REMEMBER. DISCOVER. EXPERIENCE.

MEMORY® PLUS – THE ORIGINAL ON EXPEDITION

The allure of memory® lies in the simplicity of the rules and the large variety of topics and motifs. But what further possibilities does the game allow? How can it become even more varied? With modified game mechanics and more complexity, Ravensburger is taking the first step into new frontiers: in early 2010, the version “memory® plus” will be brought to market.

An expanded game principle and additional options with action cards, blockades, photo albums and photo cards all place higher requirements on concentration and tactics while bringing more suspense, fun and emotion into play. The memory® cards are revealed, but then turned back over in the same spot. For each pair of cards found,

players receive an animal photo for their collector’s album. “memory® plus” is positioned as a children’s game; with an age-group recommendation of 6–99 years of age, it is located between the classical children’s memory® (4–99) and adult memory® (8–99). “memory® plus Safari” takes players on an exciting photo safari through Kruger National Park, the largest game reserve in South Africa. An educational component can also be found here: players are acquainted with the most important animals of the continent, including the big five – elephants, rhinos, buffalos, lions and leopards. The title and package have been conceived for an international audience; the back cover and game instructions are written in six languages.

“memory® plus Safari”, 2010





REMEMBER. DISCOVER. EXPERIENCE.

STRENGTH OF THE IDEA

Generally, a memory® box is unpacked on the living room table. The game normally takes place in a small circle of family or friends. But memory® is much more than an array of cardboard cards in a box – memory® is a major idea. It radiates far beyond the private sphere and connects people outside the living room as well. In the end, this shows the strength of the memory® brand – it brings people together, creates common ground and constitutes a larger family: a group of like-minded individuals and enthusiastic players – a community.

Meanwhile, the strength of the memory® idea has fostered various forms of gaming situations, including a lively tournament scene. Since the early 1980s, memory® competitions have taken place, and since 1990 the “German memory® Championship” has been held. Tournaments are also regularly held in several federal states around the country. The world-famous game concept, which removes language barriers, could be powerfully experienced at the Ravensburger memory® European Championship, for example. In January 1993, players from eight countries showcased their skills. In the run-up to the com-

petition, a range of qualification tournaments in several European countries determined the respective national champions and finalists. A large tournament was also held during the 2009 anniversary year. 64 children and youngsters from Germany, Austria and Switzerland competed against one another at the International memory® Championships held in the recreational park Ravensburger Spieleland. Over the course of the season, they had all qualified for the finals. The grand championship prize was a motor home for the smallest memory® community – the family. This underscored once again the concept of togetherness inherent in the game.

The sports highlight in the history of public memory® games is represented by the world memory® record, set in 1989 by four mathematics students from Saarbrücken University. They asked Ravensburger to produce a one-of-a-kind version, featuring 1,200 pairs of cards. These were then laid out on an area spanning ten square meters in the entrance hall to the mathematics department. Thanks to special recall techniques, they located all the pairs within 18.56 hours.

Impressions from the International memory® Championships, 2009

Incidentally, since its opening, the recreational park Ravensburger Spieleland has been offering experiential memory® in the form of a tournament. “memory® Flug” features four teams competing against one another on a wall of cards. The desired image cards can be selected on the flight console at the touch of a button; the flight altitude changes depending upon the accuracy. Everyone watching can view the winning team’s helicopter high up above their heads at the end of the game. This is an experience that everyone involved will think back fondly on – which once again reveals the strength of the game concept. It not only works in the living room or in a tournament hall, but also outside – in the open air and in public.





REMEMBER. DISCOVER. EXPERIENCE.

MEMORY® GOES APP

For a few years now, memory® cards can be turned over in digital form as well on the Ravensburger website. Here it is the online game most frequently clicked on. But a new development enabled the classic game to move into the digital age once and for all. In January 2010, Ravensburger Digital, a company of the Ravensburger Group, brought memory® for the iPhone and iPod touch to market. There are four different apps to start out with: “memory® Classic”, “memory® Kids”, “memory® BizTraveller” and “memory® My Photos”. In the latter case, one can play a customised version of memory® using personal photos.

The apps utilise the possibilities of the digital medium in a range of ways, including different game modes. In duel mode, two players compete against one another in line with classic memory® rules; in single player mode, playing speed also counts, and in adventure mode, the level of difficulty rises along with the number of cards over three rounds. The apps are all available in the iTunes Store. Just a few weeks after they were launched, memory® was ranked within the top ten for 150,000 apps offered in the iTunes Store.

memory® as an app – this is much more than simply a new version. It is the most extensive development and application in the history of the game. Having detached itself from cardboard and been presented without any restrictions in time and space, the strength of the memory® idea and the inexhaustibility of its possibilities are once again clearly on display. With iPhone and iPod users, the game has been opened up to new target groups. The memory® world continues to grow.



9:42 AM



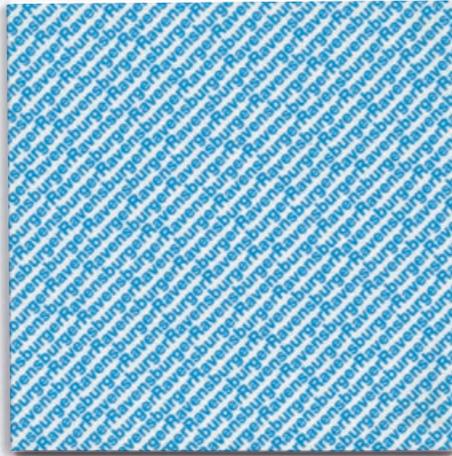
Calendar



memory®



Came



memory[®]

THE NEXT 50 YEARS HAVE BEGUN.

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 departments of the Ravensburger AG. This applies in particular to the functions of finance, treasury, central controlling, central marketing, public relations, human resources, IT and legal affairs.

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

The operative business of the Ravensburger Group is conducted by the subsidiaries of the Ravensburger AG. Up to the end of last year, the corporate group was 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. Since summer, the entry into the electronic games market has been prepared by Ravensburger with a newly founded company with its own product developments. However, this activity did not yet generate turnover in the last fiscal year.

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 in the United States, separate distribution companies are maintained. Smaller markets are served from Germany in the form of export business. The products are mostly produced in own factories in Germany and the Czech Republic.

The Children's and Youth Book 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 both 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.

Employees as a factor of success

Apprenticeship at Ravensburger

In the past fiscal year, 29 apprentices had a contract in Ravensburg in ten different professions, consisting of 18 apprentices in the commercial sector, seven in the industrial/technical sector and four in the logistics sector. Of these, ten young employees began their apprenticeship at Ravensburger in autumn 2009, while ten apprentices were given employment contracts on completion of their apprenticeship.

In addition, 17 students underwent academic training in cooperation with the "Duale Hochschule (University of Cooperative Education) Baden-Württemberg Ravensburg" (formerly: Berufsakademie), four of them began their studies in 2009 and one of them for the first time also on the "Freizeitwirtschaft" (leisure industry) course of studies. Five students were able to gain promising positions in the Ravensburger Group.

Management development

The quality of management is an important factor in the success of the company. 57 managers received practical knowledge of team and management skills, entrepreneurial thinking and labour law in 8.5 training days. In 2009, the management development programme was thoroughly revised from a methodological and conceptual point of view in order to take account of current and future requirements and challenges.

The "Förderkreis" (Management training programme)

In the "Ravensburger Förderkreis", selected candidates attend six practically oriented seminar modules. The main focus is on communicating core competencies. In addition, the handling of a demanding operative project serves to qualify trainee managers of the Ravensburger Group for complex project management functions. In the middle of 2009, all ten trainee managers successfully completed the "Förderkreis" and received their final certificate after 18 months.

Ravensburger qualification programme "TOPP"

A 24-month qualification programme was set up especially for Ravensburger editors consisting of 15 comprehensive training modules. Based on a specially developed competency module, creative/design and social skills as well as entrepreneurial skills are trained. 45 editors from all sectors took part in the "TOPP" programme.

Family and work

The aim of Ravensburger is to actively use the opportunities available to make it easier to combine family life and work. At Ravensburger, this involves not only making working hours more flexible but also providing a specific range of other family-friendly measures as well as support measures for child care.

BUSINESS DEVELOPMENT AND SITUATION IN 2009

In the past fiscal year, the economic environment of the Ravensburger Group was characterised by stable markets, with the exception of the United Kingdom with - 8 %. However, due to the more difficult financing situation of many trade partners and commercial prudence due to significantly reduced credit insurance cover, the business conditions in 2009 were much worse than in the previous year. The US dollar and the Swiss franc increased in value compared with the euro by an average of approximately 5 % over the year, while the British pound lost almost 12 % in value on average in the course of the fiscal year. The concentration in trade continued in almost all markets, also due to insolvencies of large trade partners.

Under these general conditions, the Ravensburger Group was nevertheless able to exploit the strengths of its range in terms of contents, quality and service and maintain or even further strengthen its market position.

Business development of the operative divisions

Games, Puzzles and Arts/Crafts division

At € 226.2 million, the turnover of the business division decreased by 2.5 % compared with the previous year (€ 231.9 million). In Germany, the largest single market of the business division, the turnover was stagnant at € 99.9 million (previous year € 100.0 million).

Approximately 56 % of the turnover was achieved abroad. With the exception of the USA, where both local business and the exchange rate developed in our favour, the turnover in all other countries was stagnant (France, Italy, the Benelux countries and Austria) or decreased (Spain, the United Kingdom and Switzerland). The export business, especially to Eastern Europe, decreased significantly by 11.6 % to € 14.2 million, which was

caused not least by the sharp devaluation of the currencies there against the euro and associated price increases in local currencies.

In the games sector, however, gross turnover showed an increase of 3.5 %. The success of “Wer war’s? “ the electronic “Children’s Game of the Year 2008” deserves a special mention here, which at 220,000 units was the best-selling game on the German market. The game was also very successful on the French market, where it is sold under the name “Qui l’a vu?”. However, the product families “Phase 10”, “Make’n’Break” and “Labyrinth” also contributed to the growth of this segment.

In the puzzles segment, the gross turnover in 2009 decreased by 9.2 %. In particular, 3D puzzles were not able to achieve the gross turnover of the previous year in 2009. Here, a shift to smaller sizes and the successful business of the previous year with products based on the 2008 UEFA European Football Championship had a noticeable effect.

The two most important product families in the arts/crafts segment – “Painting by Numbers” and “Mandala Designer” – were stable in the past fiscal year. The launch of “XOOMY Drawing Board” and “Science X” fulfilled all expectations for 2009. Overall, the segment achieved an increase in gross turnover of 4.7 % compared with the previous year.

Children’s and Youth Book division

The German book market recorded an increase in turnover of 2.6 % in 2009. The best development occurred in the children’s and youth book product group (+ 11 %), followed by fiction (+ 7 %), whereas all other product groups were stagnant or decreased. With a turnover of € 61.7 million and a small growth of 0.5 %, our children’s and youth book was able to consolidate its leading position.

With an increase in gross turnover of 10.1 %, the children’s and youth non-fiction segment leads the development compared with the previous year; “Wieso?Weshalb?Warum?” contributed to this with a growth of 3.7 %. With an increase in gross turnover of 4.9 %, ministeps® were also successful.

Leisure and Promotion division

Ravensburger Spieleland AG

A total of 328,000 visitors were welcomed to the Ravensburger Spieleland in 2009, representing an increase of 3 %. A Christmas market was held for the first time, which was very well received by more than 10,000 visitors. The attractiveness of the Spieleland park was also shown by the significant increase in sales of season tickets (+ 15.2 %).

With € 7.1 million (+ 2.2 % compared with the previous year), Ravensburger Spieleland achieved its highest turnover ever.

Ravensburger Freizeit- und Promotion-Service GmbH

The Ravensburger events agency is a service provider for business customers in the sectors of stationary and mobile brand worlds, children’s corners and events. With tours of shopping centres, town festivals and consumer trade fairs as well as various concepts and implementation of children’s corners, a turnover of € 2.3 million was achieved in the past year.

Situation of the Ravensburger AG Group

Income situation

The Ravensburger Group achieved a consolidated turnover in all divisions in the 2009 fiscal year of € 293.3 million (+ 1.9 %).

The other operating income amounted to € 9.2 million and was therefore above that of the previous year, which was due amongst other things to the reversal of accruals due to the change in the base interest rate for pension accruals from 4.5 % to 5.2 %.

The operating expense items decreased by 2.3 % to € 258.2 million. Material costs decreased by 3.2 % to € 83.9 million. After a dramatic price increase in 2008, the reductions in purchase prices primarily involved the primary products paperboard and cardboard. Personnel costs increased to € 69.0 million. The increase was due in particular to increases in pay scale rates and the conclusion of semi-retirement agreements at the end of the year. The number of employees increased due to the expansion of the consolidated group. Depreciations of tangible and intangible assets decreased by € 0.2 million to € 4.7 million. Other operating expenses were reduced by € 7.0 million to € 100.6 million. Savings were achieved here in particular in the area of administrative and sales costs.

The financial result increased by € 0.2 million to € 2.2 million despite the absence of income from participation interests. The main reason for this was the positive stock exchange development on the accounting date compared with the previous year. This led to an increase in the result of asset management of € 2.5 million.

The net operating income was € 44.7 million and was therefore € 11.1 million above the level of the previous year.

The extraordinary result of the Group was at the same level as in the previous year (€ - 0.5 million). Tax expenses increased in the past fiscal year to € 10.2 million (previous year € 8.8 million). The increase results from the improvement in the result before taxes, where the use of losses carried forward in the Group led to a decrease in the tax rate.

On balance, the Ravensburger Group succeeded in increasing its consolidated annual result after tax by € 9.7 million to € 34.0 million, which represents a return on sales after tax of 11.6 % (previous year 8.4 %).

Assets

The balance sheet total of the Group as at December 31, 2009 of € 261.9 million is € 22.8 million above the level of the previous year (€ 239.1 million). In particular, liquidity was greatly improved by a high operative cash flow.

On balance, fixed assets increased by € 3.8 million to € 68.8 million. Investments in tangible assets of € 5.1 million were higher than in the previous year (€ 4.5 million) and at the same level as depreciations of tangible assets (€ 5.1 million). Nevertheless, fixed assets increased by € 0.3 million compared with the previous year, mainly due to changes in the group of consolidated companies. The increase in investment in financial assets is mainly due to the long-term bonds contained in the fixed assets. These long-term bonds increased by € 4.4 million to € 24.9 million in the year under review. In contrast, shares in affiliated companies decreased by € 1.1 million due to the expansion of the consolidated group.

In the same period, current assets increased by € 18.9 million to € 191.9 million. This also includes the shares held in the asset management system and short-term bonds. This item was increased by € 1.1 million. In addition, € 8.0 million from current liquidity was invested in the medium-term at a more favourable

interest rate. Liquid assets increased by € 26.2 million to € 73.1 million (previous year € 46.9 million).

Capital employed in operative current assets (stocks, receivables and other assets) was significantly reduced. There was a reduction in stocks on the accounting date of € 3.8 million in the Games, Puzzles, Arts/Crafts and Children's and Youth Book divisions as a result of improved stock management and the good Christmas business.

Receivables from goods and services decreased by € 8.5 million. The reasons for this were in particular altered regulations in specific countries with regard to invoicing and payment conditions.

Liquidity/cash flow

The cash flow from current business activities of the Ravensburger Group was € 56.6 million in the year covered by the report and was therefore € 48.1 million above the figure of the previous year (€ 8.5 million) as at the accounting date. Other important factors, in addition to the good annual result of the Group, were the release of funds in operational current assets of € 15.2 million and in the accruals of € 2.9 million as well as depreciations and other non-cash expenses and revenues of € 4.5 million.

The cash flow from investment activities was € - 17.9 million. In addition to the above-mentioned investments in fixed assets of € 5.1 million, this resulted in particular from the medium- and long-term investment of part of the liquidity in non-current and current marketable securities.

The dividend payment of € 14.4 million was at the same level as in the previous year. However, part of this dividend will only be paid in 2010, so that, taking into account the remaining payment of the dividend for 2008, € 13.1 million was paid to the shareholders in 2009.

The total increase in the capital fund was therefore € 26.1 million. The Ravensburger Group had no liabilities to banks at the end of the year.

Financing structure

The shareholders' equity of the Ravensburger Group increased in the past fiscal year from € 142.4 million to € 161.9 million. This is attributable to the net annual income of the Group of € 34.0 million, reduced by the dividend payment of € 14.4 million. This results in a shareholders' equity ratio of 61.8 % (previous year 59.6 %).

Pension accruals decreased by € 1.2 million to € 24.7 million. This was due in particular to the adjustment of the base interest rate to 5.2 % (previously 4.5 %). The new base interest rate was determined on the basis of the "Rückstellungsabzinsungsverordnung" (Regulation on the Discounting of Accruals) of November 18, 2009.

Tax accruals decreased in 2009 to € 2.6 million (previous year € 3.2 million). Other accruals increased in the past fiscal year by € 5.1 million. This increase is due in particular to a change in reporting of accrued terms of trade of a subsidiary (+ € 2.2 million) and the conclusion of semi-retirement agreements at the end of the year (+ € 1.1 million). Further accruals (in particular accruals for uncertain risks) increased by € 1.8 million.

Trade payables including customer advances decreased on the accounting date by € 1.9 million to € 26.1 million. The liabilities to Ravensburger Holding GmbH & Co. KG increased by € 1.3 million to € 8.2 million. These liabilities, mainly unpaid dividend payments, were paid at the beginning of 2010, amounting to € 7.6 million. Other liabilities increased by € 1.3 million, in particular due to deferrals on the accounting date (payable VAT).

In the Ravensburger Group, 1,405 employees (full-time employees) were employed on average in the fiscal year 2009 (previous year 1,383).

OUTLOOK AT THE BEGINNING OF THE 2010 FISCAL YEAR

In 2010, the development of pan-European product brands will be continued under the Ravensburger name. Investments in new products and innovation management will continue to be the main focus of activities.

The new products and relaunches for 2010 were well received by the trade, especially “tiptoi®”, an audio-digital learning system for 4-10 year olds, which will be launched on the German market in autumn. There will also be a relaunch of the puzzleball® segment and new 3D action games.

We see possible risks for business development this year in the following areas:

- it is not unlikely that the continuing effects of the financial crisis will lead to further bankruptcies of trade partners, and there is an increasing risk of exclusion from credit insurance of large European customers
- the redundancies to be expected after the expiry of the German short-time working regulation from the second quarter of 2010 could lead to falling domestic consumer demand.
- an increasing concentration process in the industry with possible closures of some branches and the associated risk of a reduction in margins for producers and suppliers
- a partly disastrous decrease in prices in the trade
- the increasingly later Christmas business, which makes it extremely difficult to effect follow-up deliveries in time
- new, tightened security legislation in the USA, but also in Europe, could make toys more expensive

Considered as a whole, the Managing Board of the Ravensburger AG expects stable development of sales in 2010. Difficult external conditions are balanced by the business opportunities of new products and relaunches. Due to the additional market investment and new increases in raw material prices, the Managing Board forecasts a decrease in earnings for the current fiscal year.

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

Ravensburg, March 4, 2010

The Managing Board

Supervisory Board

Dr. Klaus P. Bleyer
Lindau
Chairman

Dorothee Hess-Maier
Ravensburg
Vice-Chairwoman

Rolf Allmendinger
Geislingen

Dr. Wolfram Freudenberg
Stuttgart

Carel Halff
Augsburg

Dr. Dieter Kurz
Oberkochen

Managing Board

Karsten Schmidt
Ravensburg
Spokesman

Jörg-Viggo Müller
Reutlingen

Consolidated Balance Sheet of Ravensburger AG Group,
Ravensburg, Balance Sheet as of December 31, 2009

ASSETS	€	€	T€
			31.12.2008
A FIXED ASSETS			
<i>I. Intangible Assets</i>			
1. Film rights, software, licences and similar rights	38,681.96		93
2. Prepayments	310,755.00		0
	349,436.96		93
<i>II. Tangible Assets</i>			
1. Land and buildings	28,532,728.80		30,590
2. Technical equipment and machinery	3,959,876.48		4,515
3. Other equipment, factory and office equipment	8,074,974.39		7,157
4. Prepayments and construction in process	2,734,325.20		747
	43,301,904.87		43,009
<i>III. Financial Assets</i>			
1. Shares in affiliated companies	288,041.87		1,432
2. Participating interests	15,289.00		8
3. Securities	24,871,469.72		20,487
	25,174,800.59		21,927
	68,826,142.42		65,029
B CURRENT ASSETS			
<i>I. Inventories</i>			
1. Raw materials and supplies	5,741,405.25		6,922
2. Work in process	2,747,934.49		3,476
3. Finished goods and merchandise	14,713,233.88		15,869
4. Prepayments	372,972.38		1,110
	23,575,546.00		27,377
<i>II. Receivables and Other Assets</i>			
1. Trade receivables	70,460,648.70		78,963
2. Receivables from affiliated companies	256,592.69		2,472
3. Other assets	7,902,623.29		9,664
	78,619,864.68		91,099
<i>III. Securities</i>			
Other securities	16,671,722.16		7,592
<i>IV. Cash on Hand, Central Bank Balances and Bank Balances</i>			
	73,068,551.81		46,928
	191,935,684.65		172,996
C PREPAID EXPENSES		678,358.01	448
D DEFERRED TAXES		436,947.72	626
	261,877,132.80		239,099

SHAREHOLDERS EQUITY AND LIABILITIES	€	€	T€
			31.12.2008
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>	48,132,560.19		20,139
<i>IV. Retained Earnings</i>	62,234,808.72		70,731
	161,897,368.91		142,400
B ACCRUALS			
1. Accruals for pensions	24,653,027.74		25,949
2. Tax accruals	2,591,565.87		3,223
3. Other accruals	33,320,449.42		28,180
	60,565,043.03		57,352
C ACCOUNTS PAYABLE			
1. Customer advances	36,344.40		220
2. Trade payables	26,070,611.67		27,786
3. Payables to affiliated companies	8,390,382.50		7,732
4. Other liabilities	4,862,124.29		3,569
	39,359,462.86		39,307
D DEFERRED INCOME		55,258.00	40
	261,877,132.80		239,099

Consolidated Income Statement of
Ravensburger AG Group, Ravensburg, for the Period
January 1, 2009 through December 31, 2009

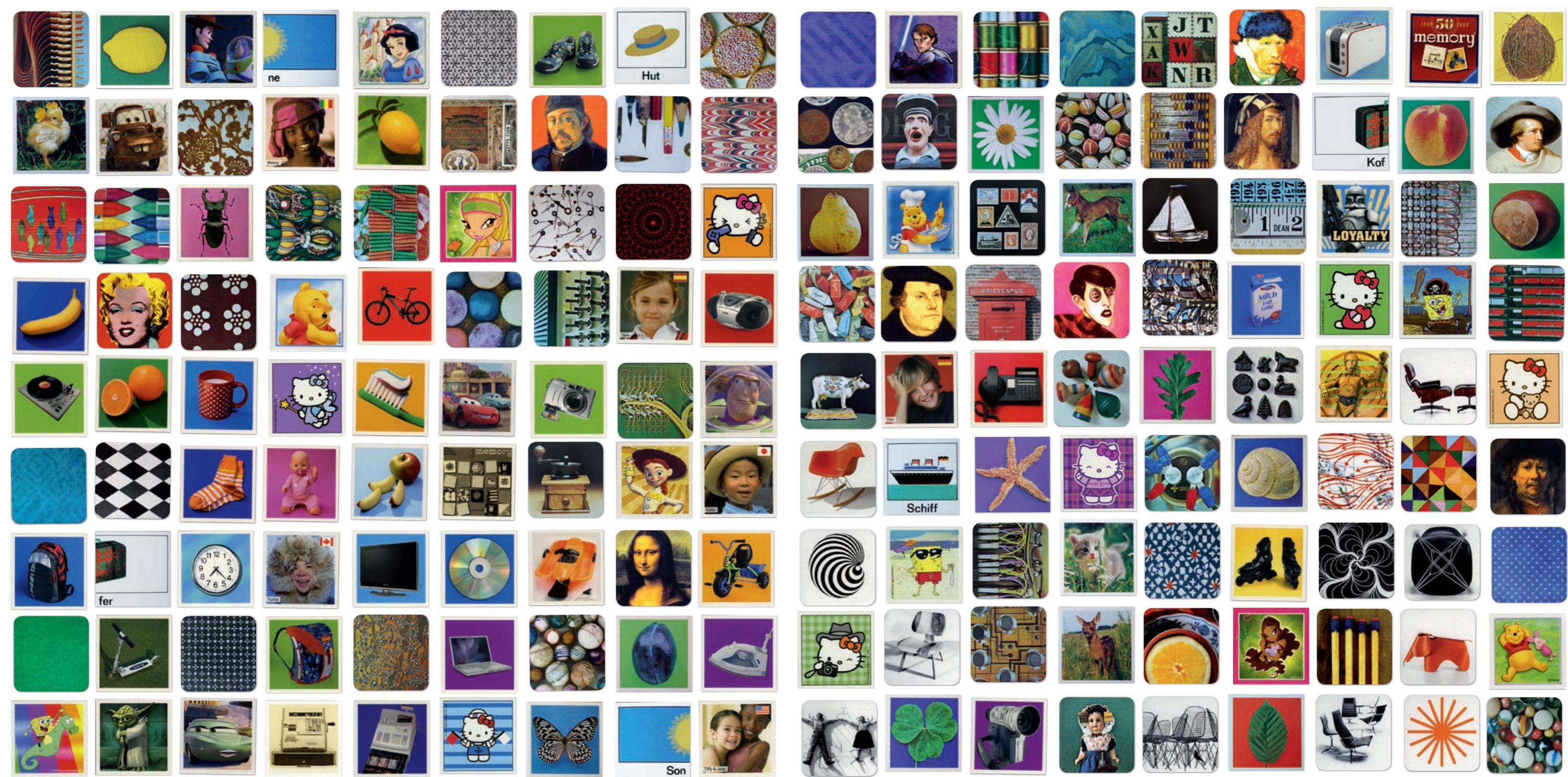
	€	€	2008 T€
1. Turnover	293,255,151.40		287,768
2. Decrease (previous year increase) in finished goods, inventories and work in progress	-1,866,934.51		134
3. Other own work capitalized	128,446.69		0
4. Other operating income	9,164,928.10		7,916
		300,681,591.68	295,818
5. Cost of materials			
a) Cost of raw materials, supplies and merchandise	71,970,190.31		75,720
b) Cost of purchased services	11,967,645.64		10,988
		83,937,835.95	86,708
		216,743,755.73	209,110
6. Personnel expenses			
a) Wages and salaries	55,982,812.47		52,093
b) Social security	10,193,495.93		10,423
c) Pensions and other benefits	2,786,745.46		2,455
		68,963,053.86	
7. Depreciation of intangible fixed assets and tangible assets	4,675,696.16		4,937
8. Other operating expenses	100,644,367.47		107,635
		174,283,117.49	
		42,460,638.24	31,567
9. Income from profit and loss absorption/transfer agreement	0.00		242
10. Income from participating interests	0.00		1,500
11. Income from long-term securities and loans including book profits and write-up income	1,771,234.97		1,160
12. Other interest and similar income	840,652.71		2,610
		2,611,887.68	
13. Write-down of long-term financial assets and of current securities including disposition losses	113,006.02		2,414
14. Interest and similar expenses	297,751.29		1,091
		410,757.31	
		2,201,130.37	2,007
15. Net operating income		44,661,768.61	33,574
16. Extraordinary results		-455,468.00	-455
17. Taxes on income	9,525,913.68		8,307
18. Other taxes	653,121.55		598
19. Income or expense tax of allocation group relief	0.00		104
		10,179,035.23	8,801
20. Consolidated income of the year		34,027,265.38	24,318
21. Prior period unappropriated retained earnings brought forward		56,331,368.41	47,976
22. Transfer to revenue reserves		28,123,825.07	1,563
23. Retained earnings		62,234,808.72	70,731

Organigram of the Ravensburger AG Group



Comparative of the Ravensburger AG Consolidated Group

	1999 T€	2000 T€	2001 T€	2002 T€	2003* T€	2004* T€	2005* T€	2006 T€	2007 T€	2008 T€	2009 T€
Sales without consolidated sales RTV Family Entertainment AG	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	293,255
Results from ordinary activities as a percentage of sales	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 %	44,662 15.2 %
Net income/(loss) for the year after tax margin as a percentage of sales	-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 %	34,027 11.6 %
Cash flow** as a percentage of sales	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 %	38,247 13.0 %
Balance sheet total	236,542	245,946	226,070	198,257	256,736	265,001	234,654	237,055	257,758	239,099	261,877
Shareholder's equity as a percentage of balance sheet total	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 %	161,897 61.8 %
Number of employees (year-end)***	1,979	1,862	1,727	1,440	1,377	1,448	1,333	1,310	1,356	1,383	1,405
Investments in tangible fixed assets	8,980	8,580	3,334	2,763	1,952	4,739	7,891	3,282	5,812	4,515	5,108
Depreciation of tangible fixed assets	14,995	11,846	15,877	8,048	7,203	6,137	6,211	6,889	6,444	5,278	5,060
<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) ***from 2005 in full-time employees (previously: in headcounts)</p>											



2009 Annual Report
Ravensburger AG Group
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