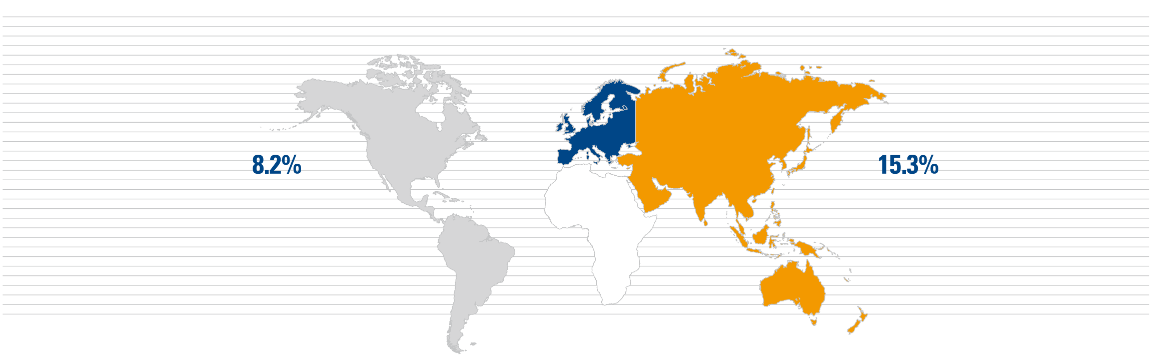
»SAFETY IS OUR BUSINESS«

Global customers in the oil & gas, chemical, pharmaceutical and ship supply sectors trust our products to reliably protect people, installations and the environment against explosions.

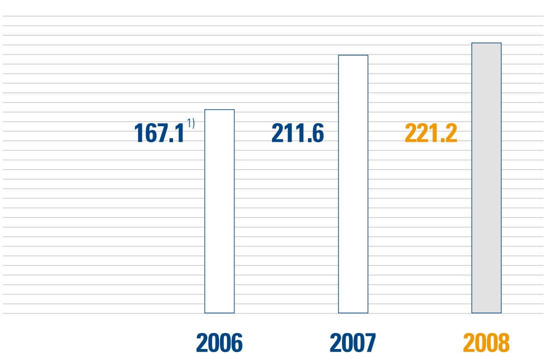
ANNUAL REPORT 2008

STAHL

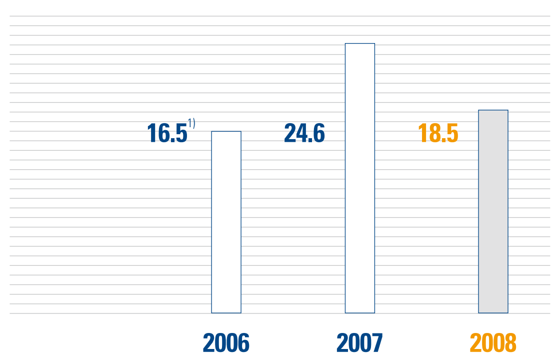
Sales by region



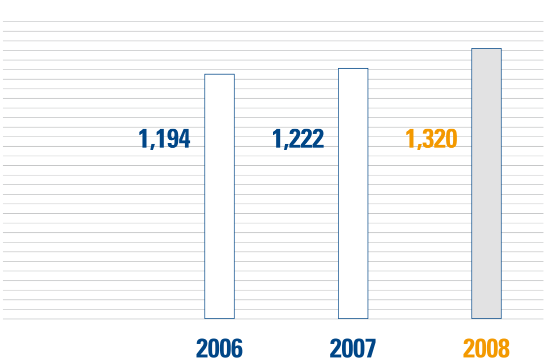
Consolidated sales; in € m



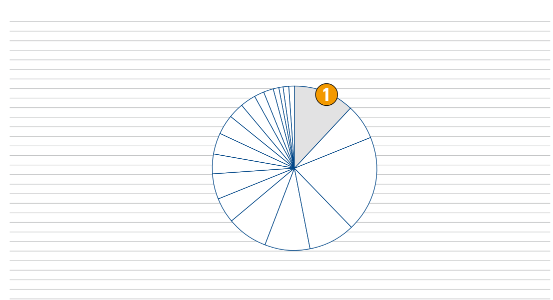
Consolidated EBT; in € m



Staff[2)]



Market share; in %



1 R. STAHL 12%

1) Continuing activities 2) Annual average (without apprentices)

R. STAHL has decades of experience as a leading supplier of explosion protection products, systems, and services. Our products prevent explosions wherever there are combustible mixtures of gas or dust and air. R. STAHL ensures the safety of people, installations and the environment with utmost reliability and quality.

»WITH OUR **SOLID POSITIONING** WE CONTINUED OUR GROWTH IN 2008 AND BOAST A FIRM BASIS FOR 2009.«

Management foreword

Dear shareholders,

2008 started very positively for us and it seemed that R. STAHL would be able to seamlessly continue its successful year 2007. In the second half of 2008, however, the economic storm clouds began to gather over Europe and our markets also quickly showed signs of an impending downturn. Nevertheless, we just about succeeded in reaching our sales forecast with growth of 4.5% to € 221.2 million. The downturn left its mark on earnings, however: EBT reached € 18.5 million, compared with € 24.6 million in the previous year. As a result, we were unable to meet our forecast for return on sales of 10%. The fall in earnings resulted mainly from currency losses due to strong exchange rate fluctuations in the fourth quarter, writedowns on inventories and the amortization of a rented real estate due to lower land value tables – in other words, mainly as a result of special items. Earnings before special items were still in line with expectations.

Progress along strategic course in 2008

Following the rapid growth of 2007, we used the weaker market in 2008 to further strengthen our position. In line with our strategy, we drove the global expansion of our sales organisation, especially for systems, strengthened our development capacities and began optimising our processes to meet the new level of sales. In the Netherlands, we erected a new building for our subsidiary Electromach, as we could no longer economically process our sales of master controls from the previous facility. The company moved into its new facility in April 2009. The new developments of our technicians once again resulted in cutting-edge products with a high customer benefit, which we launched on the market in 2008. The first Ethernet Remote I/O system offers a future platform for bus solutions in explosion-hazard environments and thus provides customers with a high degree of protection for their investment and the possibility to make further modernisations with new technology.

Well prepared for difficult times

R. STAHL currently boasts an equity ratio of 43.7%, while its liquidity of € 34 million exceeds bank loans by € 23 million. In accordance with the company's financial strength, we propose to pay our shareholders a dividend of € 0.90 (previous year: € 1.10) – despite the current adverse market prospects. This corresponds to a dividend ratio of 42%, compared with 40% in the previous year.

Sustainable development is our principle

The positive development of the R. STAHL group is due to our belief in sustainable development rather than short-term optimisation. In times of crisis, the main priority is to safeguard the company's continued existence. In addition, we have set ourselves the target of maintaining our core work force, and generating sufficient profit to finance investments, to distribute a suitable dividend and to strengthen our position on the market.

SUSTAINABILITY ALSO IN TIMES OF CRISIS, THIS IS OUR CONCEPT.«

MARTIN SCHOMAKER

Chief Executive Officer, born 1956; The business administration graduate joined R. STAHL in 1991 after holding various positions in IT and accounts. At R. STAHL, he held several management positions before being appointed to the Managing Board in 1997. In 2002, Martin Schomaker was appointed Chief Executive Officer.
He is responsible for Strategy, Commercial Functions, Operations, Procurement & Supply, Quality Management.

DR. PETER VÖLKER

Member of the Managing Board, born 1951; After gaining a doctorate in electrical engineering and gathering extensive experience in industry, Dr. Peter Völker joined R. STAHL as R&D Manager in 1990. In July 1999, he was appointed to the management of R. STAHL Schaltgeräte GmbH and in January 2002 to the Managing Board of R. STAHL AG. He is responsible for Sales, Marketing, Development.

This continuity in our corporate policy is regarded very favourably by our customers, as they have a reliable partner in R. STAHL also in difficult times: a company which not only supplies top-quality products, but also boasts a level of consulting expertise and reliability which customers should expect from a partner and supplier in the field of safety technology. Our employees also know that R. STAHL takes sustainability seriously. As a result, they display a high degree of motivation and energy in their work and can present compelling solutions to our customers.

Difficult to predict the future

In view of the highly uncertain economic conditions, we cannot currently make any quantitative forecast for the fiscal year 2009. Nevertheless, in line with our open communication policy, we would like to provide at least a qualitative statement on our expectations for 2009, which are not only positive:

As a supplier to the plant construction sector, we are generally among the last to be affected by economic cycles as customers involved in major construction projects are still working through their order backlog. There are very few major projects in the pipeline at present, however. This is either due to a lack of finance, or because the end-customers are delaying their final order until the economy picks up again. We therefore expect that our business with new installations will decline in the third or fourth quarter of 2009.

According to the specific sector, our end-user customers are reacting very differently to the crisis: the chemical industry has suffered a strong downturn and not only reduced its new investments, but is also only conducting a limited amount of maintenance work during plant downtime. The pharmaceutical and specialist shipbuilding industries – e.g. for tankers – are currently running without any significant signs of a slowdown.

In the oil and gas industry, investment behaviour varies according to region and company. For us, this has led to strong fluctuations in demand, with a tendency towards decline the longer the crisis lasts.

It is also certain that margins will suffer: as a result of falling demand, market capacities will no longer be fully utilised. In addition to reduced cost recovery as a result of falling volumes, earnings will thus also be eroded by fiercer price competition. Thanks to the progress we have made over the past few years, however, we hope to be able to compensate in part for this decline: the global expansion of our sales activities gives us a stronger market presence and thus helps us in times of falling demand. Over several years we invested in the consulting expertise of our systems business – hiring and training new staff. This expertise in consultation and solutions for complex problems now gives us an instrument to successfully differentiate ourselves from the competition. The new products in our portfolio also offer additional sales potential.

Many thanks

We would like to thank our employees and managers for their hard work and outstanding commitment in the past year. They made an important contribution towards ensuring that R. STAHL boasts such great stability during the current economic crisis.

We also thank our Supervisory Board members for their constructive cooperation and you, our shareholders, for the trust you continue to place in R. STAHL.

The Managing Board

Martin Schomaker
Chief Executive Officer

Dr. Peter Völker
Management Board Member

EXPERTISE AND FLEXIBILITY ARE THE HALLMARK OF OUR MANAGEMENT TEAM.«

5 Martin Schomaker
Chief Executive Officer

6 Dr. Peter Völker
Managing Board Member

2 Klaus Jäger,
Human Resources

1 Achim Dohl,
Operations

4 Ralf Kramer, Procurement & Supply

3 Johannes Rückgauer,
Development

7 Bernd Marx, Finance/Accounting

8 Dr. Siegfried Jung,
Quality Management

9 Dr. Bernd Steinmann,
Organisation and IT

10 Herbert Schober,
Sales

11 Dr. Thorsten Arnhold,
Marketing

Supervisory Board report

Ladies and Gentlemen,

In the past fiscal year the early signs of the current global economic crisis also left their mark on R. STAHL. Despite the prevailing market uncertainty and the onset of a widespread cyclical downturn, however, the group was able to meet its sales forecast of € 220 to 230 million. Consolidated sales grew by 4.5% to € 221,2 million.

The market slump had a more adverse impact on consolidated earnings. With pre-tax earnings of € 18.5 million, we were unable to match the prior-year figure of € 24.6 million. It should be noted, however, that earnings in 2007 included non-recurring income of € 1.5 million from the sale of our IT companies. Earnings in 2008 were burdened above all by special charges for the valuation of inventories and by negative currency effects.

The Supervisory Board monitored the work of the Managing Board during the year under review on the basis of its regular oral and written reports, and provided advice where necessary. The Supervisory Board duly discussed all issues pertaining to management decisions requiring its consent. The Chairman of the Supervisory Board was also in contact with the Managing Board at least once a week to exchange information.


HANS-VOLKER STAHL

At the Annual General Meeting of 27 June 2008, the new shareholder representatives on the Supervisory Board were elected according to schedule. With the election of Heike Dannenbauer and Peter Leischner, a new generation of representatives from the founding families took their seats on the Supervisory Board. The Supervisory Board determined its committee members at its constituent meeting held directly after the Annual General Meeting. The administrative committee now consists of Hans-Volker Stahl (Chairman), Dr. Hermann Eisele, Dieter Heppner and Eberhard Knoblauch. The audit committee comprises Eberhard Knoblauch (Chairman), Heinz Grund, Josef Kurth and Hans-Volker Stahl.

On the basis of documents provided by the Managing Board, the Supervisory Board monitored the company's business situation and budget adherence at a total of six meetings. The Supervisory Board was informed monthly about key group ratios, such as order intake, sales and earnings.

The audit committee held three meetings and the administrative committee two meetings during the period under review. We complied with the recommendations of the German Corporate Governance Code insofar as these were deemed practicable. The recommendations we chose not to comply with are listed in our Declaration of Compliance, as published on both our website and in this report on page 30.

We believe that all material topics were discussed at our Supervisory Board meetings. All transactions requiring Supervisory Board consent were fully presented and documented.

As in the previous year, the annual financial statements of the parent company R. STAHL AG were prepared in accordance with the regulations of the German Commercial Code (HGB), while the consolidated financial statements of R. STAHL AG were prepared according to International Financial Reporting Standards (IFRS). The auditing firm Ebner Stolz Mönning Bachem GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Germany, audited the annual financial statements of R. STAHL AG as well as the consolidated financial statements and consolidated management report and certified each without qualification. The chief auditor confirmed that the consolidated financial statements comply with IFRS as mandated for EU companies and the supplementary applicable provisions as set forth in article 315a paragraph 1 of the German Commercial Code. The consolidated management report accords with the consolidated financial statements. The annual financial statements, the consolidated financial statements and the management reports were presented to all members of the Supervisory Board. The financial statement documents were discussed in detail at the Supervisory Board's balance sheet meeting in the presence of the chief auditor.

The audit committee examined the annual financial statements and management report as well as the consolidated financial statements and consolidated management report and found no objection. The Supervisory Board concurs with the audit findings and approves the annual financial statements of R. STAHL AG and the consolidated financial statements of R. STAHL AG as prepared by the Managing Board. The former is thus adopted. We agree with the management report and consolidated management report, as well as the comments regarding the future development of our company.

At the Annual General Meeting, the Supervisory Board and Managing Board will propose a dividend payment of € 0.90 per share. We believe this to be a suitable amount in view of the somewhat weaker earnings caused by early signs of the current macroeconomic crisis.

In addition to their performance-dependent bonus, there are no other stock options or bonuses for members of the Managing Board.

We would like to thank our shareholders for their continued trust and all employees and the Managing Board for their efforts and commitment over the past year.

Waldenburg, April 2009

Hans-Volker Stahl

Hans-Volker Stahl
Chairman of the Supervisory Board

CHEMICAL INDUSTRY

Our customers are multinational chemical groups with the same standards and processes throughout the world. Our fully certified product range helps them to produce safely.

>>I feel safe!<<

»R. STAHL OFFERS ITS **GLOBAL** CUSTOMERS CONSULTING SERVICES AND INTERNATIONALLY CERTIFIED PRODUCTS.«

>> **GLOBALISATION OF VALUE ADDED** The impressive development of the emerging economies in Asia, Eastern Europe and South America has led to a sharp increase in demand for basic and specialist chemicals. The major multinational chemical groups have responded by establishing large networked sites in these new markets and organising globally integrated value chains. In order to simplify their international organisation and optimise costs, these companies strive to achieve uniform standards for the technical equipment of their chemical plants and the skills of their employees. This is a major reason for them to cooperate with internationally operating suppliers, whose products and services are certified around the world and who can offer fast, trouble-free delivery and support for their global facilities.

>> **GLOBAL AVAILABILITY OF PRODUCTS AND SERVICES** R. STAHL is a globally operating company with subsidiaries and representations in all relevant global regions. In addition to our traditional markets in Germany and Western Europe, where we have been operating successful branches and subsidiaries for many years, we have created strong sales organisations over the past few years in Asia, the Middle East, Eastern Europe and the Americas. The latest example is the foundation of our own subsidiary in Russia. In order to react swiftly to customer needs in our respective markets, we have also established an international network of value added facilities in countries such as India, Norway, the Netherlands and the USA.

- Products certified for global use
- Global network of subsidiaries and partners providing strong support for our end customers
- International production locations

>> **INTERNATIONAL PRODUCT CERTIFICATION** R. STAHL has enjoyed excellent contacts with leading international inspection authorities, such as PTB, UL, FM, CSA, DEKRA Exam, BASEEFA etc., for many decades. Our complete product range is certified according to the European guideline ATEX. Over the last three years or so, the globally valid IECEx certificates have grown significantly in importance. R. STAHL reacted swiftly to this development and now enjoys a leading position in the sector with regard to the number of valid certificates it holds. We also hold a number of national certificates, e.g. for use in the USA, Russia and Brazil. All in all, our wide array of international approvals means there is hardly a region in the world where we cannot provide suitable solutions for challenges in the field of explosion protection.

Wherever our customers set up their facilities – R. STAHL is never far away. Providing expertise and advice in questions of explosion protection and guaranteeing fast product delivery to even the most remote regions of the world.

PRODUCT PORTFOLIO FOR THE CHEMICAL INDUSTRY ›

- **Automation:** With the aid of R. STAHL's automation technology, measurement and control values can be exchanged safely in chemical processes. The range includes interface technology for process automation, such as isolators, remote I/O and fieldbus technology, as well as products for process visualisation, such as explosion-protected industrial PCs, control panels etc.
- **Signalling:** Optical and acoustic signal devices, such as flash lights, horns and sirens, telephone systems, traffic control systems and explosion-protected emergency signs are indispensible in chemical plants.
- **Lighting:** Light fixtures for fluorescent lamps in plastic and stainless steel, pendant light fittings, emergency lighting systems and standard lamps provide light and safety.
- **Installation:** Terminal boxes and junction boxes, plugs and sockets, cable glands, control stations etc. round off the product range.
- **System solutions:** R. STAHL offers system solutions for switching, controlling and distributing electrical energy, as well as for automation technology, and camera systems for process monitoring.

Every day, ships have to withstand the toughest possible conditions – salt water, extreme climates and mechanical loads. Their crews and the shipping industry in general have come to rely on our tried and tested products which have been proving their worth on the world's oceans for decades.

>>I feel safe!<<

SHIP SUPPLY INDUSTRY

R. STAHL PRODUCTS EASILY WITHSTAND THE **TOUGHEST CONDITIONS.«**

>> **EXTREME CONDITIONS** Ships and offshore facilities operate in tough environments. Installations on deck or outside enclosed areas are particularly exposed to extreme mechanical, climatic and chemical conditions. Over the course of their service life, products used at sea have to withstand storms, rain, hail, snow, high waves and rapid temperature variations. Constant exposure to salt water corrodes many materials. Moreover, ships venture into both tropical and arctic sea regions and thus have to operate in extreme temperatures. The incessant vibrations of diesel engines, as well as numerous other mechanical loads, represent a tough challenge for the equipment installed.

>> **RELIABLE PRODUCTS AND SERVICES** Our lights, control gear, automation components and heating systems can withstand all these loads and continue to function reliably, thanks to their special design and high manufacturing quality. As the world's leading suppliers, Tranberg and R. STAHL can look back on over 130 successful years in the field of explosion protection. When it comes to the trouble-free operation of products under extreme conditions, our customers in the ship supply industry can rely on the decades of experience our two companies offer.

- Globally valid certificates for hazardous locations
- Ship's safety certificates
- Many years of experience in explosion protection and the shipbuilding industry
- Fully equipped laboratory
- Quality management system certified according to ISO 9001 and ATEX

>> **OUR CUSTOMERS RELY ON US** The marine equipment solutions of R. STAHL and Tranberg are relied upon by a vast array of companies. Tranberg's electrical installation products for ships have proved their worth over many years and in the most extreme environments. They are therefore first choice for shipbuilders and shipyards around the world – our clients include Rolls-Royce Marine AS, Statoil, Shell, Maersk, Royal Norwegian Navy, Norcapital, The Great Eastern Shipping, Kawasaki Heavy Industries, Hyundai, Daewoo and many more.

PRODUCT PORTFOLIO FOR THE SHIP SUPPLY INDUSTRY ›

- **Lighting and signalling:** From supertankers to offshore supply vessels to the smallest fishing boat, a reliable lighting system is an essential part of every ship and a decisive factor in guaranteeing the safety of the crew. Tranberg offers a complete external lighting package for ships, which comprises all navigation lights, search lights, floodlights, helideck lights and luminairs for a wide variety of applications.
- **Helideck equipment:** Helicopter pilots often have to fly in stormy weather with poor visibility. It is particularly important for them that the helideck is equipped with reliable installations suited to such conditions. With its illuminated windsock, floodlights and perimeter lighting, our helideck system provides a safe landing place for pilots in all weather conditions – day or night.
- **Installation:** Cable glands, junction boxes, push buttons, switches and sockets round off Tranberg's marine equipment range.
- **Heating and de-icing:** Ships travelling in cold climate zones need a reliable heating system. Heating elements on steps and gangways, for example, provide safe working conditions. Heat tracing cables on pipes, equipment parts, instruments and control cabinets enable ships to operate safely even at extremely low temperatures.

Automation

- **Service:** The portfolio of services offered by Tranberg and R. STAHL ranges from customer-tailored system solutions to technical monitoring and customer support.
- **Shipbuilding solutions:** As a supplier of all necessary products and services, we are the ideal partner for our customers. We supply everything – from customer-configured lighting packages to individual components.

PHARMACEUTICAL INDUSTRY

As the leading supplier of products, systems and services for explosion protection, R. STAHL boasts a wealth of experience spanning several decades. Wherever there are combustible mixtures of gas or dust and air, we ensure the safety of people and installations.

>>I feel safe!<<

FLEXIBLE, CERTIFIED R. STAHL PRODUCTS ENSURE SAFETY.«

>> **STRICT REGULATIONS** The pharmaceutical industry has to comply with ever stricter regulations aimed at keeping its production processes entirely pollutant and contaminant free, as even the smallest impurity can result in severe damage to human health. In the pharmaceutical industry, processes are often carried out under both explosion-protected conditions and under special safety conditions specific to the industry, e.g. in cleanrooms. Whether gas or dust, flammable and combustible materials have to be safely controlled. Installations in the pharmaceutical industry are often used to produce constantly changing products. Equipment must therefore be designed to handle such batch processes.

>> **RELIABLE PRODUCTS & SERVICES** As one of the world's leading manufacturers of explosion-protected components and systems, R. STAHL has a wealth of expertise in meeting such requirements – from products for cleanroom applications to specific solutions and expert advice on planning such facilities. The products supplied by R. STAHL are geared to coping with fast and regular changes in production processes, as is typical in the pharmaceutical industry. Our production process is fully documented according to international standards, enabling us to meet the strict approval criteria of both the European (GAMP) and US (FDA) authorities.

- In-depth specific know-how
- Failure protection
- Implementation of specific customer requirements
- Tailored, technically pioneering solutions
- Flexible usage even with frequent changes in the production process
- Expert support
- Extensive certification and global approval

>> **STATE-OF-THE-ART PRODUCTS** R. STAHL products for the pharmaceutical industry have to consistently fulfil the requirements of both the market and the approval authorities with regard to quality, appearance and regulations. We gain the necessary approvals for our products and modify them accordingly where required.

Anti-static and fume-protected housings ensure operational safety and long service life for our customers' equipment.

>> **CUSTOMERS TRUST US** The development of the pharmaceutical industry towards highly efficient production of comparatively small runs (batches) has led to a high degree of process automation. This would not be possible without reliable documentation systems, as well as safety and monitoring technology. R. STAHL has the expertise to combine cutting-edge industrial technologies with the requirements of explosion protection.

Our customers include almost all the major pharmaceutical manufacturers – R. STAHL is the only supplier to provide all the necessary components for explosion protection and cleanroom technology from a single source.

PRODUCT PORTFOLIO FOR THE PHARMACEUTICAL INDUSTRY >

- **Automation:** R. STAHL products guarantee the safe exchange of measurement and control values between hazardous production processes and the process control room. Our portfolio comprises transmission products using classic analogue technology as well as pioneering digital signal transmission, e.g. via fieldbus.
- **Operation/Monitoring:** Our video display terminals provide support for recipe administration, for example, or the safe control and monitoring of processes. With the aid of R. STAHL's modular camera and video systems, production processes in hazardous locations can be monitored in a safe environment.
- **Signalling/Alarms:** R. STAHL offers signal beacons, flash and warning lights, and alarm horns for the safe indication of necessary process steps and to raise the alarm in emergency situations.
- **Lighting:** Thanks to their specific design and materials, our sheet-steel lamps meet all requirements regarding smooth surfaces – making cleaning easier and preventing particle deposits.
- **Service:** We support our customers during every project phase with comprehensive advice and an extensive range of services.
- **System solutions:** As a supplier of all necessary components and services with extensive know-how, we are the ideal partner for our customers. We offer both tailored turnkey solutions and individual components.

Heat, storms and hail showers – these are the conditions under which oil and gas are produced. We supply extremely high-quality technology which reliably protects humans and installations, in both desert and polar environments.

>>I feel safe!<<

OIL & GAS

»EXTREME CONDITIONS REQUIRE RELIABLE COMPONENTS: PRODUCTS FROM R. STAHL.«

>> **INCREASINGLY EXTREME PRODUCTION ENVIRONMENTS** Although we are still a long way from depleting the earth's fossil fuel reserves, such as oil and gas, the known deposits are often in areas with extreme environments: 25% of all known oil and gas reserves are in polar regions where temperatures can often drop below -50 °C. The largest known oil reserves are in the Middle East, in regions with an extremely hot desert climate. In addition to these extreme temperatures, conditions such as (sand)storms and hail showers make exploiting such reserves even more difficult. In the case of deep sea oil fields, equipment has to withstand pressures of several 100 bar. These adverse environments significantly increase production costs and represent an enormous entrepreneurial risk. Downtime must be avoided at all costs. This is why oil and gas companies choose only the highest-quality technology from the most reliable partners.

>> **HEAVY-DUTY PRODUCTS** R. STAHL products not only meet explosion protection requirements, but are designed in such a way that they will continue to provide reliable service in even the most extreme environments. New products undergo rigorous environment testing in our development laboratory and in extensive field tests. We examine storage at high and low temperatures, vibration effects, UV irradiation, the impact of aggressive substances etc.. They are only released for sale if the tests are successfully passed. The extensive know-how of R. STAHL's team of experts enables us to find the right solution for even the most extreme application area.

- Products approved for use in extreme environments
- Long-term laboratory tests
- Many years of experience in offshore application areas

>> **RELIABLE PARTNER** R. STAHL has been a reliable partner of the petrochemical industry for many decades. Our products are a guarantee of safety – during production, transport, storage of oil and gas, and processing in refineries.

They stand for high quality and reliability as well as for constant innovation. In the 1980s, the Norwegian oil platform Heidrun was already fitted with R. STAHL fieldbus technology for process automation.

PRODUCT PORTFOLIO FOR THE OIL & GAS INDUSTRY >

- **Automation:** R. STAHL products guarantee the safe exchange of measurement and control values. Our portfolio comprises transmission products using classic analogue technology as well as pioneering digital signal transmission, e.g. via fieldbus.
- **Lighting:** Fluorescent lighting, emergency lights, floodlights and pendant light fittings all ensure good light and safety on platforms.
- **Helideck equipment:** We supply complete lighting and signalling systems for helicopter landing decks via our Norwegian subsidiary Tranberg.
- **System solutions:** Based on customer requirements, we deliver tailored power supply units as a back-up in case of power cuts and camera systems for process monitoring.
- **Service:** It goes without saying that we provide fast on-site support for our customers. Our service staff are all trained and certified for offshore work.
- **Installation:** Terminal boxes and junction boxes, plugs and sockets, cable glands, control stations etc. round off the product range.
- **Signalling:** Optical and acoustic signal devices, such as flash lamps, horns and sirens, telephone systems, traffic control systems and explosion-protected emergency signs are indispensible for oil and gas production facilities.

Expertise at a glance

- At least 6% of annual sales are invested into innovation work
- 40% of sales are realized from products that have been on the market for less than five years
- Regular executive membership of international industry organisations, over 70 active patents

- Close cooperations with customers in developing optimal solutions
- Expert engineers and technicians with experience in the international arena
- Tightly networked production and distribution

Development work

Lab/ certification

Project planning

Production

- Own lab that is certified by international standards organisations
- Over 3,000 international certifications in explosion protection, nautical equipment that is certified for the global market
- Factory certification for national and international projects

- Production sites: Waldenburg, Weimar, Cologne, Hengelo (NL), Stavanger (NO) and Chennai (IN)
- A flexible production organisation, communication-friendly centres of expertise, and own tool production
- Many specialists, master craftsmen, and technicians
- A certified training operation with some 70 registered trade trainees

- Certified under ISO 9001 since 1993
- Strict and constant product quality control from sourcing to final approval
- Quality management that has been ATEX[1] certified by the PTB[2]
- Own calibration lab for tuning 2,000 testing instruments

- Warranties for all products and extended warranties for some
- On-site assembly
- Hotline and e-mail support
- Global business presence
- Training classes and seminars

Quality management

On-site approval

After-sales service

Logistics

- State-of-the-art testing equipment
- Extensive expert consulting with specialist staff
- Customers can directly contact development and product managers

- Lean, economical process organisation
- Modern, fully automated high shelf warehouse
- 24-hour delivery service
- Reliable delivery dates

[1] ATEX = Atmosphère explosible, European explosion protection guidelines

[2] PTB = Physikalisch Technische Bundesanstalt, Federal Physical and Technical Institute, Braunschweig, Germany

R. STAHL stock & corporate governance

R. STAHL stock

Turbulent stock market year

2008 was one of the most turbulent stock market years of the past few decades: the value of shares in Germany's blue-chip DAX index plunged 40%. After starting the year at 8,067 points, the index had lost half its value by mid October to stand at 4,014 points, before rallying slightly to 4,810 points at year-end 2008. The German small cap index, SDAX, lost some 60% of its value over the year.

In the wake of the financial crisis, and with growing awareness of its implications for the general economic environment, stocks suffered a massive loss of confidence. While many investors initially believed the financial crisis would remain restricted to the USA, it soon spread to other regions and began to impact the real economy.

R. STAHL share in downward spiral

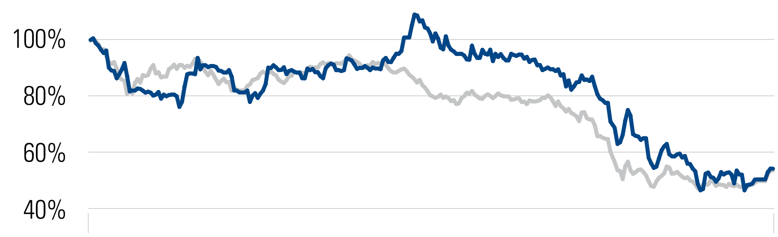
The R. STAHL share was unable to escape the general stock market trend of the past year. The share started the year at € 33.70; in the first three months it displayed signs of volatility. With the publication of our preliminary figures for fiscal 2007 on 27 February, the share price leapt to € 31.50 only to fall almost immediately to € 26.11 again. At the end of March, the trend turned again and the share price climbed to a year-high of € 36.80 on 23 June. In the second half of the year, fears of global recession meant that our share was also caught up in the general downward spiral – without any fundamental reason for such a fall. The R. STAHL share closed the year at € 18.23.

Consistently intensive IR work

We maintained our high level of investor relations work in 2008. Regular and detailed financial reporting kept all investors – institutional and private – up-to-date with the latest developments. In addition to these reports, we also continued our active press relations work and ensured a wide distribution of our market announcements. It also goes without saying, that our website continued to provide a wealth of information to meet the needs of modern investors.

Once again we were on hand to answer the questions of analysts and investors at two conferences in the past year. Our participation in the German Equity Forum in Frankfurt, which is growing increasingly international, has become almost obligatory. In order to make our stock more attractive to a wider international audience, we decided to test the waters in Scandinavia. At a road show in Copenhagen, our Managing Board presented the company's strategy and business model to various institutional investors. However, we also visited our traditional financial markets of London, Frankfurt and Munich once again in the past year.

R. STAHL share price performance[1)]



01/01/2008		31/12/2008
€ 33.70	R. STAHL share (XETRA)	**€ 18.23**
5,191.56	SDAX	**2,800.73**

Key data on the R. STAHL share[1)]

in €	**2008**	**2007**
Earnings per share	2.03	2.65
Equity per share	13.20	12.68
Dividend per share	0.90[3)]	1.10
Dividend yield at year-end price in %	4.9[3)]	3.3
Number of shares (in thousand)	6,440	6,440
Market capitalisation on 31 Dec. (in € m)	117.4	217.0
Free float in %	47	47
Daily trading volume (average number of shares)	4,021	5,885
Low[2)]	15.55	31.60
High[2)]	36.80	39.75
Price at the end of the fiscal year[2)]	18.23	33.70

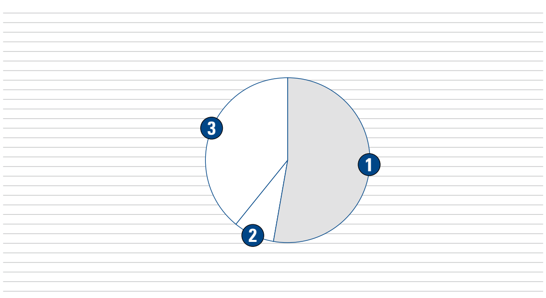
Security ID	725772
ISIN	DE0007257727
Stock market ID	RSL1
Trading segments	Regular market/Prime Standard
Indices	CDAX, Classic All Share, Prime All Share, Prime Industrial, Prime IG Industrial Machinery
Stock markets	XETRA, Frankfurt, Stuttgart, Düsseldorf, Munich, Berlin-Bremen, Hamburg

1) All share prices are the respective closing prices in XETRA trading 2) Closing price in XETRA trading 3) Proposal to the Annual General Meeting

In addition to road shows at which our CEO visited potential investors, we held numerous one-on-one talks at our company headquarters in Waldenburg during 2008. In the period under review, we conducted around 50 personal discussions with various investors and analysts. In addition, we received numerous enquiries which all received prompt oral or written replies.

We intend to maintain this high level of activity in 2009 and further enhance the international appeal of our share.

Ownership structure in %



1 Founding families 53%

2 Treasury stock 8%

3 Free float 39%

Corporate governance report

The German Corporate Governance Code drafted by the respective government commission in 2002 defines the key regulations and standards for sound and responsible corporate governance. The Code is reviewed annually and amended where necessary. It aims to meet the ever growing demands of domestic and international investors for value-oriented, transparent corporate governance and control. The Code seeks to increase the trust of investors, employees, business partners and the general public. For example, it regulates cooperation between managing and supervisory boards, the protection of shareholder interests and transparent and timely corporate communication.

Article 161 of the German Stock Corporation Act (Aktiengesetz, AktG) requires managing and supervisory boards to declare once a year which of the Code's recommendations they have complied with and which not. Our current Declaration of Compliance with the German Corporate Governance Code (GCGC) is based on the GCGC version dated 6 June 2008. We published the declaration on the R. STAHL AG website in December 2008. It is also printed at the end of this chapter.

Managing Board

The Managing Board of R. STAHL AG consists of two members: CEO Martin Schomaker and Dr. Peter Völker as the second member. Both were appointed by our Supervisory Board. Our corporate bylaws regulate management cooperation and their respective duties. Martin Schomaker is responsible for General Strategy, Operations, Procurement and Supply, Quality Management, as well as all commercial functions; Dr. Peter Völker is in charge of everything relating to products and markets, i.e. Sales, Marketing, Development.

As of 31 December 2008, the two members of the Managing Board together held 0.21% of voting capital.

In accordance with statutory obligations, Managing Board compensation is disclosed in the notes to the consolidated financial statements. The figures are broken down into fixed and variable components for each individual. The management compensation report is to be found on page 103.

R. STAHL AG has not issued any stock option plans or other securities-based incentive systems.

Supervisory Board

The composition of R. STAHL AG's Supervisory Board complies with the German Codetermination Act. Its nine members break down into three employee representatives and six shareholder representatives.

At the Annual General Meeting 2008, the new shareholder representatives on the Supervisory Board were elected according to schedule. A new generation of representatives from the founding families Stahl and Zaiser took their seats on the Supervisory Board. As a consequence, Gerold Schmid and Günter Müller retired from the Supervisory Board at the end of the Annual General Meeting. The participants of the Annual General Meeting elected the new shareholder representatives Heike Dannenbauer and Peter Leischner with clear majorities. Hans-Volker Stahl, Dr. Hermann Eisele, Eberhard Knoblauch and Josef Kurth were all re-elected with overwhelming majorities.

New employee representatives were also elected to the Supervisory Board during the period under review. Heinz Grund and Monika Weidmann were re-elected, Dieter Heppner replaced Ernst Kern, who as a former representative of the Material Handling division no longer stood for election.

The Supervisory Board has formed two committees to handle its primary functions. The Audit Committee primarily handles accounting issues and risk management, determines the mandatory independence of the auditor, appoints the auditor, determines audit focus areas, and negotiates the auditing fee. The Administration Committee prepares Supervisory Board questions to the Managing Board.

As of year-end 2008, the members of R. STAHL's Supervisory Board held together 6.56% of voting capital. The compensation report on page 103 of this Annual Report provides a breakdown of Supervisory Board compensation into fixed and performance-based components stated per individual.

R. STAHL does not offer any stock option plans.

Annual General Meeting

Each common share of R. STAHL AG carries one vote. Shareholders may participate in the Annual General Meeting if they can document their shareholding on the statutory record day and have notified the company of their attendance pursuant to the conditions set forth in the company's bylaws.

At our Annual General Meeting on 27 June 2008, 76.21% of the voting capital was represented. The assembly resolved all agenda items with clear majorities. In accordance with statutory regulations, a counter motion concerning the Supervisory Board election brought within the statutory notice period and with an election proposal was published on our website. The resolution to re-elect Gerold Schmid put forward at the Annual General Meeting was rejected as it had the support of 16.18% of capital represented.

Accounting and auditor

R. STAHL AG prepared its consolidated financial statements dated 31 December 2008 according to International Financial Reporting Standards (IFRS). The annual financial statements of R. STAHL AG for fiscal 2008 were prepared according to the generally accepted accounting principles set forth in the German Commercial Code.

The Annual General Meeting held on 27 June 2008 appointed the auditing firm Dr. Ebner, Dr. Stolz und Partner, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (now: Ebner Stolz Mönning Bachem GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft), Stuttgart, as auditors for the fiscal year ending 31 December 2008.

Declaration of Compliance with the German Corporate Governance Code

Waldenburg, December 2008

In our 2007 Annual Report, the Managing and Supervisory Boards of R. STAHL AG, Waldenburg, declared their compliance with the German Corporate Governance Code (GCGC) pursuant to article 161 of the German Joint Stock Corporation Act and stated that this declaration of compliance shall be updated in the 2008 Annual Report. Over the course of fiscal 2008, the company complied with the GCGC as amended on 6 June 2008 and will continue to do so next year, albeit with the following exceptions:

2.3.2

The company shall send notification of the convening of the Annual General Meeting together with the convention documents to all domestic and foreign financial services providers, shareholders, and shareholders' associations by electronic means if the approval requirements are fulfilled.

We believe that the technical prerequisites for the electronic transmission of the convention, including the respective documents, are not yet fulfilled: e-mail addresses are not known or even available. Moreover, many of our shareholders, especially the private investors, wish to receive the documents in a physical form.

4.2.2, paragraph 1, sentence 1

At the proposal of the committee dealing with Management Board contracts, the full Supervisory Board shall resolve and regularly review the Management Board compensation system including the main contract elements.

This Code recommendation was added in June 2008. As the contracts of our Managing Board members run until 2011, there has since been no need to resolve main contract elements, nor is there any need at present. The review will be based on the proposal of the committee dealing with Managing Board contracts.

4.2.5, paragraph 1

Disclosure <of management compensation> shall be made in a compensation report which as part of the Corporate Governance Report describes the compensation system for Management Board members in a generally understandable way.

R. STAHL will publish a detailed management compensation report in its notes to the consolidated financial statements.

5.1.2, paragraph 1, sentences 1 and 2, as well as 5.1.2, paragraph 2, sentence 3

The Supervisory Board appoints and dismisses the members of the Management Board. Together with the Management Board it shall ensure that there is a long-term succession planning.

An age limit for members of the Management Board shall be specified.

No age limit nor long-term succession planning for the Managing Board was or is specified as there is no need to take action. The Managing Board members of R. STAHL AG are 52 and 57 years old.

5.3.3

The Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting.

R. STAHL does not have a nomination committee in the sense stated above. We are of the opinion that the size of our Supervisory Board (six shareholder representatives) does not justify a committee dedicated to the proposal of Supervisory Board nominees.

5.4.1, sentence 2

Furthermore, <…> an age limit to be specified for the members of the Supervisory Board shall be taken into account.

Nominations to our Supervisory Board have not been and will not be subject to age limits. Experienced retired managers have the competence and time to properly devote themselves to Supervisory Board issues at hand. Competence and health are more crucial factors to consider than age.

5.4.3, sentence 2

An application for the judicial appointment of a Supervisory Board member shall be limited in time up to the next Annual General Meeting.

As the Supervisory Board members representing shareholders' interests are elected at the Annual General Meeting, there are no judicial appointments and thus no necessity to limit such appointments in time.

5.4.3, sentence 3

Proposed candidates for the Supervisory Board chair shall be announced to the shareholders.

The Supervisory Board members representing shareholders' interests were re-elected according to schedule at the 2008 Annual General Meeting. Pursuant to the company's bylaws, the constituent meeting was held immediately after the Annual General Meeting. The Supervisory Board chair and deputy chair were elected at this meeting. As such, we could not publish chair nominations ahead of the meeting.

5.4.6, paragraph 3, sentence 1

The compensation of the members of the Supervisory Board shall be reported individually in the Corporate Governance Report, subdivided according to components.

R. STAHL first disclosed compensation for Supervisory Board members individually and according to components in the notes to the annual financial statements published in the 2006 Annual Report.

6.6, paragraph 1, sentences 1 and 2

Beyond the statutory obligation to report and disclose dealings in shares of the company without delay, the ownership of shares in the company or related financial instruments by Management Board and Supervisory Board members shall be reported if these directly or indirectly exceed 1% of the shares issued by the company. If the entire holdings of all members of the Management Board and Supervisory Board exceed 1% of the shares issued by the company, these shall be reported separately according to Management Board and Supervisory Board.

Shareholdings of executive bodies in excess of 1% of our outstanding shares were not and are not disclosed.

On the one hand, no family member owns directly or indirectly a shareholding which would be suitable for dominating the company, and on the other, there are also family members serving on our Supervisory Board and to protect both the individual and the family we have decided to abstain from explicitly stating assets by owner’s name.

6.6, paragraph 2

<Directors’ dealings and shareholdings of Management and Supervisory Board members> shall be included in the Corporate Governance Report.

Disclosures about purchases or sales of company stock by members of the Managing or Supervisory Boards (directors) or persons related to such directors are published in compliance with statutory requirements as well as on our corporate website. We have decided to abstain from an additional disclosure in our Corporate Governance Report.

7.1.2, sentence 4

The Consolidated Financial Statements shall be publicly accessible within 90 days of the end of the financial year; interim reports shall be publicly accessible within 45 days of the end of the reporting period.

Our annual financial statements for the fiscal year 2007 were published before the statutory deadline. Key data on the past fiscal year was made publicly accessible substantially earlier – in March 2008. We will proceed similarly in the case of our annual financial statements for fiscal year 2008.

R. STAHL met the 45-day deadline for preparing and publishing its interim financial reports in 2008; we will generally meet this deadline in 2009.

7.1.4, sentence 3

<The list of third party companies shall include>: name and headquarters of the company, the amount of the shareholding, the amount of equity and the operating result of the past financial year.

Our list of subsidiaries and affiliates states the respective names, headquarters, shareholding, and amount of equity in the last fiscal year.

Since our main competitors are not listed or not required to publish their data in such detail, stating earnings for each of our subsidiaries individually would entail considerable competitive handicaps for us in the respective markets.

Our GCGC Compliance Officer is the head of our legal department, Eberhard Walter, Attorney at Law.

Financial information

Consolidated management report

of R. STAHL Aktiengesellschaft, Waldenburg, for the fiscal year 2008

Business and economic environment

Explosion protection systems and components

R. STAHL supplies electrical explosion protection components, products and systems. Specialist explosion-protected appliances and systems have to be used wherever combustible mixtures of gas occur. This also includes the storage, transport and processing of many types of dust. Our core sales sectors are the oil, gas, chemical and pharmaceutical industries. Even marine equipment suppliers need explosion protection products for tankers and loading stations when it comes to freight such as oil and gas. R. STAHL products are also to be found in the food and beverage industry, as well as the biofuel sector and in machine and plant construction. Our customers also include planning and engineering companies.

R. STAHL's product portfolio comprises all electrical and electronic components for explosion protection – from simple switches to displays and lamps to highly complex controls and bus systems that network whole plants. We attach the utmost importance to safety aspects and thus to the quality of our products.

Group structure and main group companies

R. STAHL Aktiengesellschaft (hereinafter also referred to as R. STAHL AG) is headquartered in Waldenburg, Germany, and serves as the holding company for its domestic and foreign subsidiaries. The holding company handles all commercial functions for the group – from human resources to controlling, finance, accounts, information technology and organisation. It acts as a service provider for the operating units.

Global sales of our products and onsite service for our customers are provided by our operating subsidiaries in 20 nations and over 50 representations around the world.

Also headquartered in Waldenburg is R. STAHL Schaltgeräte GmbH, the lead company for our operations. This is where we manufacture a substantial part of our product range, such as switchgear and installation equipment, control devices, terminal boxes and serial-production devices, as well as controls and systems for automation technology. We produce many of the plastic parts we use in our systems at R. STAHL's own plastics processing plant. Our facility in Weimar produces explosion-protected light fittings for our customers. Our Cologne subsidiary, R. STAHL HMI Systems GmbH, develops and produces devices and systems for input and visualisation,

both for general industrial and explosion-hazard areas. Our subsidiary, Electromach B.V., located in the Dutch city of Hengelo, manufactures explosion-protected master controls. In Stavanger, the centre of the Norwegian oil and gas industry, our subsidiary Tranberg AS produces electrical equipment for the ship supply industry. In 2008, we also continued to expand our location in Chennai, India.

In addition to our subsidiaries, we have further assembly facilities around the world (e.g. in the USA) which enable us to quickly adapt our products to local requirements.

The integration of Tranberg AS into the R. STAHL group made further progress in 2008. With joint appearances at trade fairs and increased marketing activities, we underlined the combined expertise of the sector's two leading suppliers – especially to the ship supply industry.

Strategy and corporate control

Maintaining growth strategy

Even though the cyclical market downturn in the second half of 2008 forced us to focus temporarily on other areas, such as the further optimisation of our production processes, we continue to pursue our growth strategy in the medium term. Three years ago, we defined the three dimensions of this strategy, which still apply today:

- tapping new customer sectors
- expanding our activities and sales in the Americas and Asia/Pacific region
- expanding and strengthening our systems business.

Tapping new customer sectors

In addition to our traditional customer sectors, such as the oil and gas industry, or chemicals and pharmaceuticals, there are a number of other sectors in which our products and systems could be used with just minor modification. One example is the ship supply industry, which we were able to access through our acquisition of the Norwegian company Tranberg AS. Further application areas for our product portfolio are also feasible, for example in the biofuel sector, as well as for geothermal and fuel cell technologies.

Sales growth in the Americas and Asia/Pacific

The North American market remained a major focus of our activities in 2008. Once again, we commissioned the certification of numerous products according to US standards, enabling us to continually expand our product portfolio for this market. We have now established ourselves as a competent and well-accepted partner on the North American market.

We continued to carefully develop our sales structures in Asia with the opening of new representations and the foundation of a subsidiary in Malaysia. We also expanded our production facility in Chennai once again in 2008. This enabled us to lay the foundation for further growth in the region. However, the effects of the financial and economic crisis were already noticeable in Asia by the middle of the year and certain major projects were postponed.

Systems business expansion

R. STAHL specialises in explosion protection solutions that use both electromechanical and electronic components. By linking these two disciplines with our systems expertise, we can offer our customers complete system solutions from a single source – perfectly tailored to each individual application. In the period under review, many of our activities were geared to expanding this segment further.

Intra-group control system

We prepare monthly income statements and balance sheets for each group company in our world-wide network and consolidate these centrally at our group headquarters. From these data, we derive key figures for controlling the individual units. Our key performance indicators include order intake, sales, pre-tax earnings, and capital employed. Checking incoming data against budget figures and analysing budget deviations make the performance of the individual group companies more transparent.

Focus on development and innovation

R. STAHL attaches great importance to innovation and new products. In the period under review, for example, we increased both headcount and expertise in our research and development division. Despite the difficult labour market, we were able to fill numerous, highly qualified vacancies and invested in further test equipment and development tools.

In order to raise efficiency and quality, we improved our development methods and tools, for example in automation technology, where many of our developments are in the field of software.

Our activities in this field are based on a development roadmap from which we derive our product strategy for the coming years. We made good progress with our development projects in all business fields during 2008 and achieved many of our product-based strategic targets: we increased the regional certifications of our products significantly, especially in North America, and broadened the product application fields in certain areas.

R. STAHL promotes cooperation with external institutions: by collaborating on joint projects with universities and seeking cooperation with our suppliers, we can tap available synergies and continually enhance our expertise throughout the company. For example, we support research projects on modern technologies conducted by Germany's national metrology institute, the PTB (Physikalisch-Technische Bundesanstalt).

The aspect of environmental protection is firmly anchored in our development manual. We are particularly proud of a new electronic ballast for lights, whose low-energy operation and long service life helps customers achieve 25% energy savings – thus also greatly reducing CO_2 emissions.

Overview of our business development

Adverse economic conditions

Global economic environment

2008 started with a stable economic environment despite with high prices for energy and raw materials. The global economy only began to falter during the course of the year. It grew by 3.7% in total, following growth rates of 5% in 2007 and 2006. All three major global regions were affected by the downturn; the USA could no longer be counted on to drive global growth and there was even a noticeable slowdown in the emerging nations. Even massive government intervention failed to calm the nerves of the world's financial markets.

Economic growth in the Euro zone ground to a halt in the second half of 2008 – the balance of trade deteriorated with the fall in economic activity. Experts are calling it the first recession since monetary union.

Growth forecasts for Germany were withdrawn by the nation's economic research institutes in December, after exports and GDP collapsed in the second half of the year: real growth reached just 1.5%, instead of the 1.9% originally forecast. The inflation rate fell during the course of the year from 3.3% to 1.4%.

Business development of R. STAHL

In line with the global economic situation, our order situation was still very encouraging at the beginning of the year. In the USA, the political will to achieve independence in energy supplies resulted in healthy demand. There were also orders from South America in the field of oil and gas. Towards the middle of the year, there were still no serious signs of a downturn from North America, although the situation in South America was already worsening. R. STAHL generated total sales of € 18.1 million in the Americas during the period under review, representing year-on-year growth of 25.9%. This is certainly a result of the continued expansion of our sales network in North America as well as the growing internationalisation of R. STAHL's product portfolio.

The picture in the Asia/Pacific region was different: there were already signs at the beginning of the year that a growing number of major projects would have to be postponed – due originally to the capacity bottlenecks of several engineering firms. In the second half of the year, it was financial bottlenecks and the first effects of the economic crisis which hampered business in Asia, where the strongest year-on-year downturn was also recorded. Nevertheless, we still succeeded in raising sales slightly compared with the previous year.

In Europe, the economic crisis did not affect us as strongly during the period under review. Following a good start, business weakened towards the middle of the year – a development which continued beyond year-end. Orders from North and East Europe were particularly strong. In Germany, order intake increased by € 3.3 million over the previous year.

All in all, we succeeded in meeting our sales forecast for R. STAHL in 2008, despite the economic crisis. At € 221.2 million, sales were well within our forecast corridor of € 220 million to € 230 million.

Supplementary report pursuant to article 315, paragraph 4 of the German Commercial Code

With the enactment of the Takeover Guideline Implementation Act on 14 July 2006, the following additional statements in the management report have become necessary:

Capital structure

On 31 December 2008, R. STAHL AG's subscribed capital amounted to € 16,500,000.00 divided into 6,440,000 no-par bearer shares. As such, each share hypothetically represents € 2.56 of the share capital.

Members of the Stahl and Zaiser families have pooled a substantial share of the company's voting rights under a syndicate agreement in which they agree to exercise their voting rights in person or by proxy according to syndicate resolutions.

Shareholder rights and obligations

The shareholders have asset rights and management rights.

Asset rights include the right to share in the company's profits pursuant to article 58, paragraph 4 of the German Stock Corporation Act (AktG), the right to share in liquidation proceeds pursuant to article 271 AktG, and the right to subscribe to shares during capital increases pursuant to article 186 AktG.

The shareholders' management rights include the right to participate in the Annual General Meeting, to be heard at such, to raise questions and make motions as well as to exercise voting rights.

Each no-par share carries one vote in the annual general meeting. The Annual General Meeting is the corporate body which elects the Supervisory Board members representing the shareholders and appoints the auditor of the annual financial statements. It decides whether or not to discharge the Managing and Supervisory Board members, resolves changes to the bylaws, and decides on capital measures, management authorisations for stock buy-backs, whether or not to conduct special audits, whether or not to prematurely dismiss Supervisory Board members, and whether or not to liquidate the company.

Supervisory Board composition

R. STAHL AG's Supervisory Board has nine members, of which six shareholder representatives are to be elected by the Annual General Meeting and three staff representatives are to be appointed according to the German Codetermination Act. Supervisory Board resolutions are adopted with a simple majority unless other majorities are prescribed by law. If one voting round results in a tie, the issue has to be voted on again immediately unless the majority of the Supervisory Board members decides to reopen debate on the issue. In this renewed vote, the Supervisory Board chair has two votes in the case of a tie, pursuant to article 12, paragraph 8 of the company's bylaws.

Statutory regulations and company bylaws on the appointment and dismissal of Managing Board members and changes to the bylaws

Articles 84 and 85 of the German Stock Corporation Act regulate the appointment and dismissal of Managing Board members. According to these regulations, the Supervisory Board can only appoint Managing Board members for a maximum period of five years. Reappointments are only permissible for another maximum of five years.

Article 6 of the company's bylaws stipulates further that the Managing Board has to consist of one or more persons. The Supervisory Board is the corporate body vested with the power to decide how many members the Managing Board should have, to appoint and dismiss such members, and to act as counterparty to the Managing Board members' employment contracts. The Supervisory Board has the power to appoint the Chairperson of the Managing Board and one or more Vice Chairperson(s).

Management authorisation in particular pertaining to the power of issuing shares or buying them back

Please refer to the notes to the consolidated financial statements, item 26 Equity, for details on management authorisation to issue or buy back shares.

Material agreements under the condition of change of control due to a takeover offer

R. STAHL AG has not entered into any material agreements under the condition of change of control due to a takeover offer. Furthermore, no indemnities have been granted to any Managing Board or staff members in case of such a takeover offer.

Compensation system for Supervisory and Managing Board members

Please refer to the notes to the consolidated financial statements, item 34 Executive bodies, for details on the compensation system for Supervisory and Managing Board members.

Income, financial, and asset position

Stable income position

In spite of the adverse economic conditions in 2008, R. STAHL continued its growth course and raised sales revenues by 4.5% over the previous year.

Nevertheless, the downturn also left its mark on us: pre-tax earnings (EBT) reached € 18.5 million, compared with € 24.6 million in the previous year. It should be noted, however, that the sale of our IT activities in the previous year resulted in non-recurring income of € 1.5 million. Adjusted for this special item, the comparable operating result before tax would have amounted to € 23.1 million in the previous year. As a result, operating EBT was down € 4.6 million. In the period under review, earnings were burdened by a non-scheduled writedown on inventories (€ 1.1 million) and negative exchange rate effects of around € 1.6 million. Our operating return on sales amounted to 8.4% (previous year: 10.9%).

After taxes, consolidated earnings amounted to € 12.6 million (previous year: € 16.2 million), while earnings per share reached € 2.03 (previous year: € 2.65).

Development of earnings and material income statement positions

In fiscal 2008, sales revenues grew by € 9.6 million (+ 4.5%) to reach € 221.2 million.

On 1 January 2008 we brought reporting in line with our internal, regional sales structures. We adjusted the prior-year figures accordingly.

In Europe (excl. Germany) sales revenues grew by a healthy € 6.2 million (+ 5.9%) to € 111.3 million.

The Americas region also made a major contribution to growth in sales revenues with an increase of € 3.7 million (+ 25.9%) – thanks to the strong impact of our expansion strategy. With numerous product certifications, we have increased the number of R. STAHL products which now meet US standards.

In the Asia/Pacific region, R. STAHL already reached a high level of sales in the previous year. In 2008, however, we succeeded in exceeding this prior-year level with growth of € 0.6 million to € 33.8 million – despite the postponement of several major projects. There were clear effects from the expansion of our sales structures.

By broadening its base in the Americas and Asia/Pacific regions, R. STAHL has made itself more robust and will be better placed in future to cushion the effects of regional fluctuations in demand.

We now generate 73.8% (previous year: 72.1%) of our sales abroad.

Despite recessionary tendencies in Germany, sales fell only slightly by € 1.0 million to € 58.0 million in the past fiscal year.

The group's total operating performance increased by € 3.2 million to € 221.6 million.

Other operating income was slightly below the prior-year level at € 5.6 million (previous year: € 6.5 million).

The cost of materials accounted for 32.9% of total operating performance, a decrease of 1.1%-point compared with the previous year. This was due above all to the larger proportion of higher-value components and equipment in the previous year.

As a result of our future-oriented, strategic expansion of research and development, personnel costs grew by € 4.7 million in absolute terms to € 77.1 million and thus accounted for 34.8% of total operating performance.

Depreciation, amortisation, and impairments remained virtually unchanged at 4.1% of total operating performance.

Other operating expense increased to € 46.7 million, from € 42.5 million in fiscal year 2007. The expansion of our business and implementation of our growth strategy have naturally also led to higher other operating expenses. At 21.1% of total operating performance, the ratio was slightly up on the previous year (19.5%).

Earnings before financial income and income taxes amounted to € 21.5 million (previous year: € 26.9 million).

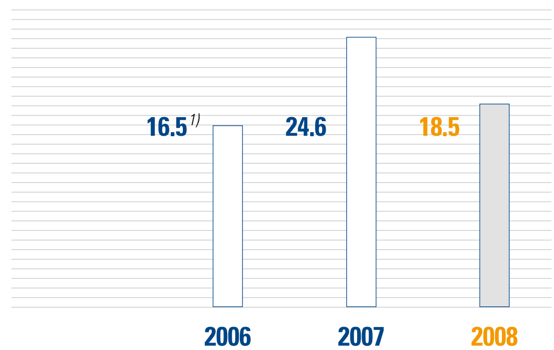
The net interest result of € - 3.0 million consists of interest income amounting to € 1.0 million and an interest expense of € 4.0 million. The interest expense position includes interest on pension obligations totalling € 2.8 million.

Income position summary

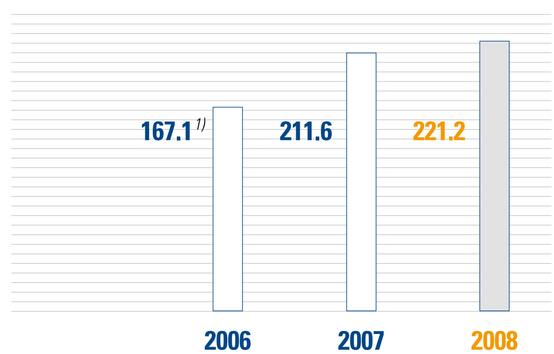
2008 was marked by the economic downturn and a successively worsening international financial market crisis – as a consequence of which growth slowed significantly in the fourth quarter.

In its past fiscal year R. STAHL posted pre-tax earnings of € 18.5 million and an operating return on sales of 8.4%. Thanks to its strong positioning, high degree of flexibility and excellent product quality, R. STAHL was able to escape the effects of an impending downturn. The implementation of its strategy resulted in the generation of further growth. As a result of the prevailing global economic conditions, however, there are clear signs of weakening demand. The company will not be able to fully cushion the effects of this fall in demand in future.

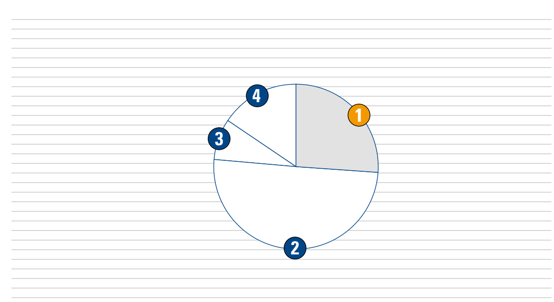
IFRS earnings before taxes; in € m



Consolidated sales; in € m



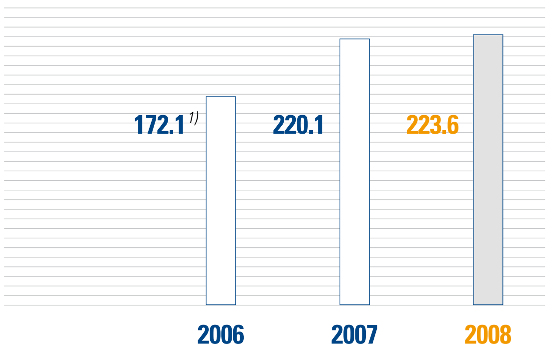
2008 sales by region; in € m



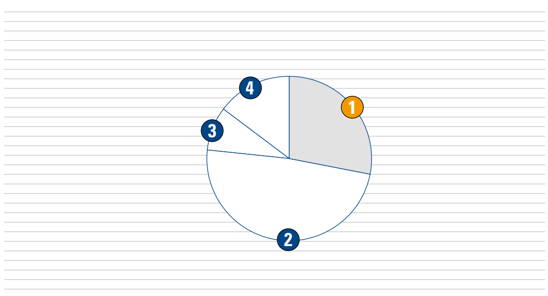
1 Germany	58.0 (26.2%)
2 Central, excl. Germany	111.3 (50.3%)
3 Americas	18.1 (8.2%)
4 Asia/Pacific	33.8 (15.3%)

1) *Continuing activities*

Order intake; in € m



2008 order intake by region; in € m



1 Germany	63.2 (28.3%)
2 Central, excl. Germany	108.4 (48.5%)
3 Americas	19.2 (8.6%)
4 Asia/Pacific	32.8 (14.6%)

Increase in order intake

Consolidated order intake increased by 1.6% to € 223.6 million (previous year: € 220.1 million) in the past year. Against the backdrop of a global economic downturn and financial crisis, it became apparent that our customers still had additional capital equipment requirements – although growth was somewhat slower than in the outstanding year which preceded the period under review. We were able to avoid an even greater shortfall by expanding and strengthening our sales network and continuing the launch of new products.

Regional distribution of order intake

The slight increase in order intake over the previous year of 1.6% can be broken down according to region as follows:

Strong exports of Germany's plant and machine manufacturers helped us raise order intake in Germany by € 3.3 million (5.5%) to € 63.2 million in the period under review.

In Europe (excl. Germany), there was a year-on-year decline of € 4.0 million (3.6%) in order intake to a volume of € 108.4 million in 2008.

In the Americas, R. STAHL increased order intake by 28.9% to € 19.2 million. This growth was confirmation of the strategy we launched in 2007 to expand our sales structure. Further product approvals for the American market and our new subsidiary in Canada, which we founded in the previous year, helped drive this growth in orders.

Following a sharp rise in the previous year (63.4%), we succeeded in raising the prior-year level slightly in the Asia/Pacific region in the past year with order intake of € 32.8 million. We had also previously strengthened our sales activities in this region and adapted our products to the needs of the Asian market.

1) *Continuing activities*

With an increase in order backlog of € 0.5 million to € 39.0 million, as of year-end, R. STAHL is well positioned to get off to a good start in the difficult year ahead.

Financial position

Principles and objectives of our finance management

R. STAHL AG handles the entire finance management for R. STAHL group. Our central finance management organisation ensures a standard approach to capital providers and facilitates central risk management without undue financial risks.

We centrally control our credit, interest, and currency risks. Where necessary, we hedge against such risks by using market-typical derivative financial instruments that are exclusively geared to the underlying transaction.

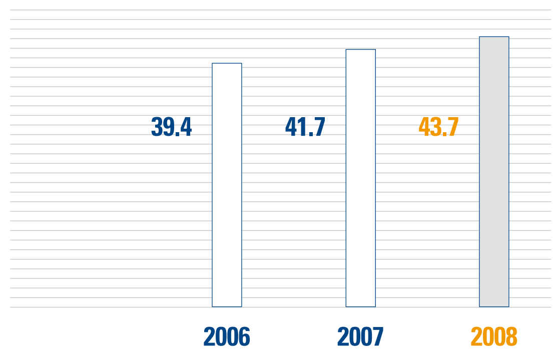
Finance analysis

The group's external finance requirements are met, where necessary, by means of bank borrowing. In Germany, group companies are financed through the group's cash pooling system while foreign subsidiaries use credit lines of local banks with guarantees provided by the group's parent company.

Our long-term assets are still fully covered by equity. Liquid assets of € 34.1 million exceed short and long-term interest-bearing financial debt by € 23.4 million.

We improved our equity ratio once again to 43.7% in 2008 (previous year: 41.7%).

Equity ratio; in %



Our solid, stable and healthy financial structure provides the group with considerable financial scope and a reliable foundation in an economic environment expected to become increasingly difficult.

The available funds represent a high degree of liquidity and consequently we do not expect any financial bottlenecks. As we are also largely independent of external lenders, we can concentrate fully on optimising our internal processes. We shall endeavour to improve our organisational structures within the given framework and continue to work on optimising the company.

Capital expenditure analysis

In fiscal 2008, we invested € 9.2 million in property, plant and equipment, which was slightly above the prior-year figure of € 8.9 million. The new building for our Dutch subsidiary represents a major and forward-looking investment for the group: the new office and production complex will help our subsidiary enhance its internal processes and raise efficiency.

In the period under review, we also invested in various machines and tools (jigs, measurement and test devices, IT equipment and software) aimed at further rationalisation and efficiency improvements. It should also be noted that we capitalised development expenses of € 1.7 million (previous year: € 2.3 million). Depreciation, amortisation, and impairment of non-current assets amounted to € 9.0 million.

Liquidity analysis (cash flow statement)

In 2008 we increased operating cash flow from ongoing operations considerably to € 27.5 million (previous year: € 17.7 million). With a reduced net profit, this increase was mainly due to proceeds from the change in net current assets.

Cash outflows for capital expenditure amounted to € 14.1 million (previous year: € 13.9 million).

This resulted in positive free cash flow of € 13.7 million (previous year: € 7.2 million).

We distributed a total of € 6.5 million in dividends to our shareholders. The repayment of short and long-term loans also led to a further cash outflow.

Asset position

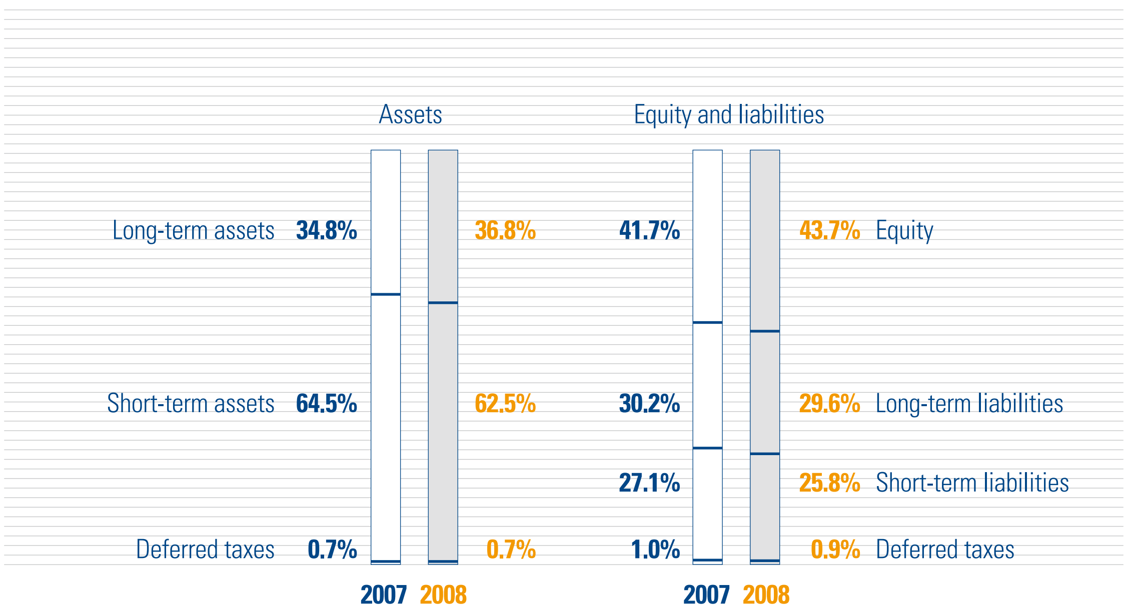
Asset structure analysis

R. STAHL's consolidated total assets remained virtually unchanged from the previous year at € 178.7 million. On the asset side, the proportion of long-term assets increased as a result of capital expenditure. As a consequence, the share of short-term assets decreased. Liquid assets grew by € 4.3 million, while inventories and receivables fell in total by € 7.7 million. On the equity and liabilities side of the balance sheet, the share of long-term and short-term debt decreased in line with the higher equity ratio.

The balance sheet reveals a high level of liquidity and a solid and healthy financial structure. With this foundation, we believe that we are well equipped for the future and can thus approach with confidence what is expected to be a challenging fiscal year 2009.

in € m	2008	2007
Cash flow from ongoing business activity	27.5	17.7
Capex cash flow	- 13.8	- 10.5
Net cash flow (free cash flow)	13.7	7.2
Finance cash flow	- 8.4	- 9.8
Liquidity at the end of the period	34.1	29.8

Asset and financial structure as of 31 December



Personnel

Our HR activities in 2008 focused on the increasingly difficult recruitment of new skilled employees and the training of our existing staff. Particular importance was attached to occupying vacancies for technicians and engineers. A total of around 100 new employment contacts were signed in the period under review. Alternative recruitment methods and our excellent connections to universities played a key role.

In order to meet the growing need for technical staff, we increased the number of apprenticeship positions in these fields by 30%. All in all, R. STAHL achieved an apprentice-to-staff ratio of 7.5% in Germany, which is well above the national average.

The collective bargaining agreements for 2008 resulted in average cost increases of 3.3% per year.

R. STAHL reacted swiftly to the economic crisis and ordered a temporary ban on the hiring of new staff – vacancies are currently being filled very cautiously and only in specific areas.

Production report

Our production facilities reflected the economic development of the past year: in early 2008 all facilities were operating at near full capacity and there was even some transfer of capacity from our Dutch facility in Hengelo to Waldenburg. The rented facility near our main site in Hohenlohe was expanded. From the middle of the year onwards, demand began to slow as a result of the cyclical downturn in the economy. The number of temporary staff was adjusted accordingly.

We expanded capacities at our facility in Chennai, India, and began production of further products there for the Asian market.

Our Dutch facility reached the limits of its capacity in the past year. By expanding the facility with the addition of a new factory, we aim to improve production logistics.

In line with the group's continuing internationalisation, we created the positions Global Operations (with complete responsibility for all manufacturing facilities) and Global Procurement. We are thus pursuing the objective of internationalising, standardising and professionalising our manufacturing and purchasing processes.

Sustainability report

R. STAHL is committed to safety: explosion protection products per se contribute towards protecting people, the environment and equipment. In the period under review, we also adopted an extensive Ethical Behaviour Guideline, which is being implemented in 2009 and is available on the company's website.

The building at our main site in Waldenburg was constructed in line with the latest environmental protection findings. Nevertheless, we regularly conduct tests to discover how we can conserve resources and protect the environment even better. The modernisation of our lighting system with 74% more light and yet 52% less energy consumption is just one example.

The company has a certified health and safety management system, which regularly reviews all topics concerned with safety, health and environmental protection. Several work safety officers and one environmental officer discuss current issues, develop the necessary measures and accompany their implementation. Environmental aspects are also anchored in our development manual.

We also take our responsibility for young people very seriously: R. STAHL's apprenticeship ratio is above the sector average and we are involved in various model projects and initiatives designed to awake and cement an interest in technology among young children while they are still at kindergarten and junior school.

Our corporate strategy applies the same standards when valuing the importance of our stakeholder groups: customers, employees and shareholders. We deliberately avoid taking a pure »shareholder value« approach, preferring to meet the needs of all three groups.

Other projects

Successful SAP roll-out

Following extensive, month-long tests, we closed down our previous ERP system in early October and replaced it with SAP. Over 600 employees were trained during the course of the project in order to avoid teething problems with the new system. The roll-out was a great success.

Marketing at the world's most important trade fairs

In 2008, R. STAHL once again presented its range of products and services at the world's most important trade fairs. With a new fair stand concept which highlights the systems approach from the customer's perspective, the Interkama fair in April was a great success. At the SMM fair in Hamburg, the leading international fair for the maritime industry, and at the most important offshore industry fair in Stavanger, R. STAHL and Tranberg presented a joint stand and generated considerable interest among fair visitors.

In order to give customers a greater insight into explosion protection, we have been offering seminars and customer training sessions for several years now. Due to the strong response, we expanded this programme in 2008 by almost 70%.

Risk report

Risk and opportunity management

R. STAHL compiles all material risks and opportunities reported by group members on a quarterly basis in a joint data base. The central risk and opportunity management then organises these data into risk and opportunity reports by company. The reports describe not only the nature and type of risk but also put a potential value on it, rate its event probability, and state a plan of measures. Our risk category system ensures that material and especially existential risks are detected early and management is alerted right away. By making quarterly analyses of risks and opportunities, we can respond to critical situations with appropriate measures early on and thus minimise the chances of risk escalation. In addition to their quarterly reporting of risks and opportunities, our group companies also have to immediately notify management of time-sensitive or significant risks.

Derivative financial instruments

As a global player, R. STAHL conducts business transactions in various currencies. This results in currency fluctuation risks in the case of bank balances denominated in foreign currencies, receivables, liabilities and debt, as well as from pending and anticipated transactions. In order to hedge against such risks, we use derivative financial instruments. They are used exclusively to hedge existing underlying, pending or planned transactions. In fiscal 2008, we predominantly used foreign exchange futures as hedging instruments.

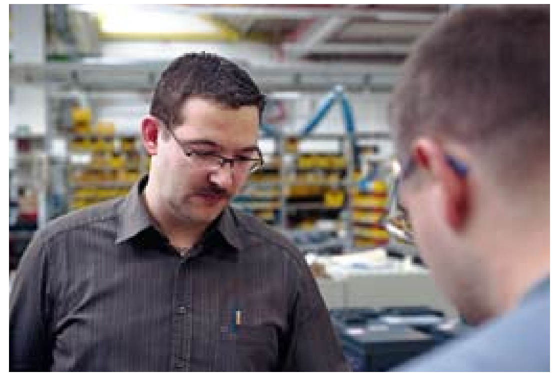
We have set group-wide uniform standards for the scope of action, responsibilities, financial reporting and control mechanisms for financial instruments. A key feature in this regard is a clear separation of function between trading and settlement. The maturities of such foreign exchange derivatives typically relate to cash flows forecast for the current and subsequent fiscal years. If necessary, they can be prolonged to best cover the expected cash flows until payment has been received or effected.

Individual risks

Market and sector risks

We take the risks for R. STAHL resulting from the current global financial crisis seriously. R. STAHL has a solid financial base – with a low level of debt, an equity ratio of 43.7% and liquid funds of € 34.1 million, we regard a fall in sales of even 20% to 30% as no threat to our continued existence.

Our main customer sectors – oil & gas, pharmaceuticals and maritime equipment suppliers – are relatively stable. The chemical industry, however, has been hit hard by the decline in the automotive sector and consumption. We cannot currently predict with any certainty how seriously we will be affected by the global economic crisis. We cannot exclude defaults with regard to suppliers and customers, neither can we predict at present how exchange rates will develop and which risks this might entail.



Although we are not specifically dependent on major customers, the risk of default in particular has grown in the course of the economic crisis. We shall therefore attach even greater importance to receivable management and monitoring in order to take timely countermeasures.

Risks from corporate strategy

In line with our corporate strategy, we are investing in the expansion of our systems business in particular and our activities in the Americas and Asia in general. Changes in our cost structures go hand in hand with that and higher fixed costs figure prominently here. We keep a close watch on our capital spending so that it remains at an appropriate scale for the group as a whole and will not cause existential risks.

Economic performance risk

R. STAHL's product portfolio largely consists of safety-related components. To meet our customers' quality standards, we manufacture the overwhelming share of our products in Germany. Unforeseen events may impede our domestic production. However, we do not foresee any particular economic performance risks of this kind at present.

Personnel risk

Thanks to the overall high qualification level of our staff, we rarely depend on key individuals in certain positions. We currently see no indication of risk in this area.

Information technology risks

Our central production, planning and control systems were changed to SAP in 2008. The roll-out of the new system was a success. As a result, there are now greater possibilities to integrate the processes and systems of R. STAHL's subsidiaries.

Financial risk

We have hedged our existing and planned foreign currency volumes to a large extent by means of forward exchange transactions. Nevertheless, recent exchange rate developments have displayed a high degree of volatility. The future development cannot be forecast reliably at present. As price fluctuations on the financial markets are virtually impossible to foresee, we see considerable risks for our business.

Subsequent events

With share purchase agreements dated January 20, 2009, we raised our holding in the group's Russian subsidiary OOO R. STAHL from 20% to 60%. The company was founded together with partners in 2008. With this move, R. STAHL hopes to open up further sales channels on the Russian market.

Forecast report

Overall economic outlook

In early 2008 there were already signs of a decline in new orders received by Germany's equipment suppliers. This trend was overshadowed by the turbulence generated by the international financial crisis. This has since spiralled into a global economic crisis, which is spreading into ever more areas and now affects virtually every region of the world.

GDP is expected to shrink in many countries during 2009. Those countries which have experienced strong growth over the past few years will face a significant slowdown in the pace of their development this year.

For many companies, raising finance for their business has become extremely difficult: major projects can no longer be realised. Companies with a weaker financial base are feeling the squeeze even more dramatically and many have already had to file for bankruptcy.

Such an adverse economic environment makes it almost impossible to make a realistic forecast for business in 2009.

Outlook for our sales sectors

The chemical industry has been hit hard by the downturn in the automotive sector and consumer spending. Many customers have closed down lines or whole facilities and greatly reduced capacities. Cost-cutting programmes have been introduced. Even maintenance work – which is normally conducted whenever capacity is underutilized – has fallen prey to cost cuts in some areas.

The pharmaceutical industry has not changed its investment and maintenance behaviour as yet. We are still registering healthy demand from this sector.

The reaction of the oil and gas industry to the economic crisis varies according to region: in countries such as Canada, where economic exploitation of oil reserves is only possible at prices above $ 40–50 per barrel, capital expenditure has been reduced significantly. Major projects to exploit new fields are currently difficult to finance and are thus being delayed. On the whole, however, the propensity to invest is still at a satisfactory level in the oil and gas sector – not only in exploration, but also in storage, transport and processing.

The shipbuilding industry has been hit hard by the macroeconomic situation, especially in the field of general cargo vessels and container ships. There are no signs at present of any investment stops for the construction of chemical and oil tankers. LNG tankers continue to be planned, as transport capacities are still not sufficient for those fields already being exploited.

Machine manufacturers who use our products for a variety of processes in which explosive atmospheres may arise, are currently suffering from a sharp decline in order intake.

In general, the situation in our customer sectors is quite diverse. It is unclear whether the current propensity to invest in the field of pharmaceuticals, oil and gas, and LNG tankers will continue, as the possible domino effect from the global financial and economic crisis in 2009 cannot be foreseen.

Sales outlook

In our fiscal year 2009, we expect a decline in order intake, order backlog and sales revenue.

The development will be varied in the different regions: in Asia/Pacific, new project business accounts for a larger share of sales than in Europe.

Asian sales will therefore be affected more by the decline in new investments. In Europe, the installation base of the R. STAHL group is particularly strong. We therefore expect an acceptable level of sales through maintenance measures and smaller orders. Our market share in the Americas is still quite small; in spite of the adverse economic situation, however, we hope to buck the market trend and achieve growth in this region. All in all, we expect falling revenues which our successful strategies will not be able to fully cushion.

Income outlook

The flexibility of R. STAHL's personnel capacity means it is well equipped to deal with a normal dip in revenues. We have achieved this flexibility by using temporary staff, offering time-limited work contracts and allowing credit balances on staff flexi-time accounts.

Our aim is to maintain our core work force even in the current adverse economic climate. At the same time, our profitability should be sufficient to make significant investments and pay a suitable dividend. In addition to the above-mentioned flexible adaptation possibilities, it will be necessary in some areas to introduce shorter working hours and apply the collective agreement to secure employment.

This should enable us to at least limit the expected decline in our profitability.

In addition to falling sales due to the current demand situation, we also expect much greater pressure on prices as a result of market overcapacity and fiercer competition. We will have to withstand this pressure, as we cannot

afford to relinquish market share in such a difficult economic situation. On the contrary, as a strong company we must aim to capture market share in such a phase.

On the cost side, we have reacted by greatly strengthening our procurement capabilities and are currently working on an international programme to reduce purchase prices and the number of our suppliers.

We have initiated processes in all areas of the company aimed at raising efficiency and increasing speed in our dealings with customers. This concerns both production and our full-time staff.

Financial outlook

Our company is financially strong: with an equity ratio of 43.7% and € 23.4 million of surplus net liquidity, we are in excellent financial shape. We also expect customers to try and prolong credit terms, in order to finance operations with the aid of their suppliers. We will only be able to reduce inventories to a limited extent, as we must uphold our delivery performance – especially in such difficult times. As a consequence, we do not expect to generate free cash flow in 2009.

Considering our strong equity position and high net liquidity, this is not a problem. Even a net loss and a major decline in sales would not jeopardise the company in any way.

Growth through expected acquisitions

We intend to strengthen the market position of the R. STAHL group by making company acquisitions. Especially in times of economic difficulty, opportunities may arise as the price for companies is set to return to acceptable levels.

Capital expenditure outlook

In 2009 we will invest in improving our efficiency and processing speed. In Hengelo/Netherlands, the new facility for our company Electromach will come on stream and will be capitalized accordingly. Additional equipment will also be required here.

Risks and opportunities

As already explained in detail, we currently find ourselves in a highly volatile economic environment, which makes forecasts virtually impossible. One thing which appears certain is that our business will also be affected by the international downturn.

We regard it as an opportunity that a strong company like R. STAHL can capture market shares from its competitors in such a crisis situation, as their staff fear redundancy and their lack of financial strength will make them incapable of withstanding the competitive pressure. We must succeed in convincing customers that suppliers with a strong financial performance such as R. STAHL are the preferred choice in the long term.

The risks for our business in 2009 are clearly the possibility of a significant fall in sales with a corresponding effect on earnings, which we can only cushion in part with short-term measures.

Overall assessment

Under the given circumstances, it is currently impossible to make reliable forecasts. The company is prepared, as far as possible, for negative influences from the market. We aim to use the current economic crisis to enhance our position in the long-term. Due to the current situation, we have decided against making a forecast for sales and earnings in 2009. However, we expect that the global economy will be more stable in 2010 and that this will also have a positive impact on the key performance indicators of the R. STAHL group.

Waldenburg, 6 April 2009

R. STAHL Aktiengesellschaft
Managing Board

Martin Schomaker Dr. Peter Völker

Consolidated financial statements

Consolidated income statement

from 1 January to 31 December 2008

in € 000	*Note*	2008	2007
Sales revenue	*(6)*	221,150	211,616
Change in finished and unfinished products		- 1,699	3,860
Other own work capitalised	*(7)*	2,126	2,864
Total operating performance		**221,577**	**218,340**
Other operating income	*(8)*	5,645	6,503
Cost of materials	*(9)*	- 72,969	- 74,269
Personnel costs	*(10)*	- 77,084	- 72,343
Depreciation, amortisation and impairments on intangible assets and property, plant & equipment	*(12)*	- 8,993	- 8,794
Other operating expense	*(13)*	- 46,697	- 42,503
Earnings before financial earnings and income taxes		**21,479**	**26,934**
Investment income/expense	*(14)*	7	11
Interest and similar income	*(15)*	998	1,057
Interest and similar expense	*(15)*	- 4,009	- 3,398
Earnings before income taxes		**18,475**	**24,604**
Taxes on income	*(16)*	- 5,863	- 8,422
Net income for the year		**12,612**	**16,182**
Minority interests		592	500
Profit share of R. STAHL		12,020	15,682
Earnings per share *(in €)*	*(17)*	2.03	2.65

Consolidated balance sheet

as of 31 December

in € 000	Note	2008	2007 [1]
ASSETS			
Long-term assets			
Intangible assets	(19)	20,867	21,366
Property, plant & equipment	(20)	33,212	29,109
Other financial investments	(21)	108	176
Other assets	(21)	1,622	1,190
Real estate held as a financial investment	(21)	9,921	10,966
Deferred taxes	(16)	1,235	1,218
		66,965	**64,025**
Short-term assets			
Inventories and prepayments made	(22)	35,212	37,668
Trade receivables	(23)	36,263	41,479
Income tax refund claims	(23)	1,357	3,310
Other receivables and other assets	(23), (24)	4,770	4,000
Cash and cash equivalents	(25)	34,135	29,747
		111,737	**116,204**
Total assets		**178,702**	**180,229**

[1] *The allocation of profit reserves and cumulated other equity was adjusted in the period under review. As a consequence, the prior-year values differ from those amounts stated in the consolidated financial statements for fiscal year 2007. (Details are provided in Notes 5 and 26.)*

in € 000	Note	2008	2007 [1]
EQUITY AND LIABILITIES			
Subscribed capital	(26)	16,500	16,500
Capital reserve	(26)	522	522
Profit reserves	(26)	69,377	63,873
Cumulated other equity	(26)	- 4,037	- 1,335
Deduction for treasury stock	(26)	- 5,596	- 5,596
Equity without external interests		**76,766**	**73,964**
External interests	(26)	1,405	1,121
Equity including external interests		**78,171**	**75,085**
Long-term debt			
Accruals for pension obligations	(27)	46,138	45,141
Other accruals	(28)	2,237	3,192
Interest-bearing loans	(29)	4,512	6,209
Deferred taxes	(16)	1,567	1,793
		54,454	**56,335**
Short-term liabilities			
Accruals	(27), (28)	8,963	10,387
Trade liabilities	(30)	13,213	11,925
Interest-bearing loans	(29)	6,254	6,990
Deferred debt	(30)	10,634	10,688
Income tax liabilities	(30)	3,384	4,435
Other liabilities	(30)	3,629	4,384
		46,077	**48,809**
Total equity and liabilities		**178,702**	**180,229**

Consolidated cash flow statement

for fiscal 2008

in € 000	2008	2007
I. Operating activities		
1. Net income for the year	12,612	16,182
2. Profit/loss from divestment of consolidated companies	0	- 1,489
3. Depreciation, amortisation and impairment of non-current assets	8,993	8,794
4. Changes in long-term provisions	376	785
5. Changes in deferred taxes	- 66	2,766
6. Other income and expenses without cash flow impact	285	58
7. Income/expense from the disposal of non-current assets	112	- 130
8. Cash flow	**22,312**	**26,966**
9. Changes in short-term provisions	- 1,322	3,921
10. Changes in inventories, trade receivables and other non-capex or non-financial assets	4,563	- 15,757
11. Changes in trade liabilities and other non-capex or non-financial liabilities	1,924	2,555
12. Changes in net current assets	**5,165**	**- 9,281**
13. Cash flow from ongoing business operation	**27,477**	**17,685**
II. Capex cash flow		
14. Cash outflow for capex on intangible assets	- 4,852	- 4,975
15. Cash inflow from disposals of intangible assets and property, plant & equipment	12	9
16. Cash outflow for capex on property, plant & equipment	- 9,228	- 8,912
17. Cash inflow from disposals of property, plant & equipment as well as real estate held as a financial asset	61	735
18. Cash outflow for capex on financial assets	- 33	- 392
19. Cash inflow from disposals of financial assets	307	560

in € 000	**2008**	2007
20. Cash inflow from the divestment of consolidated companies	0	2,514
21. Capex cash flow	**- 13,733**	**- 10,461**
22. Free cash flow	**13,744**	**7,224**
III. Finance cash flow		
23. Distribution to shareholders (dividend)	- 6,516	- 5,331
24. Distribution to/contribution from minority shareholders	25	- 2,318
25. Increase (+)/decrease (-) in short-term, interest-bearing financial debt	- 230	- 424
26. Cash outflow for repayment of long-term, interest-bearing financial debt	- 1,674	- 1,762
27. Finance cash flow	**- 8,395**	**- 9,835**
IV. Financial fund assets		
28. Cash flow-impacting changes in financial funds	5,349	- 2,611
29. Foreign exchange and valuation-related changes in financial funds	- 961	- 528
30. Financial funds at the beginning of the period	29,747	32,886
31. Financial funds at the end of the period	**34,135**	**29,747**
Composition of financial funds held		
Cash and cash equivalents	34,135	29,747

Consolidated statement of changes in equity

for fiscal 2008

in € 000	Shareholders'		
	Subscribed capital	Capital reserve	Profit reserve[1]
Balance on 1 Jan. 2007	**16,500**	**522**	**53,556**
Dividend distribution			- 5,331
Consolidation changes			- 34
Net income for the year			15,682
Foreign exchange differences			
Other changes			
Balance on 31 Dec. 2007	**16,500**	**522**	**63,873**
Balance on 1 Jan. 2008	**16,500**	**522**	**63,873**
Dividend distribution			- 6,516
Consolidation changes			
Net income for the year			12,020
Foreign exchange differences			
Other changes			
Balance on 31 Dec. 2008	**16,500**	**522**	**69,377**

[1] *The allocation of profit reserves and cumulated other equity was adjusted in the period under review. As a consequence, the prior-year values differ from those amounts stated in the consolidated financial statements for fiscal year 2007. (Details are provided in Notes 5 and 26.)*

equity			Minority interests	Consolidated equity total
Cumulated other equity [1]	Deduction for treasury shares	Total		
- 226	**- 5,596**	**64,756**	**1,299**	**66,055**
		- 5,331	- 266	- 5,597
		- 34	- 27	- 61
		15,682	500	16,182
- 1,109		- 1,109	15	- 1,094
		0	- 400	- 400
- 1,335	**- 5,596**	**73,964**	**1,121**	**75,085**
- 1,335	**- 5,596**	**73,964**	**1,121**	**75,085**
		- 6,516	- 47	- 6,563
		0	33	33
		12,020	592	12,612
- 2,702		- 2,702	- 300	- 3,002
		0	6	6
- 4,037	**- 5,596**	**76,766**	**1,405**	**78,171**

Changes in fixed assets of the group 2008

in € 000	Historical and manufacturing costs				
	01/01/2008	Forex differences	Additions	Disposals	Restate-ment
I. Intangible assets					
1. Industrial property and similar rights	10,984	11	3,069	- 19	1,209
2. Goodwill	5,117	- 881	0	- 33	0
3. Development costs	7,460	- 62	1,701	- 12	0
4. Prepayments made	1,209	0	54	0	- 1,209
5. Other intangible assets	7,105	- 1,342	27	0	0
	31,875	**- 2,274**	**4,851**	**- 64**	**0**
II. Property, plant & equipment					
1. Properties, property-like rights and buildings including buildings on third-party properties	17,397	1	206	- 2	7
2. Technical equipment and machinery	19,141	- 319	793	- 1,011	0
3. Other plants as well as operating and office equipment	31,980	- 258	3,051	- 1,527	113
4. Prepayments made and plants under construction	3,579	0	5,178	0	- 120
	72,097	**- 576**	**9,228**	**- 2,540**	**0**
III. Financial assets					
1. Other investment interests	51	0	33	0	0
2. Loans to companies in which equity interests are held	90	0	0	0	0
3. Other loans	107	- 1	0	- 97	0
4. Securities	20	- 3	0	0	0
	268	**- 4**	**33**	**- 97**	**0**
IV. Real estate held as financial investment	**14,163**	**0**	**0**	**- 300**	**0**
	118,403	**- 2,854**	**14,112**	**- 3,001**	**0**

	Cumulated depreciation, amortisation and impairment					Book values	
31/12/2008	01/01/2008	Forex differences	Additions	Disposals	31/12/2008	31/12/2008	31/12/2007
15,254	6,560	7	2,127	- 17	8,677	6,577	4,424
4,203	263	- 52	0	0	211	3,992	4,854
9,087	2,585	- 16	631	- 4	3,196	5,891	4,875
54	0	0	0	0	0	54	1,209
5,790	1,101	- 275	611	0	1,437	4,353	6,004
34,388	**10,509**	**- 336**	**3,369**	**- 21**	**13,521**	**20,867**	**21,366**
17,609	5,479	1	354	- 2	5,832	11,777	11,918
18,604	13,774	- 236	1,417	- 1,007	13,948	4,656	5,367
33,359	23,735	- 179	3,108	- 1,447	25,217	8,142	8,245
8,637	0	0	0	0	0	8,637	3,579
78,209	**42,988**	**- 414**	**4,879**	**- 2,456**	**44,997**	**33,212**	**29,109**
84	2	0	0	0	2	82	49
90	90	0	0	0	90	0	0
9	0	0	0	0	0	9	107
17	0	0	0	0	0	17	20
200	**92**	**0**	**0**	**0**	**92**	**108**	**176**
13,863	**3,197**	**0**	**745**	**0**	**3,942**	**9,921**	**10,966**
126,660	**56,786**	**- 750**	**8,993**	**- 2,477**	**62,552**	**64,108**	**61,617**

Changes in fixed assets of the group 2007

in € 000						Historical and manufacturing costs
	01/01/2007	Forex differences	Additions	Disposals	Disposals consoli-dation	Restate-ment
I. Intangible assets						
1. Industrial property and similar rights	8,731	-15	1,427	-24	-309	1,174
2. Goodwill	3,955	11	1,650	-387	-112	0
3. Development costs	5,107	5	2,348	0	0	0
4. Prepayments made	1,229	0	1,154	0	0	-1,174
5. Other intangible assets	6,872	207	46	-20	0	0
	25,894	**208**	**6,625**	**-431**	**-421**	**0**
II. Property, plant & equipment						
1. Properties, property-like rights and buildings including buildings on third-party properties	17,696	-6	457	-677	-73	0
2. Technical equipment and machinery	17,009	13	2,218	-161	0	62
3. Other plants as well as operating and office equipment	32,403	-70	2,700	-1,232	-1,850	29
4. Prepayments made and plants under construction	133	0	3,537	0	0	-91
	67,241	**-63**	**8,912**	**-2,070**	**-1,923**	**0**
III. Financial assets						
1. Equity interests in associated companies	259	0	0	0	-259	0
2. Other investment interests	51	0	0	0	0	0
3. Loans to companies in which equity interests are held	90	0	0	0	0	0
4. Other loans	263	-4	6	-158	0	0
5. Securities	399	-39	0	-340	0	0
	1,062	**-43**	**6**	**-498**	**-259**	**0**
IV. Real estate held as financial investment	**14,163**	**0**	**0**	**0**	**0**	**0**
	108,360	**102**	**15,543**	**-2,999**	**-2,603**	**0**

	Cumulated depreciation, amortisation and impairment						Book values	
31/12/2007	01/01/2007	Forex differences	Additions	Disposals	Disposals consoli-dation	31/12/2007	31/12/2007	31/12/2006
10,984	5,746	-10	1,105	-23	-258	6,560	4,424	2,985
5,117	596	8	0	-341	0	263	4,854	3,359
7,460	1,140	0	1,445	0	0	2,585	4,875	3,967
1,209	0	0	0	0	0	0	1,209	1,229
7,105	383	-3	733	-12	0	1,101	6,004	6,489
31,875	**7,865**	**-5**	**3,283**	**-376**	**-258**	**10,509**	**21,366**	**18,029**
17,397	5,222	-3	321	-47	-14	5,479	11,918	12,474
19,141	12,463	10	1,461	-160	0	13,774	5,367	4,546
31,980	23,192	-60	3,434	-1,196	-1,635	23,735	8,245	9,211
3,579	0	0	0	0	0	0	3,579	133
72,097	**40,877**	**-53**	**5,216**	**-1,403**	**-1,649**	**42,988**	**29,109**	**26,364**
0	54	0	0	0	-54	0	0	205
51	2	0	0	0	0	2	49	49
90	90	0	0	0	0	90	0	0
107	0	0	0	0	0	0	107	263
20	0	0	0	0	0	0	20	399
268	**146**	**0**	**0**	**0**	**-54**	**92**	**176**	**916**
14,163	**2,902**	**0**	**295**	**0**	**0**	**3,197**	**10,966**	**11,261**
118,403	**51,790**	**-58**	**8,794**	**-1,779**	**-1,961**	**56,786**	**61,617**	**56,570**

Notes to the consolidated financial statements

of R. STAHL Aktiengesellschaft for fiscal 2008

A. Principles and methods of group accounting

1 Presentation principles

The consolidated financial statements of R. STAHL Aktiengesellschaft (hereinafter also called R. STAHL AG) as of 31 December 2008 have been prepared in accordance with article 315a of the German Commercial Code (Handelsgesetzbuch, HGB) as well as the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) in effect on the balance sheet date, the respective interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the commercial law regulations pursuant to article 315a paragraph 1 HGB.

Our consolidated financial statements generally apply the historical cost principle. Derivative financial instruments are an exception to this rule and are recognised at their current applicable fair value.

For better readability of the consolidated financial statements, we have summarised individual items of the consolidated income statement and balance sheet. These items are explained separately in the notes to the consolidated financial statements. Necessary additional disclosures on individual items are likewise made in the notes to the consolidated financial statements. The consolidated income statement has been prepared using the total expenditure format.

The group accounting currency is the euro. All amounts are shown rounded to multiples of thousands of euros (€ 000) unless clearly identified otherwise.

Impact of new or revised standards

In its fiscal year 2008, the following new or revised standards were applied by the R. STAHL group:

- IAS 39: Reclassification of financial assets
- IFRS 7: Reclassification of financial assets
- IFRIC 11: Group and treasury share transactions acc. to IFRS 2

Initial application of these standards and IFRIC interpretations had no impact on the presentation of the consolidated financial statements.

New or revised standards not applied

We did not consider the following accounting principles already adopted or revised by the IASB in our consolidated financial statements for fiscal 2008 as their application has not yet become mandatory:

Standard/ interpretation		To be applied from	Adoption by the EU Commission	Probable impact
IFRS 1	First-time Adoption of IFRS	01/01/2009	No	None
IFRS 1/IAS 27	Investment Costs for Subsidiaries, Joint Ventures, and Associates	01/01/2009	No	None
IFRS 2	Share-based Payment – Vesting Conditions and Cancellations	01/01/2009	Yes	None
IFRS 3/IAS 27	Business Combinations/ Consolidated Financial Statements	01/07/2009	No	Revised presentation of business combinations
IFRS 8	Operating Segments	01/01/2009	Yes	Segment reporting
IAS 1	Presentation of Financial Statements	01/01/2009	Yes	Reclassification of annual financial statement components
IAS 1/IAS 32	Puttable Financial Instruments and Obligations Arising on Liquidation	01/01/2009	No	None
IAS 23	Borrowing Costs	01/01/2009	Yes	Slightly higher balance sheet values of qualifying assets
IAS 39/IFRS 7	Reclassification of Financial Assets – Initial Application	01/01/2009	No	None
IAS 39	Exposures Qualifying for Hedge Accounting	01/07/2009	No	None
	Improvements to IFRS [1)]	01/01/2009	Yes	Insignificant
IFRIC 12	Service Concession Arrangements	01/01/2008	No	None
IFRIC 13	Customer Loyalty Programmes	01/07/2008	Yes	None
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	01/01/2008/ 01/01/2009	Yes	No significant
IFRIC 15	Agreements for the Construction of Real Estate	01/01/2009	No	None
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	01/10/2008	No	None
IFRIC 17	Distributions of Non-cash Assets to Owners	01/07/2009	No	None
IFRIC 18	Transfers of Assets from Customers	01/07/2009	No	None

[1)] *Minor amendments to numerous standards (IAS 1, IAS 8, IAS 10, IAS 16, IAS 18, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40, IAS 41)*

R. STAHL AG electronically submits its consolidated financial statements to the operator of the German Federal eGazette.

2 Company data

Name and legal structure:	R. STAHL Aktiengesellschaft (parent company and senior group entity)
Headquarter:	Waldenburg, Germany
Address:	Am Bahnhof 30, D-74638 Waldenburg, Germany
Business model and main activities:	Supplier of explosion-protected devices and systems for measuring, controlling, and dosing

3 Time of financial statement release for publication

The Managing Board of R. STAHL AG released the 2008 consolidated financial statements and 2008 consolidated management report to the Supervisory Board on 6 April 2009.

4 Consolidation principles

Scope of consolidation

In addition to R. STAHL AG, the consolidated financial statements include 29 (previous year: 28) domestic and foreign companies in which R. STAHL AG can exercise a controlling influence. A controlling influence typically exists if the parent company owns directly or indirectly via a subsidiary 50% or more of the respective entity's voting rights. As in the previous year, we also included two special purpose entities for leasing objects. These companies have to be consolidated as Special Purpose Entities pursuant to SIC-12 in conjunction with IAS 27.

Companies in which R. STAHL AG can exert a substantial influence are consolidated at equity as associated enterprises in the consolidated financial statements. For reasons of materiality, certain companies were not consolidated at equity in the consolidated financial statements.

Breakdown of consolidated domestic and foreign enterprises in the financial statements:

	Domestic 31/12/2008	Foreign 31/12/2008	Total 31/12/2008	Total 31/12/2007
Number of fully consolidated companies	8	22	**30**	29
Number of companies consolidated at equity	0	0	**0**	0

A list of shareholdings is an integral component of these Notes.

In comparison to 31 December 2007, R. STAHL Engineering & Manufacturing SDN.BHD., Malaysia was consolidated for the first time in April 2008. R. STAHL holds 87% of shares in the company.

With a share purchase agreement dated January 20, 2009, R. STAHL AG acquired 40% of voting shares in the company OOO R. STAHL, Moscow/Russian Federation and now holds 60% of shares in the company. On the company's foundation in October 2008 an initial shareholding of 20% was acquired. The subsidiary did not operate in 2008. The purchase price for the acquired shares amounts to € 0.8 million and was paid in cash. At the time of acquisition, the company had no significant assets or liabilities. The results of the final purchase price allocation were not yet available when the annual financial statements were approved. Identifiable intangible assets may result from customer relationships (order backlog, customer base/relations). Otherwise, goodwill of € 0.8 million is expected, resulting from non-separable customer relationships of the partners involved.

Currency translation

The functional currency is the legal tender of the primary economic environment in which a consolidated company operates. The primary economic environment a company operates in is the environment in which it generates and spends most of its funds. The criteria set forth in IAS 21.9 ff. are to be heeded in determining functional currency.

The presentation currency of a company is its reporting currency. The presentation currency of R. STAHL AG's consolidated financial statements is the euro.

The individual financial statements of consolidated companies prepared in local currency recognise monetary positions in foreign currencies (liquid funds, receivables, and liabilities) at the spot rate on the balance sheet date in their income statements. Non-monetary positions in foreign currencies are recognised at their respective historical exchange rates.

As our subsidiaries conduct their business financially, economically, and organisationally at arm's length, their functional currencies correspond to the respective legal tender of their domicile countries. Foreign-currency financial statements of consolidated companies are converted using the modified closing rate method for functional currency conversion. Thus, income and expense in subsidiaries' financial statements denominated in foreign currencies are converted at annual average exchange rates while assets and liabilities are converted at the exchange rates effective on the balance sheet date and equity is converted at historical exchange rates. Goodwill attributable to foreign subsidiaries are also translated at the exchange rates effective on the balance sheet date. Differences arising from currency translation are recognised under the cumulated other equity position.

In preparing the opening balance sheet as of 1 January 2004, we opted to restate currency translation differences in full under profit reserves pursuant to IFRS 1.22. The currency translation differences were set at zero at that time. As such, there was no need for retroactively determining currency translation differences.

The underlying exchange rates for the currency translation with material impact on the consolidated financial statements have changed relative to the euro (€) as follows:

	Year-end spot rate		Average exchange rate	
	31/12/2008	31/12/2007	2008	2007
US dollar (USD)	**1.40970**	1.47290	**1.47134**	1.37074
British pound (GBP)	**0.97400**	0.73790	**0.79635**	0.68479
Swiss franc (CHF)	**1.48880**	1.65870	**1.58742**	1.64318
Norwegian kroner (NOK)	**9.92960**	7.97550	**8.23580**	8.02019
United Arab Emirates dirham (AED)	**5.18060**	5.41150	**5.40573**	5.03455

Consolidation principles

For all types of company acquisitions, we consolidate capital using the purchase method (IFRS 3) by offsetting acquisition costs against the group's share of the consolidated subsidiaries' net assets taken over at the time of purchase. Net assets are generally recognised at their applicable current fair value of all identifiable assets, debts, and contingent liabilities at the time of purchase.

Residual positive differences are capitalised as goodwill. Capitalised goodwill is impairment tested annually and restated through profit and loss in case of impairment. In the case of reasonable impairment indication, additional impairment tests are performed and likewise recognised through profit and loss in the case of actual impairment.

Negative differences are not expensed as goodwill but stated as additional purchaser's share in the net applicable fair value of identifiable assets, debts, and contingent liabilities beyond acquisition costs. The process critically reassesses the valuation of assets, debts, and contingent liabilities taken over as well as the determination of purchase costs. Residual negative differences are immediately recognised through profit and loss.

Shares in a subsidiary's equity that are not allocable to the parent company are shown as minority interests.

Intra-group receivables, liabilities, provisions, income, and expense as well as earnings from intra-group transactions (intra-group results) are eliminated in the consolidation process.

Equity interests are included at equity if the group can exert a significant influence. This is generally the case if 20% to 50% of voting rights are held (associated enterprise). Equity interests included at equity are recognised at pro-rated current fair values of the associated enterprise's assessed net assets at the time of purchase. Differences to the historical acquisition costs of the interest are recognised using the purchase cost method.

As a result, the interests' book values rise and fall depending on purchase costs corresponding to the shareholder's interest in the period earnings of the respective company.

The consolidation principles have remained unchanged from last year.

All mergers and acquisitions made after 1 January 2004 have been accounted for according to IFRS 3.

For all mergers and acquisitions made prior to 1 January 2004, we exercised the IFRS 1 option to continue capital consolidation according to German Commercial Code rules. Assets and debts have been carried on to the date of the IFRS opening balance sheet pursuant to general IFRS rules. All valuation differences between the closing balance sheet according to German Commercial Code rules and the opening balance sheet according to IFRS have been netted against consolidated profit reserves.

For all mergers and acquisitions accounted for in R. STAHL AG's consolidated financial statements according to German Commercial Code rules, all positive goodwill was not capitalised but rather netted against equity. Negative differences were stated as a separate item under equity. All differences that arose from mergers and acquisitions prior to 1 January 2004 have been carried at their values stated according to German Commercial Code rules pursuant to the corresponding IFRS 1 option.

5 Accounting and valuation methods

Uniform group methods

The annual financial statements of consolidated companies have been prepared according to uniform accounting and valuation principles pursuant to IAS 27.28.

To this end, we have adjusted financial statements prepared according to country-specific standards to the uniform group accounting and valuation principles of R. STAHL AG to the extent that deviations from IFRS occurred.

Change in accounting and valuation methods

As of the current reporting year, we now disclose cumulated equity in profit reserves and not under cumulated other equity. The item »Cumulated other equity« therefore now comprises amounts from non-earnings-impacting currency translation differences. The change was made to improve balance sheet clarity. The prior-year values and amounts in the consolidated statement of changes in equity have been adjusted accordingly. Following the change, profit reserves for fiscal year 2007 amount to € 63,873,000 (previously: € 18,010,000) and cumulated other equity for the previous year amounts to € -1,335,000 (previously: € 44,528,000).

As of 1 January 2008 we changed reporting to bring it in line with our internal regional sales structure. The respective prior-year sales revenue figures were adjusted accordingly.

Estimates and assumptions

Preparing consolidated annual financial statements according to IFRS requires making estimates and assumptions that affect the amount and recognition of stated assets, debts, income, expense, and contingent liabilities. Such estimates and assumptions mainly pertain to measuring development costs, assessing goodwill impairment, determining economic service lives as well as the accounting for and valuation of receivables and provisions and the realisation of future tax relief. Individual actual values may deviate from the estimates and assumptions made. Pursuant to IAS 8, changes will be recognised through profit and loss at the time of gaining better knowledge.

Sales revenue recognition

Sales revenues from product sales are recognised according to IAS 18 (Revenue) criteria at the time of ownership or liability transfer to the customer, purchase price agreement, or when the purchase price can be determined and its payment can be reasonably assumed. To the extent that business transactions have been agreed to only be effective upon customer approval, the respective sales revenue will only be realised upon receipt of the corresponding approval notice or expiration of the approval period.

Sales revenues from service transactions are recognised at the time the service is rendered if the income amount can be reliably estimated and the inflow of the economic benefit from the transaction is reasonably probable.

Sales revenues are recognised net of cash and price discounts, customer bonuses, and rebates.

Research and development expense

Research costs may not be capitalised under IAS 38.42 ff and are thus immediately expensed in the income statement.

Development costs are capitalised if they meet the criteria of IAS 38. The respective depreciation and amortisation is to follow the straight line method.

Earnings per share

Earnings per share are calculated according to IAS 33 (Earnings per Share).

Undiluted earnings per share are consolidated earnings – net of minority interests – divided by the average number of common shares.

As we have no potential common shares and no option or subscription rights outstanding, we did not have to calculate diluted earnings per share in 2007 nor in 2008.

Intangible assets and property, plant & equipment assets

Intangible assets include goodwill, development costs, software, licenses, and similar rights. Only development costs qualify as self-generated intangible assets.

Purchased-for-money and self-generated intangible assets excluding goodwill are recognised at historical costs or cost of manufacture minus linear depreciation and amortisation. The respective items are depreciated and amortised over their contractual or estimated service lives. Service lives range between three and seven years.

Capitalised goodwill is impairment tested on an annual basis and, in case of impairment, restated through profit and loss.

Development costs are capitalised at cost of manufacture according to the criteria set forth in IAS 38 to the extent that the expense can be unambiguously allocated and both technical feasibility and marketing are assured. Furthermore, it has to be reasonably probable that development activities will generate future economic benefit. Capitalised development costs comprise all directly allocable costs and appropriate shares of development-related overhead. Capitalised development costs are amortised using the straight line method from production start over the expected product life cycle of usually five to seven years.

Property, plant & equipment assets are recognised at historical or manufacturing costs minus scheduled depreciation and amortisation over their projected service lives.

Manufacturing costs include in addition to directly allocable costs also appropriate shares of production-related overhead. The latter also includes production-related depreciation and amortisation, prorated administrative costs, and prorated social benefit expense.

Depreciation and amortisation on property, plant & equipment assets follow the straight line method.

Depreciation and amortisation scheduling is based groupwide on the following service lives:

in years

Buildings	15 to 50
Technical equipment and machinery	8 to 20
Other plants, operating, and office equipment	3 to 15

If particular events or market developments indicate value impairment, the capitalised book values of property, plant & equipment assets (including capitalised development costs) are impairment tested. This involves comparing the assets' book values to the attainable sale value defined as the higher of applicable fair value minus cost of sale and use value. The use value is the capital value of future cash flows to be expected from the continued use of an asset and its sale at the end of its service live. The attainable sale value of an asset is to be determined individually and, should that not be possible, for the cash flow generating unit it has been allocated to. One has to make basic assumptions for determining the future cash flows of each cash flow generating unit. This includes making assumptions for financial plans and the interest rates used for discounting the cash flows.

Leasing

R. STAHL group primarily leases buildings and land. IAS 17 (Leases) defines parameters by which to judge risks and opportunities of the leasing partners and whether the economic ownership of the leasing object rests with the lessee (finance leases) or the lessor (operating leases). R. STAHL group only has operating leases. The pertinent payments are spread using the straight-line method over the term of the lease agreement.

Financial assets

Financial assets are generally recognised on their settlement date. If they are recognised for the first time, financial assets are stated at their historical costs including transaction costs.

After their first recognition, financial assets available for sale and those held for trading are stated at their applicable fair values. If no market values can be determined, the fair values of financial assets available for sale are calculated using appropriate valuation methods like discounted cash flow models taking into account market data available on the balance sheet date.

Loans granted by the company and receivables not held for trading (loans and receivables), financial investments held to maturity, and all financial assets with set maturities but for which there are no regular price quotes in active markets so that their applicable fair values cannot be reasonably determined are recognised at amortised costs using the effective interest rate method. Financial assets without set maturities are recognised at historical costs.

Pursuant to IAS 39, it must be regularly determined whether there are objective, reasonable impairment indications for financial assets or asset portfolios. In case of impairment, the respective impairment loss is to be recognised through profit and loss.

Profits and losses from financial assets available for sale are booked directly under equity until the financial asset has been divested or the impairment recognised. In case of impairment, IAS 39 requires removing the cumulative net loss from equity and expensing it.

Equity interests are recognised at market quote or applicable fair value. If neither one of these are available or cannot be reliably determined, they will be stated at historical costs.

Securities and loans stated under non-current assets are accounted for depending on their respective allocable financial asset category. These positions do not include financial assets held for trading.

Real estate held as a financial investment

Real estate held as a financial investment has to be stated as assets if it is probable that the company will incur future economic benefit from such real estate held as a financial investment and the acquisition or manufacturing costs can be reliably valued. Real estate held as a financial investment is generally valued using the purchase cost method.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are formed pursuant to IAS 12 (Income taxes) using the balance-sheet-based liability method for all temporary differences between tax and commercial balance sheet values as well as for earnings-impacting consolidation measures. Moreover, deferred tax assets are formed for future asset gains from tax loss carryforwards. Deferred tax assets for all deductible temporary differences and tax loss carryforwards may, however, only be formed to the extent of likely future taxable income available for offsetting such temporary differences or as yet unused tax loss carryforwards. Tax deferrals are determined pursuant to IAS 12 based on the respective countries' effective or already resolved to become effective income tax rates at the time of income realisation.

Deferred tax assets are netted against deferred tax liabilities if there is an enforceable right to offset these balance sheet items. This is usually the case for identical tax subjects, tax types, and due dates.

Deferred tax assets and liabilities are not to be discounted pursuant to IAS 12.

Inventories

Inventories of raw material, supplies, and merchandise are generally recognised at the lower of average historical costs or net realisable value.

Unfinished and finished goods are recognised at the lower of manufacturing costs and net realisable value. The item encompasses all costs directly allocable to the manufacturing process and appropriate shares of production-related overhead. The latter includes production-related depreciation and amortisation, prorated administrative expense, and prorated social insurance costs (total production-related cost approach). Manufacturing costs are determined on a normal capacity utilisation basis.

Financing costs do not figure into historical or manufacturing costs.

As soon as the reasons for inventory impairment cease to exist and thus net realisable value increases, the resulting value adjustment is recognised as a reduction in cost of materials.

Receivables and other assets

Receivables and other assets, excluding derivative financial instruments and current-asset securities, are loans granted by the group and receivables not held for trading. These items are recognised at amortised historical costs. Non- or low-interest-bearing receivables with maturities in excess of one year are discounted.

All discernible risks are recognised as impairments.

Derivative financial instruments

R. STAHL group uses derivative financial instruments only for hedging currency, interest rate, and fair value risks from operating activities and to reduce the resulting financing needs. According to IAS 39, all derivative financial instruments like interest rate, currency, and combined interest rate and currency swaps as well as currency futures are to be recognised at fair value independently of the purpose and intent of entering into such contracts.

The R. STAHL group companies have recognised the fair value changes in all derivative financial instruments through profit and loss in the period under review, as the hedge accounting requirements of IAS 39 have not been met.

Fair values of derivative financial instruments are shown under other financial assets or other financial liabilities.

Treasury shares

Treasury shares have their own balance sheet position where they are stated at historical costs and are openly netted against equity.

Purchases, sales, issues, or call-backs of own equity instruments are not recognised through profit and loss.

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations comprise R. STAHL group's support obligations from both earned and paid-in pension systems.

For the earned pension systems (for instance, direct commitments, direct pension obligations in the form of pension provisions, and indirect pension obligations like support funds), the actuarial valuation of the pension provisions is based on the projected unit credit method prescribed by IAS 19 (Employee Benefits). This approach not only considers pensions and unit credits known on the balance sheet date but also forecast future pension and salary increases. The calculation follows the actuarial tables including biometric calculation principles.

Actuarial profits and losses are only set against income if they exceed a range of 10% of the obligation volume. In that case, they will be prorated over the future average residual staff service time. The expense of funding pension obligations is recognised under personnel expense while the interest portion of pension obligations is stated under interest income/expense.

The amount to be recognised as liability from earned pension plans is to be subtracted from the plan assets' applicable fair value as of the balance sheet date.

Pursuant to IFRS 1.20, pension provisions for the IFRS opening balance sheet as of 1 January 2004, have been recognised at their actuarial obligation amount with the range set at zero. We exercised the option to set the ranges at zero for all plans.

For paid-in plans, the respective companies do not incur further obligations beyond making contributions to special purpose funds.

Other provisions

Other provisions pursuant to IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) have been included to the extent that they incur a present obligation based on past events and the amount required is both probable and can be reliably estimated. The event probability has to be greater than 50%. Provisions are only made for legal or factual obligations to third parties. The provisions are valued based on the settlement amount with the highest event probability. The valuation of other provisions – particularly for warranties and expected losses from pending transactions – furthermore includes all cost components that are also capitalised in inventories (production-related total costs).

Restructuring provisions have been made to the extent that they meet the criteria of IAS 37.

Long-term provisions with residual maturities of more than one year are recognised at their settlement amount discounted to the balance sheet date if the interest effect is material.

Liabilities

Liabilities are first recognised at historical costs corresponding to the fair value of the goods or services received including transaction costs.

Subsequent accounts recognise liabilities except derivative financial instruments at amortised historical costs.

R. STAHL group has no liabilities held for trading.

Contingent liabilities

Contingent liabilities are putative liabilities based on past events that have yet to be validated by one or more uncertain future events outside the power of influence by R. STAHL group. Moreover, present obligations may be deemed contingent liabilities of resulting cash outflows that are not reasonably probable enough to justify accruing for this and/or the obligation amount cannot be reliably estimated. The recognised contingent liability amounts correspond to the legal liability volume existing on the balance sheet date.

Cash flow statement

The cash flow statement shows the cash inflows and outflows of R. STAHL group in the year under review.

In accordance with IAS 7 (Cash Flow Statements), we distinguish between operating, capex, and finance cash flows.

The effects of acquisitions, divestments, and other changes in the scope of consolidation are to be presented separately pursuant to IAS 7.39 and classified as capital expenditure activities.

Liquid funds shown in the cash flow statement comprise cash on hand, cheques, and credit balances with banks. The item furthermore includes securities with original maturities of up to three months. Liquid funds are unrestricted cash. Cash and cash equivalents as recognised in the balance sheet correspond to liquid funds. For details on cash and cash equivalent composition please refer to the note on cash and cash equivalents.

Segment reporting

Pursuant to the rules of IAS 14 (Segment Reporting), individual financial data are to be presented by business activity and region. The segmentation is to be based on internal reporting practises that allow reliable assessment of group risks and earnings. Segment reporting is to make the profitability and business success prospects of individual group activities transparent. R. STAHL group primarily reports by its only Explosion Protection segment. The secondary segment reporting is done by region.

B. Notes to the consolidated income statement

6 Sales revenue

The breakdown of sales revenue by region was as follows:

in € 000	2008	2007 [1)]
Breakdown by region		
Central (Europe, Africa)	169,240	164,070
– *thereof Germany*	*(57,991)*	*(59,020)*
Americas	18,088	14,368
Asia/Pacific	33,822	33,178
	221,150	**211,616**

[1)] *The disclosure between »Central« and »Asia/Pacific« was adjusted by € 4,531,000 due to the change in internal sales structures.*

7 Other own work capitalised

Other own work capitalised resulted in particular from capitalising development costs pursuant to IAS 38. In the year under review, this came to € 1,701,000 (previous year: € 2,348,000).

In the year under review, we recognised a total of € 6,239,000 (previous year: € 5,570,000) in research and development costs.

8 Other operating income

Other operating income includes the following items:

in € 000	2008	2007
Income from asset disposals	29	149
Income from provision write-backs	2,204	643
Income from fair value changes in derivatives	25	1,167
Exchange rate gains from currency translation	1,383	1,074
Other income	2,004	3,470
	5,645	**6,503**

9 Cost of materials

Cost of materials comprises the following items:

in € 000	2008	2007
Expense for raw materials, consumables, and supplies	- 68,651	- 69,841
Services hired	- 4,318	- 4,428
	- 72,969	**- 74,269**

10 Personnel costs

Personnel costs break down as follows:

in € 000	2008	2007
Wages and salaries	- 63,604	- 59,410
Social insurance contributions and pension and support expense	- 13,480	- 12,933
	- 77,084	**- 72,343**

11 Staff on annual average

The average number of employees and trainees of consolidated companies in the year under review as compared to the year before was as follows:

Number	2008	2007
Employees	1,320	1,222
Trainees	67	72
	1,387	**1,294**

12 Depreciation, amortisation, and impairments

Scheduled depreciation, amortisation, and impairment on intangible non-current assets and property, plant & equipment assets amounted to € 8,543,000 (previous year: € 8,076,000).

13 Other operating expense

Other operating expense included in particular the following items:

in € 000	2008	2007
Expense from fair value changes in derivatives	- 869	0
Exchange losses from currency translation	- 2,966	- 757
Other taxes	- 327	- 265
Services	- 10,153	- 9,403
Rental expense for premises	- 4,682	- 4,676
Legal, consulting, licensing, and inventor fees	- 2,885	- 3,018
Travel and entertainment expense	- 3,434	- 3,182
General transport costs	- 3,374	- 3,062
Other	- 18,007	- 18,140
	- 46,697	**- 42,503**

14 Investment income/expense

Investment income amounted to € 7,000 (previous year: € 11,000).

15 Interest income/expense

Interest income/expense comprises the following items:

in € 000	2008	2007
Interest and similar income	998	1,057
Interest and similar expense	- 4,009	- 3,398
	- 3,011	**- 2,341**

The position interest and interest-like expense includes the interest portion from the allocation to pension provisions in the amount of € 2,818,000 (previous year: € 2,178,000).

16 Taxes on income

This position shows the following current and deferred tax assets and liabilities:

Taxes on income comprise the following items:

in € 000	2008	2007
Current taxes	- 5,929	- 5,647
Deferred taxes	66	- 2,775
	- 5,863	**- 8,422**

Under the position current taxes, domestic group companies show corporation tax including solidarity surcharge and trade tax while foreign group companies show comparable income-dependent taxes. The tax load is calculated from the respective individual tax declarations according to national tax law.

In the year under review, we claimed previously unused tax loss carryforwards resulting in tax credits of € 198,000 (previous year: € 634,000) that we netted against income tax liabilities.

Deferred taxes are calculated based on the applicable tax rates as in effect or known to become effective in the respective countries at the time these taxes fall due. Under the 2008 Corporate Tax Reform Act the new German corporate tax rate is 15.0%. At a corporate tax collection rate of 367.0% and a solidarity surcharge of 5.5%, the total tax rate for our domestic companies comes to 29.0% (previous year: 38.0%). The tax rates for our foreign activities range from 0.0% to 41.0% as last year. As in the previous year, no deferred taxes were carried without an effect on earnings.

We have written down € 2,210,000 (previous year: € 1,905,000) for deferred tax assets on tax loss carryforwards because we so not exactly know the amounts to which they may be realised given the information available at this time.

Cumulated tax loss carryforwards as yet unused came to € 6,788,000 (previous year: € 6,406,000). The tax loss carryforwards are not limited in time. Tax loss carryforwards cannot be offset with taxable income of other group companies.

There were no income tax consequences from the distribution of dividends to shareholders of R. STAHL AG in 2008, nor in 2007.

Cumulated deferred tax assets and liabilities as of 31 December 2008 broke down as follows compared to the year before.

in € 000	31/12/2008	31/12/2007
Gross deferred tax assets		
Tax loss carryforwards	2,210	1,905
Property, plant & equipment assets	60	74
Other assets	1	1
Inventories	930	799
Receivables and other assets	451	221
Deferred assets	0	6
Long-term provisions	3,039	3,447
Other short-term liabilities and debt	1,946	1,780
Short-term provisions	156	78
Net of impairments	- 2,210	- 1,905
Total gross deferred tax assets	**6,583**	**6,406**
After netting	- 5,348	- 5,188
Total deferred tax assets as shown in the balance sheet	**1,235**	**1,218**
Gross deferred tax liabilities		
Intangible assets	2,765	2,842
Property, plant & equipment	1,646	1,711
Other assets	444	157
Real estate held as a financial investment	330	341
Inventories	19	70
Receivables and other assets	3	231
Other short-term liabilities and debt	144	0
Short-term provisions	1,564	1,629
Total gross deferred tax liabilities	**6,915**	**6,981**
After netting	- 5,348	- 5,188
Total deferred tax liabilities as shown in the balance sheet	**1,567**	**1,793**
Net balance of deferred taxes	**- 332**	**- 575**

The following table shows the reconciliation of the expected tax expense for the respective fiscal year and the corresponding reported tax expense. The expected tax expense has been calculated by multiplying pre-tax earnings by the applicable total tax rate of 29.0% (previous year: 38.0%). Pre-tax earnings amounted to € 18,475,000 (previous year: € 24,604,000).

in € 000	2008	2007
Forecast tax expense	**- 5,358**	**- 9,349**
Taxation differences between domestic and foreign operations	178	1,120
Non-tax-deductible expenses	- 452	- 707
Tax-free income	148	572
Changes in writedowns on deferred taxes	- 766	0
Utilisation of tax loss-carryforwards	198	634
Taxes for prior years	285	- 948
Tax effects from the 2008 Corporate Tax Reform	0	385
Other	- 96	- 129
Actual tax expense	**- 5,863**	**- 8,422**
Tax expense shown in the consolidated income statement	- 5,863	- 8,422

17 Earnings per share

	2008	2007
Net earnings for the year without minority interests *(in € 000)*	12,020	15,682
Number of shares (weighted average)	5,923,709	5,923,709
Earnings per share in €	**2.03**	**2.65**

Undiluted or basic earnings per share are calculated according to IAS 33 by dividing consolidated earnings excluding minority interests by the weighted average number of shares outstanding in the fiscal year.

Thus, so-called potential shares can dilute earnings per share. As we had no potential common shares and no options or subscription rights outstanding, we did not have to calculate diluted earnings per share for either 2007 or 2008.

18 Dividend paid by R. STAHL AG

By the release date of these financial statements, no proposal for using the balance sheet profit as of 31 December 2008 has been made.

R. STAHL distributed an ordinary dividend of € 1.10 per share to its shareholders in fiscal 2008.

C. Notes to the consolidated balance sheet

Long-term assets

19 Intangible assets

The intangible assets position primarily comprises IT software, capitalised development costs for various R&D projects, and goodwill. We determined goodwill value by calculating the realisable value of cash flow generating units based on their use value. The calculation uses cash flow projections based on management-approved, three-year financial plans. The cash flow projections are discounted at a pre-tax interest rate of 9.53%. Goodwill of € 4.0 million (previous year: € 4.9 million) has been allocated to the following cash-generating units: Tranberg AS € 2.5 million (previous year: € 3.1 million), STAHL-Syberg AS € 1.5 million (previous year: € 1.8 million). The changes in goodwill result mainly from exchange rate fluctuations, as the norwegian kroner was heavily devalued as of the balance sheet date. In 2007, STAHL-Syberg AS added goodwill of € 1.6 million and the sale of SP Solution GmbH led to a goodwill disposal of € 0.1 million.

Impairment tests according to the discounted cash flow method led to fair values above the carrying amounts. No amortization is thus required.

The gross profit margins are calculated using average gross profit margins achieved in the directly preceding year and are raised under consideration of expected increases in efficiency.

The forecast price indices are used to determine the price increase in material and personnel costs. The basic assumptions are in line with those of external information sources.

In fiscal year 2007, we had to recognise a one-off impairment pursuant to IAS 36 amounting to € 718,000 on a capitalised development project owing to changed circumstances.

Please refer to the consolidated asset analysis for the value development of intangible assets.

20 Property, plant & equipment

The consolidated asset analysis provides a breakdown of the property, plant & equipment assets summarised under PP&E position in the balance sheet including their development in the year under review.

With regard to property, plant & equipment, collateral has been provided for liabilities amounting to € 2,442,000 (previous year: € 3,186,000).

21 Other long-term assets

The consolidated asset analysis provides a breakdown of the financial assets summarised under the financial asset position in the balance sheet including their development in the year under review. The list of equity interests is a constituent part of the notes to the consolidated financial statements.

Other financial assets

Our financial assets totalling € 108,000 (previous year: € 176,000) comprise other equity interests, other loans, and securities.

For details on the development of other financial assets please refer to the consolidated asset analysis.

Other assets

Our other assets comprise receivables and other assets as well as deferred items totalling € 1,622,000 (previous year: € 1,190,000). Total other assets comprise a restricted amount of € 1,544,000 (previous year: € 1,114,000) which serves as collateral for obligations arising from partial retirement contracts.

Real estate held as a financial investment

R. STAHL owns two properties with buildings and improvements that are held as financial investments. Upon the Material Handling divestment in 2005, these have been leased to the buyer. Since self-use ceased to apply after the divestment, the properties have been reclassified to long-term assets under real estate held as a financial investment.

Both properties are recognised at historical costs.

The buildings and improvements are amortised linearly over economic service lives of 33 and 50 years, respectively.

With regard to real estate held as a financial investment, collateral has been provided for liabilities amounting to € 2,448,000 (previous year: € 2,874,000).

Rental income from the real estate held as a financial investment has been recognised in the income statement in the amount of € 1,424,000. Expenses directly allocable to these properties have been incurred in about the same amount. Both properties have generated income in the year under review. The fair value of the properties amounts to approx. € 11.5 million.

The position furthermore includes a special purpose entity for a lease object at a book value of € 7,199,000. Due to a change in circumstances, non-scheduled depreciation of € 450,000 was recognised in fiscal year 2008. The lease object may not be sold until the lease expires on 31 December 2012. Upon expiration of the lease, the lessor has a buy option and thus the possibility to sell the object thereafter. The lessor's contractual obligations are typical for real estate leases of this kind.

Short-term assets

22 Inventories and prepayments made

Stated inventories comprise the follow items:

in € 000	31/12/2008	31/12/2007
Raw materials, consumables, and supplies	15,761	15,826
Unfinished goods and unfinished services	8,801	13,829
Finished goods and merchandise	10,544	7,890
Prepayments made	106	123
	35,212	**37,668**

In the year under review, we recognised € 3,749,000 (previous year: € 3,906,000) in scheduled inventory impairments for slow-moving products.

In 2008, non-scheduled writedowns on inventories were also made amounting to € 1,119,000.

23 Receivables and other assets

Receivables and other assets comprise the follow items:

in € 000	31/12/2008		31/12/2007	
	Total	Thereof due within one year	Total	Thereof due within one year
Trade receivables	36,263	36,263	41,479	41,479
Income tax claims	1,357	1,357	3,310	3,310
Other receivables	4,747	3,153	2,944	1,787
Other financial assets	732	732	1,492	1,492
	43,099	**41,505**	**49,225**	**48,068**

Of the capitalised total, € 41,505,000 (previous year: € 48,068,000) are due within one year, the remainder totalling € 1,594,000 (previous year: € 1,157,000) is recognised under other long-term assets. In addition to the above items, we also recognised € 28,000 (previous year: € 33,000) of capitalised long-term deferred items under long-term assets.

We recognised € 1,655,000 (previous year: € 1,599,000) of impairments on our trade receivables in fiscal 2008.

Our other short-term financial assets include derivative financial instruments in the amount of € 384,000 (previous year: € 1,102,000).

Our net loss on receivables came to € - 131,000 (previous year: € - 1,046,000) in fiscal 2008. This figure included impairment changes, write-back losses, and payments received on receivables already written down.

24 Prepaid expenses

Of total prepaid expenses, € 885,000 (previous year: € 721,000) are due within one year; € 28,000 (previous year: € 33,000) qualify as long-term and are shown as other long-term assets.

25 Cash and cash equivalents

Cash and cash equivalents changed year-on-year as follows:

in € 000	31/12/2008	31/12/2007
Cash on hand	511	55
Credit balances with banks, payable on demand	17,349	18,224
Credit balances with banks, payable on 3-months notice	16,275	11,468
	34,135	**29,747**

26 Equity

The equity analysis shows the development of R. STAHL's consolidated equity.

Subscribed capital

The company's subscribed capital remained unchanged from last year at € 16,500,000.00 divided into 6,440,000 no-par shares at a theoretical share capital interest of € 2.56 per share. The capital has been paid up in full.

As of the balance sheet date, the company's authorised capital stood at € 3,300,000.00. The authorisation expires on 16 June 2010. Existing shareholders are to be given priority subscription rights. Management has been authorised to put a cap on subscription rights and to exclude subscription rights with Supervisory Board consent if the capital increase has been funded through contributions in kind for the purpose of acquiring companies, parts of companies, or equity interests in companies. Moreover, management may with Supervisory Board consent exclude subscription rights if the capital increase has been paid up in cash and the issue price is not substantially below the stock market value of already listed shares of the same kind and entitlement and the prorated share capital allocable to the shares issued under subscription right exclusion does not exceed 10% of the registered share capital at the time of the share issue. Treasury stock sold during the term of this authorisation under subscription right exclusion pursuant to article 71, paragraph 1, item 8 of the German Stock Corporation Act in conjunction with article 186, paragraph 3, sentence 4 of the German Stock Corporation Act falls under said 10% limit. Management has moreover been authorised to decide on the scope of share entitlements and the further details of how to proceed with the capital increase from authorised capital upon Supervisory Board approval.

Capital reserve

This item mostly comprises shareholders' paid-up premiums net of transaction costs incurred. The cost of going public in fiscal 1997 came to € 2,140,000. According to IFRS, capital increase costs are to be taken out of capital reserves. The amount was netted – due to lack of available capital reserves – against profit reserves after taking into account income tax benefits of € 805,000 as of 1 January 2004. R. STAHL AG's consolidated financial statements under German Commercial Code rules still openly netted goodwill from capital consolidations against capital reserves until 31 December 2003. When a subsequent write-back of capital reserves rendered the offsetting impossible, the respective amount was netted against profit carryforwards. For all differences that have arisen from mergers and acquisitions prior to the opening IFRS balance sheet date on 1 January 2004, we have maintained the German Commercial Code accounting.

Profit reserves

Profit reserves comprise the retained earnings of consolidated companies from before 1 January 2004. Moreover, value differences from all mergers and acquisitions made prior to 1 January 2004 are netted against profit reserves. As a result of the first-time accounting according to IFRS, profit reserves now also include negative differences from mergers and acquisitions formerly shown as a separate item under equity in German Commercial Code accounting until 31 December 2003 and the currency translation differences that have been reclassified as of 1 January 2004.

Furthermore, all non-earnings-impacting adjustments arising from the restated opening balance sheet according to IFRS as of 1 January 2004 and cumulated equity since 1 January 2004 less dividends to shareholders are recognised here. The disclosure was changed in the period under review. We refer to Note 5 »Change in accounting and valuation methods«.

Cumulated other equity

This position comprises the differences from non-earnings-impacting currency translation of subsidiaries' financial statements from 1 January 2004 forward. Non-earnings-impacting currency translation differences amounted to € - 4,037,000 in the period under review (previous year: € - 1,335,000). In the preparation of our IFRS opening balance sheet as of 1 January 2004, we exercised the option under IFRS 1.22 to restate currency translation differences in full into profit reserves. The currency translation item under equity was thus set at zero. As such, we did not have to retroactively determine currency translation differences.

Deduction for treasury stock

The Annual General Meeting held on 27 June 2008 resolved to authorise R. STAHL AG's management to purchase R. STAHL stock up to 10% of the company's share capital by 27 December 2009. The AGM, furthermore, authorised management to sell the thus acquired treasury stock with Supervisory Board consent, for instance, to use these as transaction currency in the acquisition of companies or equity stakes in certain cases. The AGM, moreover, authorised management to call in own shares with Supervisory Board consent without this requiring an additional AGM resolution.

Treasury stock is valued at historical costs and openly netted against equity as a separate item.

The company holds treasury stock of 516,291 shares (previous year: 516,291 shares). As in the year before, this corresponds to 8.02% (= € 1,323,000) of total share capital.

The future use of the shares has not yet been resolved.

Third-party interests (minority interests)

Minority interests relate to R. STAHL Norge AS, Oslo (Norway), Tranberg Systems AS, Vejle (Denmark) and R. Stahl Engineering & Manufacturing SDN.BHD., Selangor (Malaysia).

Additional disclosures concerning capital management

R. STAHL group's capital management objectives are to ensure the company's continued existence, realise adequate returns on equity, and maintain an acceptable capital structure.

The capital structure may change as a result of dividend distributions, stock buy-backs, and borrowing or principal repayments, as the case may be.

We control these objectives using key ratios like return on sales and equity ratio.

Pre-tax operating return on sales amounted to 8.4% (previous year: 10.9%).

Our equity net of minority interests and interest-bearing outside capital changed from the previous year as follows:

in € 000	31/12/2008	31/12/2007
Equity net of minority interests	**76,766**	**73,964**
Long-term interest-bearing loans	4,512	6,209
Short-term interest-bearing loans	6,254	6,990
Interest-bearing outside capital	**10,766**	**13,199**
Total capital	**87,532**	**87,163**
Equity ratio to capital management (in %)	**87.7**	**84.9**

As of the 2008 balance sheet date, our equity ratio to capital management increased to 87.7%. This was mainly the result of higher equity thanks to our 2008 earnings and scheduled loan reduction.

Provisions

27 Pension provisions

Provisions for pensions and similar obligations include the following items:

in € 000	31/12/2008	31/12/2007
Long-term pension provisions	46,138	45,141
Short-term pension provisions	2,320	2,225
	48,458	**47,366**

Pension provisions are accrued for obligations from pension commitments (unit credits) and ongoing payments to entitled current and former employees of R. STAHL group companies and their survivors. Depending on legal, economic, and tax regulations of the respective countries, pension plans take different forms that are typically based on seniority of employment and remuneration levels of the respective individuals.

Company pension plans distinguish between premium plans and performance-based systems.

For premium-based pension plans, the respective company does not incur further obligations beyond making contributions to a special purpose fund. In the period under review, employer pension contributions for domestic employees amounted to around € 3.8 million (previous year: € 3.5 million).

For performance-based pension plans, the company is obliged to make the payments to current and former employees as agreed. Such pension plans may be financed via provisions or funds.

R. STAHL group mostly finances its pension commitments by accruing corresponding provisions.

We calculated our 2008 pension obligations based on the 2005 G actuarial tables by Prof. Dr. Klaus Heubeck. The pension obligation amount (Defined Benefit Obligation) has been determined using actuarial methods including estimates for relevant impact factors. In addition to life expectancy assumptions, we also made the following actuarial projections:

in %	Germany		Abroad	
	2008	2007	2008	2007
Calculatory interest rate	6.00	5.50	4.30 - 4.70	4.35 - 4.70
Salary trend	3.00	3.00	4.50	4.50
Pension trend	2.00	2.00	2.00 - 4.25	1.60
Forecast return on assets	–	–	5.75 - 6.30	5.40 - 5.75

The salary trend encompasses forecast future salary increases that are estimated on an annual basis depending on inflation and seniority of employment.

Gains and impairments in the present value of performance-based obligations can result in actuarial profits or losses due to, amongst other factors, changes in calculation parameters and estimates of the pension obligations' risk development. The net value of pension provisions is based on the following parameters:

in € 000	31/12/2008	31/12/2007	31/12/2006
Present values of provision-based pension claims	46,554	48,779	50,054
+ Present values of fund-financed pension claims	+ 4,362	+ 5,171	+ 4,681
= Defined benefit obligation (DBO)	50,916	53,950	54,735
- Fair value of fund assets	- 2,627	- 3,180	- 2,622
= Net obligation	**48,289**	**50,770**	**52,113**
Adjustments due to actuarial profits (+) or losses (-)	+ 169	- 3,404	- 5,878
= Balance sheet value as of 31 December	**48,458**	**47,366**	**46,235**

Domestic group companies accounted for € 46,726,000 (previous year: 45,173,000) of our pension provisions totalling € 48,458,000 (previous year: € 47,366,000). Foreign group companies accounted for € 2,627,000 (previous year: € 3,180,000) of our pension fund assets.

The reconciliation to fair value of pension fund assets was as follows:

in € 000	2008	2007
Fund assets on 1 January	3,180	2,622
+ Expected income from fund assets	+ 191	+ 170
+/- Actuarial profits (+) and losses (-)	- 385	- 180
+ Employer's pension contributions	+ 506	+ 558
- Pension payments made	- 239	- 80
+/- Foreign exchange rate changes	- 626	+ 90
= Fund assets on 31 December	**2,627**	**3,180**

Expected income from fund assets is considered when calculating the fair value of fund assets as of the balance sheet date. This expected income is based on historic and future average earnings expectations of the respective investment categories. The actual income from fund assets may differ from expected income if the actual development of the capital markets does not meet expectations.

The breakdown of fund assets according to categories is as follows:

in % of fund assets	31/12/2008	31/12/2007
Shares	6.0	24.8
Fixed interest-bearing securities	72.6	56.7
Real estate	17.1	15.6
Other	4.3	2.9
Total	**100.0**	**100.0**

In fiscal 2008, we spent € 4,072,000 (previous year: € 4,066,000) on pension obligations. The breakdown is as follows:

in € 000	2008	2007
Ongoing service-time expense	1,402	2,008
+ Interest expense	+ 2,818	+ 2,178
- Forecast income from fund assets	- 191	- 170
+/- Actuarial profits (+) and losses (-)	+ 43	+ 50
= Pension obligation expense	**4,072**	**4,066**

Actual income from fund assets amounted to € 167,000 (previous year: € 154,000).

The balance sheet development of pension provisions breaks down as follows:

in € 000	2008	2007
Balance sheet values on 1 January	**47,366**	**46,235**
+ Pension obligation expense	+ 4,072	+ 4,066
- Effects of plan settlements	- 487	- 505
- Pension payments made	- 2,323	- 2,223
+/- Changes in the scope of consolidation	0	- 264
+/- Foreign exchange rate changes	- 170	+ 57
= Balance sheet value on 31 December	**48,458**	**47,366**

28 Other provisions

Other provisions involved in particular the following items:

in € 000	31/12/2008		31/12/2007	
	Total	Thereof due within one year	Total	Thereof due within one year
Personnel provisions	2,977	740	4,201	1,009
Litigation risks	145	145	900	900
Tax provisions	933	933	1,031	1,031
Other provisions	4,825	4,825	5,222	5,222
	8,880	**6,643**	**11,354**	**8,162**

Of the total amount expensed, € 6,643,000 (previous year: € 8,162,000) are due within one year. The remainder of € 2,237,000 (previous year: € 3,192,000) mostly pertains to personnel provisions (partial retirement and hallmark service anniversary obligations) that are recognised under long-term liabilities as other long-term provisions.

Short-term provisions stated in the balance sheet comprise the following items:

in € 000	31/12/2008	31/12/2007
Short-term pension provisions	2,320	2,225
Other short-term provisions	6,643	8,162
	8,963	**10,387**

Other short and long-term provisions developed as follows:

in € 000	01/01/2008	Forex change	Allocation	Withdrawals	Write-back	31/12/2008
Personnel provisions	4,201	0	810	- 1,040	- 994	2,977
Litigation risks	900	0	0	- 7	- 748	145
Tax provisions	1,031	- 130	1,048	- 1,008	- 8	933
Other	5,222	26	2,664	- 2,633	- 454	4,825
	11,354	**- 104**	**4,522**	**- 4,688**	**- 2,204**	**8,880**

Liabilities

29 Interest-bearing loans

The interest-bearing loans position exclusively pertains to liabilities to banks in the amount of € 10,766,000 (previous year: € 13,199,000).

Of the expensed total, € 6,254,000 (previous year: € 6,990,000) are due within one year and the remaining € 4,512,000 (previous year: € 6,209,000) are shown as interest-bearing loans under long-term liabilities.

As of 31 December 2008, interest-bearing loans had the following maturities:

in € 000	31/12/2008	31/12/2007
Interest-bearing loans		
– Due within one year	6,254	6,990
– Due within one to five years	4,512	6,209
– Due within more than five years	0	0
= Short and long-term interest-bearing loans	**10,766**	**13,199**

Liabilities to banks with residual maturities of more than one year amounted to € 4,512,000 (previous year: € 6,209,000) and pertain to loans with the following features:

	31/12/2008	31/12/2007	Maturity	Interest rate
	€ 000	*€ 000*		*in %*
1. Loan	1,957	2,049	31/12/2012	6.20
2. Loan	0	294	–	–
3. Loan	2,555	3,134	31/12/2012	5.58
4. Loan	0	732	–	–
	4,512	**6,209**		

30 Other liabilities

The other liabilities position comprises the following items:

in € 000	31/12/2008		31/12/2007	
	Total	Thereof due within one year	Total	Thereof due within one year
Prepayments received	511	511	371	371
Trade liabilities	13,213	13,213	11,925	11,925
Income tax liabilities	3,384	3,384	4,435	4,435
Other short-term liabilities	2,913	2,913	3,915	3,915
Deferred liabilities	10,634	10,634	10,688	10,688
Other financial liabilities	205	205	98	98
	30,860	**30,860**	**31,432**	**31,432**

As in the previous year, the expensed total is due within one year.

Deferred liabilities break down as follows:

in € 000	31/12/2008		31/12/2007	
	Total	Thereof due within one year	Total	Thereof due within one year
Employer's liability insurance premiums	365	365	342	342
Bonuses	3,650	3,650	3,552	3,552
Vacation claims	2,275	2,275	2,170	2,170
Time unit credits	1,208	1,208	874	874
Missing supplier invoices	421	421	491	491
Other deferred liabilities	2,715	2,715	3,259	3,259
	10,634	**10,634**	**10,688**	**10,688**

As of 31 December 2008, other deferred liabilities includes market values of derivative financial instruments amounting to € 131,000 (previous year: none).

Additional disclosures on liabilities

There were no liabilities with residual maturities of more than five years as of year-end 2008 and 2007.

We have provided collateral for € 294,000 (previous year: € 883,000) of our liabilities. In addition, liabilities of € 4,596,000 (previous year: € 5,177,000) are secured by mortgages.

31 Legal liability and other financial obligations

Legal liability

We did not form provisions for the following contingent liabilities stated at nominal value as the probability of their occurrence is not very high:

in € 000	31/12/2008	31/12/2007
Sureties	3	0
Guarantees	0	272
Discounted bills of exchange	0	116
Other obligations	4	49
	7	**437**

As part of the Material Handling divestment in 2005, we assumed some usual legal liabilities relative to the buyer. Excluding tax risk and environmental liability, these legal liabilities are limited to € 5.0 million.

Other financial obligations

In addition to liabilities, provisions, and legal liabilities, we also have other financial obligations particularly pertaining to rental and lease agreements for land, buildings, and other property, plant & equipment items. The respective rental and leasing contract obligations have the following terms:

in € 000	31/12/2008	31/12/2007
Up to one year	3,787	2,535
More than one up to five years	11,224	9,845
More than five years	21,542	23,585
	36,553	**35,965**

In the year under review, our income statement shows € 6,319,000 (previous year: € 6,110,000) in rental expense for business premises as well as office and operating equipment.

32 Derivative financial instruments

As a global player, R. STAHL group conducts its business transactions in a number of foreign currencies. R. STAHL group strives to limit the foreign exchange risk inherent in the underlying transactions. To hedge foreign exchange risk from bank account balances, receivables, liabilities, debt, pending transactions, and forecast transactions, we use derivative financial instruments. We only use derivative financial instruments to hedge underlying existing, pending, and forecast transactions.

The companies of R. STAHL group have recognised fair value changes of all derivative financial instruments through profit and loss in the year under review because the accounting conditions pursuant to IAS 39 have not been met.

The scope of actions, responsible parties, financial reporting, and control mechanisms for financial instruments are group-wide uniformly defined. In particular, this involves a clear segregation of trading and settlement.

The maturities of these forex derivatives are usually pegged to cash flows in the respective current and subsequent fiscal years. If necessary, they can be prolonged correspondingly to ensure the best possible coverage of forecast cash flows until their actual occurrence.

We enter into the respective contracts with banks of outstanding credit rating mainly through R. STAHL Schaltgeräte GmbH. We regularly check the credit ratings of our bank counterparties.

On 31 December 2008, R. STAHL held derivative financial instruments denominated in US dollars, Canadian dollars, Swiss francs, and Swedish kronors to hedge its currency risks.

Positive and negative fair values of derivative financial instruments are set against contrary value developments in the underlying transactions. Derivative financial instruments are fully recognised as assets or liabilities under other financial assets or other financial liabilities at their corresponding fair values.

The main sources of currency risk are foreign exchange rate fluctuations relative to the euro that affect our US dollar, Canadian dollar, Swiss franc, and Swedish kronor denominated bank account balances, receivables, liabilities, debt, pending transactions, and forecast cash flows.

We held the following derivative financial instruments as of the balance sheet date:

in € 000	Nominal volume		Fair values	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Positive fair values				
Foreign exchange futures	3,428	16,583	384	1,102
Negative fair values				
Foreign exchange futures	11,375	0	131	0

The fair values correspond to fictitious profits and losses if the derivative financial instrument positions had been closed out on the balance sheet date. The fair values have been calculated using standard valuation models.

33 Financial risk management

Principles of risk management

R. STAHL group's assets, liabilities, and forecast transactions are subject to exchange rate and interest rate risks as well as default and liquidity risks.

Our risk management objective is to limit these risks through ongoing operating and finance-oriented activities.

Depending on our assessment of the respective risks, we use select derivative financial instruments to hedge existing underlying transactions, pending transactions, or planned transactions.

Risk categories according to IFRS 7

Credit risk

R. STAHL group's operating activities are subject to debtor default risk.

We are constantly and decentrally monitoring outstanding accounts in our operating activities. We take account of default risk by recognising specific and lump-sum individual impairments.

The maximum default risk is mostly defined by the book values of financial assets as recognised in the balance sheet including derivative financial instruments with positive fair values.

As of the balance sheet date, we had no material agreements (e.g. offsetting agreements) that would lower the maximum default risk.

The following table illustrates the credit quality of our financial assets broken down by category:

in € 000	Gross book value 31/12/2008	Neither overdue nor impaired	Overdue but not impaired	Impairments
Trade receivables	37,918 (43,078)	24,910 (30,105)	11,353 (11,374)	1,655 (1,599)

The figures in brackets represent the 2007 values.

R. STAHL group regularly monitors its trading partners and debtors. All receivables that are neither overdue nor impaired are allocable to customers with good credit ratings.

The following table provides a maturity analysis of gross book values for financial assets that are overdue but not impaired:

in € 000	Overdue but not impaired 31/12/2008	Up to 30 days overdue	30 to 90 days overdue	More than 90 days overdue
Trade receivables	11,353 (11,374)	5,166 (5,830)	4,184 (4,677)	2,003 (867)

The figures in brackets represent the 2007 values.

The vast majority of financial assets that are overdue but have not been impaired have been overdue for a short time – mostly as a result of customers' invoice processing and payment procedures. We did not have to change contract terms to avoid financial instruments falling overdue.

Allowances for trade receivables developed as follows:

in € 000	2008	2007
As of 1 January	**1,599**	**608**
Currency differences	+ 52	+ 17
Utilization	- 5	- 124
Reversal	- 285	- 7
Addition	+ 294	+ 1,105
As of 31 December	**1,655**	**1,599**

Liquidity risk

To ensure that R. STAHL is always able to pay its bills and has the necessary financial flexibility for business operations, we prepare daily liquidity charts that reflect our liquidity in- and outflows.

The following table provides a breakdown of our financial liabilities with residual contract maturities:

in € 000	Total volume 31/12/2008	Residual maturity of up to 1 year	Residual maturity of 1 to 5 years	Residual maturity of over 5 years
Interest-bearing loans	10,766	6,254	4,512	0
	(13,199)	(6,990)	(6,209)	(0)
Prepayments received	511	511	0	0
	(371)	(371)	(0)	(0)
Trade liabilities	13,213	13,213	0	0
	(11,925)	(11,925)	(0)	(0)
Other financial debts	205	205	0	0
	(98)	(98)	(0)	(0)
	24,695	**20,183**	**4,512**	**0**
	(25,593)	**(19,384)**	**(6,209)**	**(0)**

The figures in brackets represent the 2007 values.

Market risk

R. STAHL group is subject to market price risks in the form of currency risks, interest rate risks, and other price risks.

Foreign exchange rate risk

R. STAHL group's exposure to foreign exchange rate risks primarily arises from operating activities. We hedge foreign exchange rate risks if these materially impact group cash flows.

Our foreign exchange rate risks in operating activities mainly stem from forecast transactions denominated in currencies other than the group's functional currency. Such forecast transactions in particular pertain to sales revenues denominated in US dollars (USD), Canadian dollars (CAD), Swiss francs (CHF), and Swedish kronors (SEK) (previous year: US dollars, Canadian dollars, British pounds, and Swedish kronors).

R. STAHL group uses foreign exchange futures to hedge foreign exchange rate risks. As of the balance sheet date, R. STAHL group was not subject to material exchange rate risks in operating activities due to such currency hedges.

Sensitivity analyses

Pursuant to IFRS 7, R. STAHL group prepares sensitivity analyses for market price risks to determine the effects on earnings and equity of hypothetical changes in relevant risk variables. We determine periodic effects by calculating hypothetical changes in risk variables on our portfolio of financial instruments back to the balance sheet date. In this process, we assume that the portfolio on the balance sheet date is representative for the year as a whole.

Our sensitivity analyses for foreign exchange rate developments are based on the following assumptions:

– Material originated financial instruments (securities, receivables, liquidity, and debt) are either denominated directly in our functional currency or have been transposed into functional currency by means of derivatives. Changes in foreign exchange rates thus have no effect on our earnings or equity.

– Interest income and expense from or on financial instruments are likewise either directly recognised in functional currency or have been transposed into functional currency by means of derivatives. Thus, there are also no effects on our earnings and equity from this side.

– Foreign exchange rate-related changes in the fair values of foreign exchange rate derivates that are neither in a hedging relation pursuant to IAS 39 nor in a hedging relation with balance-sheet-impacting underlying transactions (natural hedges) may impact our currency translation income/expense and thus are included in our earnings-related sensitivity analyses.

If the euro had appreciated 10% relative to all currencies relevant to our operating activities as of 31 December 2008, our earnings would have been higher by € 822,000 (as of 31 December 2007: € 1,376,000).

If the euro had devalued 10% relative to all currencies relevant to our operating activities as of 31 December 2008, our earnings would have been lower by € 1,011,000 (as of 31 December 2007: € 1,680,000).

Interest rate risk

R. STAHL group is not exposed to material interest rate risk thanks to its financing structure. When necessary, we take out short-term bank loans with variable interest rates that can be repaid at any time. As such, we do not use interest rate derivatives (interest rate swaps and caps) to counter risks from interest rate changes.

Price risk

IFRS 7 requires disclosures on the effects of hypothetical changes in other price risk variables for financial instruments in the presentation of market risks. The main risk variables in this regard are stock market prices and indices.

As of 31 December 2008 and 31 December 2007, R. STAHL group had no material financial instruments in its portfolio that are subject to other price risks.

Additional disclosures on financial instruments stated in the balance sheet

Book values and fair values of financial instruments

The following table shows a reconciliation of the book and fair values of balance sheet items to their individual categories:

in € 000	Balance sheet amount as of 31/12/2008	Book values of financial instruments			Book values of others	Fair value
		Stated at fair value	Stated at amortised cost	Not subject to IFRS 7		
Long-term assets						
Other equity interests	**108**	0	26	82	0	108
Other non-current assets	**1,622**	0	0	1,593	29	1,622
Short-term assets						
Trade receivables	**36,263**	0	36,263	0	0	36,263
Other receivables and financial assets	**4,770**	384	348	0	4,038	4,770
Cash and cash equivalents	**34,135**	0	34,135	0	0	34,135
Long-term debt						
Interest-bearing loans	**4,512**	0	4,512	0	0	4,512
Other liabilities	**0**	0	0	0	0	0
Short-term debt						
Trade liabilities	**13,213**	0	13,213	0	0	13,213
Interest-bearing loans	**6,254**	0	6,254	0	0	6,254
Other liabilities	**3,629**	131	585	0	2,913	3,629
Thereof aggregated acc. to IAS 39						
Loans and receivables	**70,772**	0	70,772			
Assets at fair value through profit or loss	**384**	384	0			
Held-to-maturity investments	**0**	0	0			
Liabilities measured at amortised cost	**24,564**	0	24,564			
Liabilities at fair value through profit or loss	**131**	131	0			

in € 000	Balance sheet amount as of 31/12/2007	Book values of financial instruments			Book values of others	Fair value
		Stated at fair value	Stated at amortised cost	Not subject to IFRS 7		
Long-term assets						
Other equity interests	**176**	0	127	49	0	176
Other non-current assets	**1,190**	0	0	1,157	33	1,190
Short-term assets						
Trade receivables	**41,479**	0	41,479	0	0	41,479
Other receivables and financial assets	**4,000**	1,102	390	0	2,508	4,000
Cash and cash equivalents	**29,747**	0	29,747	0	0	29,747
Long-term debt						
Interest-bearing loans	**6,209**	0	6,209	0	0	6,209
Other liabilities	**0**	0	0	0	0	0
Short-term debt						
Trade liabilities	**11,925**	0	11,925	0	0	11,925
Interest-bearing loans	**6,990**	0	6,990	0	0	6,990
Other liabilities	**4,384**	0	469	0	3,915	4,384
Thereof aggregated acc. to IAS 39						
Loans and receivables	**71,743**	0	71,743			
Assets at fair value through profit or loss	**1,102**	1,102	0			
Held-to-maturity investments	**0**	0	0			
Liabilities measured at amortised cost	**25,593**	0	25,593			
Liabilities at fair value through profit or loss	**0**	0	0			

We generally use the historical cost approach in preparing our consolidated financial statements. The accounting for derivative financial instruments is one of the exceptions to this rule, as these must be accounted for at their applicable fair value. The positive fair values on the balance sheet date amounted to € 384,000 (previous year: € 1,102,000). We recognised negative fair values of € 131,000 (previous year: € 0).

The book value of cash and cash equivalents, as well as current account loans closely approximates their fair value given the short maturity of these financial instruments.

The historical-cost-based book values of receivables and liabilities subject to usual trade credit terms also closely approximate their fair value.

The fair value of long-term debt is based on currently available interest rates for external financing with the same maturity and credit rating profiles. The fair value of external capital is currently about the same as its book value.

The net result according to valuation categories is as follows:

in € 000	2008	2007
Loans and receivables	867	11
Assets at fair value through profit or loss	- 713	1,167
Liabilities measured at amortised cost	- 4,009	- 3,398
Liabilities at fair value through profit or loss	- 131	0
	- 3,986	**- 2,220**

D. Other disclosures

34 Executive bodies

Members of the Supervisory Board

Dipl.-Kfm. Hans-Volker Stahl,
resident of Münsing-Ammerland, Chairman
Asset trustee, private asset management

Dr.-Ing. Hermann Eisele,
resident of Vaihingen/Enz, Vice Chairman
Supervisory Board member of REM AG

Dipl.-Kfm. Eberhard Knoblauch, resident of Böblingen

Dipl.-Volkswirt Josef Kurth, resident of Ingelfingen

Günter Müller, resident of Rösrath (until 27 June 2008)
Managing Partner of Express-Spedition Ludwig Müller GmbH & Co. KG

Dipl.-Ing. Gerold Schmid, resident of Stuttgart (until 27 June 2008)
Managing Partner of Ulrich Frey Verwaltungs-GmbH
Managing Partner of Ulrich Frey GmbH & Co. Grundstücks-KG

Heike Dannenbauer, Magister Artium (M.A.), resident of Empfingen (from 27 June 2008)
Stage manager

Dipl.-Kfm. Peter Leischner, resident of Frankfurt (from 27 June 2008) Consultant

Heinz Grund, resident of Braunsbach [1)]
Agricultural technician/mechanic

Monika Weidmann, resident of Künzelsau [1)]
Technical draftsperson

Ernst Kern, resident of Künzelsau (until 27 June 2008) [1)]
Power appliance technician

Dieter Heppner, resident of Kupferzell (from 27 June 2008) [1)]
State-qualified electrical technician

Members of the Managing Board

Dipl.-Betriebswirt Martin Schomaker (BA), resident of Murr, CEO
(Managing Board member responsible for Strategy, Commercial Affairs, Operations, Procurement and Quality Management)

Dr.-Ing. Peter Völker, resident of Künzelsau
(Managing Board member responsible for Marketing, Development and Quality Management)

Compensation report

Total Managing Board compensation

The compensation system for our Managing Board members is regulated in their respective employment contracts. The contracts stipulate a Managing Board member compensation consisting of a fixed salary and a performance-based royalty. The performance-dependent royalty is limited to at most 80% of the fixed compensation. For fiscal 2008, the Managing Board members received the following total compensation:

in € 000 Total Managing Board compensation	Fixed compensation	Performance-dependent royalty	Compensation in kind	Total
Martin Schomaker	300	174	25	**499**
Dr. Peter Völker	220	174	11	**405**

In the previous year, the Managing Board members received total compensation of € 553,000 and € 407,000.

Total Supervisory Board compensation

The Annual General Meeting resolved at its meeting on 22 June 2007 to raise the fixed annual compensation for Supervisory Board members to € 18,000.00 (until 30 June 2007: € 12,800.00) and the compensation for Supervisory Board members' committee membership to € 3,650.00 (until 30 June 2007: € 2,600.00) effective 1 July 2007. Also effective 1 July 2007, committee chairs shall receive twice the compensation of other committee members for their committee participations and the Supervisory Board Chair shall receive twice the amount of the compensation due according to the above formula.

[1)] *Staff representative*

The variable part of the Supervisory Board members' compensation depends on the dividend distributed in the respective fiscal period. For each full percent dividend distributed in excess of 20% of our share capital, Supervisory Board members receive € 800.00. With a resolution of the Annual General Meeting of 27 June 2008, it was decided that effective 1 July 2008 this additional compensation should be limited to a maximum of twice the fixed annual compensation for a member of the Supervisory Board, or the fixed annual compensation for the Supervisory Board Chair, and twice the fixed annual compensation for committee members or the committee chair.

In the year under review, the Supervisory Board received fixed compensation totalling € 226,000 (previous year: € 191,000) and variable compensation totalling € 184,000 (previous year: € 120,000).

in € 000	Fixed compensation	Committee compensation	Variable compensation	Total
Supervisory Board				
Hans-Volker Stahl	36.0	21.9	36.8	94.7
Heike Dannenbauer [2]	9.0	0.0	0.0	9.0
Dr. Hermann Eisele	18.0	3.6	18.4	40.0
Dieter Heppner [2]	9.0	0.3	0.0	9.3
Eberhard Knoblauch	18.0	11.0	18.4	47.4
Ernst Kern [1]	9.0	1.8	18.4	29.2
Peter Leischner [2]	9.0	0.0	0.0	9.0
Monika Weidmann	18.0	0.0	18.4	36.4
Heinz Grund	18.0	3.6	18.4	40.0
Günter Müller [1]	9.0	0.0	18.4	27.4
Gerold Schmid [1]	9.0	0.0	18.4	27.4
Josef Kurth	18.0	3.6	18.4	40.0
Total	**180.0**	**45.8**	**184.0**	**409.8**

[1] *until 27 June 2008* [2] *from 27 June 2008*

R. STAHL AG does not offer any stock option plans or similar, securities-based incentive systems.

Total compensation of former Managing Board members, Managing Directors, and Supervisory Board members

R. STAHL paid to former members of the Managing Board as well as former Directors and their survivors support totalling € 384,000 (previous year: € 379,000).

We have accrued pension provisions for former members of the Managing Board as well as former Directors and their survivors in full for a total of € 3,574,000 (previous year: € 3,626,000) as of 31 December 2008.

R. STAHL AG shareholdings by members of the Managing Board and Supervisory Board

As of the balance sheet date, Managing Board members held 12,360 shares of R. STAHL AG and Supervisory Board members held 388,640 shares.

35 Related party disclosures

Pursuant to IAS 24 (Related Party Disclosures), legal or natural persons exerting a controlling influence on R. STAHL group or vice versa have to be disclosed unless they are being consolidated in the financial statements of R. STAHL group. A controlling influence is deemed to exist if a shareholder holds more than half of the voting rights in R. STAHL AG or has the option pursuant to Articles of Incorporation or contractual provisions to control the financial or business policy of R. STAHL group management.

Moreover, the disclosure requirement according to IAS 24 also pertains to transactions with associated enterprises and transactions with related natural persons that have a substantial influence on the financial and business policy of R. STAHL group including close relatives or intermediary companies. A substantial influence on the financial and business policy of R. STAHL group is deemed to exist for individual R. STAHL AG shareholding of 20% or more and persons holding a position on the Managing or Supervisory Boards of R. STAHL AG or another key management position.

In fiscal 2008, the disclosure requirements of IAS 24 only affected R. STAHL group in respect to business relations with members of the Managing Board.

Pension provisions for Managing Board members and their survivors have been accrued in full and amounted as of 31 December 2008 to € 1,375,000 (previous year: € 1,199,000). The fund allocation in the year under review came to € 241,000 (previous year: € 127,000).

We have made all disclosures pursuant to article 160, paragraph 1, item 8 of the German Stock Corporation Act.

36 Declaration pursuant to article 161 of the German Stock Corporation Act concerning compliance with the Corporate Governance Code

We complied with the code of conduct recommended by the German Government Commission on the German Corporate Governance Code in the past fiscal year with few, individual exceptions. We will continue to comply with most of the recommendations in the future. We have made a corresponding declaration of compliance that shareholders may view on our website at any time. Moreover, our 2008 annual report includes a separate corporate governance report.

E. Notes to the cash flow statement

The cash flow statement shows R. STAHL group's flow of funds as it developed over the year under review.

The cash flows are classified according to their nature as operating, capex, and finance cash flows.

For the purpose of indirect calculation, we adjust the relevant changes in balance sheet positions for consolidation effects. This approach causes differences in the changes of the respective balance sheet positions as shown in the consolidated balance sheet published.

The flow of funds from ongoing operations includes the following items:

in € 000	2008	2007
Interest received	998	1,057
Interest paid	- 1,129	- 1,153
Dividends received	6	3
Income tax refunds/credits	3,310	2,217
Income tax payments	- 8,231	- 8,911

Capex cash flow of the previous year includes cash inflow from the sale of subsidiaries in the amount of € 2,514,000.

F. Notes to the segment report

R. STAHL group now only has the operating segment of Explosion Protection. The secondary segment reporting is done by region. The differentiation follows internal reporting practises for best assessment of group risks and earnings prospects.

R. STAHL group's Explosion Protection segment develops, manufactures, assembles, and distributes devices and systems for measuring, controlling, dosing, powering, securing, and lighting in explosion-hazard environments.

In line with our internal practises, we distinguish the geographical region segments Central, Americas, and Asia. In our regional segment reports, we state external sales by our customers' corporate domicile. Assets and capex are allocated to regional segments based on asset locations.

The segment information is generally based on the same accounting and valuation methods as the consolidated financial statements. The accounting and valuation methods remained unchanged from the previous year.

Receivables, liabilities, provisions, income, expense, and earnings resulting from intra-group transactions have been eliminated in the reconciliation/consolidation process. Offsetting prices for intra-group sales revenues are in line with market pricing (arm's length principle).

The primary segment yielded the following picture in a year-on-year comparison:

in € 000	2008	2007
Sales revenues	221,150	211,616
Earnings before financial earnings and income taxes	21,479	26,934
Segment assets	174,061	173,944
Interests in associated enterprises	0	0
Non-allocable assets	4,641	6,285
Total assets	**178,702**	**180,229**
Segment liabilities	83,881	85,717
Non-allocable liabilities	16,650	20,458
Total liabilities	**100,531**	**106,175**
Property, plant & equipment capex	9,228	8,912
Capex on intangible assets	4,851	6,625
Depreciation, amortisation, and impairment on property, plant & equipment assets	5,624	5,511
Depreciation, amortisation, and impairment on intangible assets	3,369	3,283

Non-allocable assets comprise the following balance sheet items: other financial assets € 108,000 (previous year: € 176,000), other long-term financial assets € 1,593,000 (previous year: € 1,191,000), deferred tax assets € 1,235,000 (previous year: € 1,218,000), income tax refund claims € 1,357,000 (previous year: € 3,310,000), other financial assets € 348,000 (previous year: € 390,000).

Non-allocable liabilities comprise the following: interest-bearing loans € 10,766,000 (previous year: € 13,199,000), deferred tax liabilities € 1,567,000 (previous year: € 1,793,000), income tax liabilities € 3,384,000 (previous year: € 4,435,000), accruals € 933,000 (previous year: € 1,031,000). The prior-year figure (€ 19,427,000) was adjusted in accordance with initial allocation of tax accruals by € 1,031,000.

The following table provides a breakdown by region:

in € 000	Central	Americas	Asia/Pacific	Total
Sales revenues	169,240	18,088	33,822	221,150
	(164,070)	(14,368)	(33,178)	(211,616)
Segment assets	157,919	5,649	10,493	174,061
	(157,170)	(5,228)	(11,546)	(173,944)
Interests in associated enterprises	0	0	0	0
	(0)	(0)	(0)	(0)
Non-allocable assets	–	–	–	4,641
	–	–	–	(6,285)
Total assets	**157,919**	**5,649**	**10,493**	**178,702**
	(157,170)	**(5,228)**	**(11,546)**	**(180,229)**
Property, plant & equipment capex	8,938	98	192	9,228
	(8,224)	(608)	(80)	(8,912)
Capex on intangible assets	4,734	96	21	4,851
	(6,544)	(35)	(46)	(6,625)

The figures in brackets refer to the prior-year values for 2007. Due the change in the internal regional sales structure, the prior-year statement of sales revenue was adjusted for the segment Central (previous year: € 168,601,000) and Asia (previous year: € 28,647,000).

G. Additional notes and disclosure requirements

The following table shows fees paid to the auditor of our consolidated financial statements for services to the parent company and its subsidiaries.

in € 000	2008	2007
Financial statement audits	207	209
Other certification and valuation services	0	0
Other services	128	37
	335	**246**

R. STAHL Schaltgeräte GmbH, Waldenburg, fulfilled the requirements of article 264 paragraph 3 of the German Commercial Code (HGB) and has thus made use of the exemption clause with regard to the preparation of notes to the annual financial statements and management report as well as their disclosure.

H. Other notes and disclosures

Events subsequent to the balance sheet date

With share purchase agreements dated January 20, 2009, we raised our holding in the group's Russian subsidiary OOO R. STAHL from 20% to 60%. The company was founded together with partners in 2008. With this move, R. STAHL hopes to open up further sales channels on the Russian market.

Waldenburg, 6 April 2009

R. STAHL Aktiengesellschaft
Managing Board

Martin Schomaker Dr. Peter Völker

Auditor's report on the complete consolidated financial statements of R. STAHL Aktiengesellschaft

We have audited the consolidated financial statements prepared by and for R. STAHL Aktiengesellschaft of Waldenburg, Germany, consisting of balance sheet, income statement, notes, cash flow, and equity statement as well as the consolidated management report for the fiscal year from 1 January to 31 December 2008. The preparation of consolidated financial statements and the consolidated management report according to IFRS as mandated for EU companies and the supplementary accounts prepared according to article 315a paragraph 1 of the German Commercial Code as well as further stipulations made in the company's bylaws are the responsibility of the respective company's legal representatives. Our task is to state our opinion on the consolidated financial statements and consolidated management report based on our audit.

We have conducted our audit of these consolidated financial statements pursuant to article 317 of the German Commercial Code and the generally accepted auditing standards as formulated by the German auditors' institute (Institut der Wirtschaftsprüfer, IDW). These standards require that we plan and perform audits such that misstatements materially affecting the presentation of the asset, financial, and income position in the consolidated financial statements and the consolidated management report in accordance with international principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the books and records, the consolidated financial statements, and the consolidated management report are examined primarily on a spot check basis within the framework of the audit. We have furthermore audited and judged the annual financial statements of the consolidated companies, the scope of consolidation, assessed the accounting principles used and significant estimates made by the legal representatives, as well as evaluated the overall presentation of the consolidated financial statements and consolidated management report. We believe that our audit has provided a reasonable basis for our opinion.

Our audit has not yielded any objections.

In our opinion based on our audit findings, the consolidated financial statements as presented comply with IFRS as mandated for EU companies and supplementary applicable provisions as set forth in article 315a paragraph 1 of the German Commercial Code as well as the further stipulations made in the company's bylaws and give a true and fair view of the asset, financial, and income position of the group. The consolidated management report accords with the consolidated financial statements and conveys an overall accurate picture of the group's state of affairs and accurately represents the risks and opportunities the group is facing in the future.

Stuttgart, 7 April 2009

Ebner Stolz Mönning Bachem GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Dr. Wolfgang Russ	Christoph Lehmann
Auditor	*Auditor*

Responsibility statement

We attest – to the best of our knowledge – that the consolidated financial statements according to applicable accounting standards present a true and fair view of the group's asset, financial, and income position and that the consolidated management report accurately presents the group's business development including economic results, state of affairs, material risks and opportunities, and probable development going forward.

Waldenburg, 6 April 2009

R. STAHL Aktiengesellschaft
The Management

Disclosure of equity investments as of 31 December 2008

Name and headquarters of the company	Consolidation status	Capital stake in %
Domestic companies		
R. STAHL Beteiligungsgesellschaft mbH, Waldenburg	F; c	100.00
GGF – Gesellschaft für Grundstücksvermietung und Finanzierungsvermittlung mbH, Waldenburg	F; c	100.00
R. STAHL Services GmbH, Oberhausen	F; c	100.00
R. STAHL Schaltgeräte GmbH, Waldenburg	F; c	100.00
R. STAHL HMI Systems GmbH, Cologne	F; c	100.00
Abraxas Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	I; n.c.	49.58
Lectio Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weimar KG, Düsseldorf	F; c	0.00
Supera Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Künzelsau KG, Düsseldorf	F; c	99.00

Name and headquarters of the company	Consolidation status	Capital stake in %
Foreign companies		
R. STAHL Middle East FZE, Dubai (United Arab Emirates)	F; c	100.00
STAHL N.V., Dendermonde (Belgium)	F; c	100.00
E.M. STAHL B.V., Hengelo (The Netherlands)	I; n.c.	100.00
STAHL Equipamentos Industriais Ltda., São Paulo (Brazil)	F; c	100.00
R. STAHL Ltd., Edmonton (Canada)	F; c	100.00
R. STAHL Schweiz AG, Frick (Switzerland)	F; c	100.00
R. STAHL Ex-Proof (Shanghai) Co. Ltd., Shanghai (China)	F; c	100.00
Tranberg Systems AS, Vejle (Denmark)	F; c	58.63
Industrias STAHL S.A., Madrid (Spain)	F; c	100.00
R. STAHL France S.A.S., Nanterre (France)	F; c	100.00
R. STAHL Ltd., Birmingham (Great Britain)	F; c	100.00
R. STAHL d.o.o., Sveti Kriz Zacretje (Croatia)	I; n.c.	90.00
R. STAHL (P) Limited, Chennai (India)	F; c	100.00
R. STAHL S.R.L., Milan (Italy)	F; c	100.00
R. STAHL Kabushiki Kaisha, Kawasaki (Japan)	F; c	100.00
R. STAHL Co. Ltd., Seoul (Korea)	F; c	100.00
Interstate STAHL SDN.BHD., Selangor (Malaysia)	I; n.c.	30.00
R. STAHL Engineering & Manufacturing SDN.BHD., Selangor (Malaysia)	F; c	87.00
Electromach B.V., Hengelo (The Netherlands)	F; c	100.00
R. STAHL Norge AS, Oslo (Norway)	F; c	83.75
STAHL-Syberg AS, Oslo (Norway)	F; c	83.75
Tranberg AS, Stavanger (Norway)	F; c	83.75
OOO R. STAHL, Moscow (Russian Federation)	I; n.c.	20.00
R. STAHL Svenska AB, Järfälla (Sweden)	F; c	100.00
R. STAHL Pte. Ltd., Singapore (Singapore)	F; c	100.00
R. STAHL Inc., Houston/Texas (U.S.A.)	F; c	100.00

The companies are identified by their respective group-relevant status as either fully consolidated enterprise (F) or other investment (I) stating whether it is consolidated (c) or not consolidated (n.c.).

Financial statements of R. STAHL Aktiengesellschaft

These complete financial statements of R. STAHL Aktiengesellschaft prepared pursuant to the rules and regulations of the German Commercial Code and Stock Corporation Act have been given approval without reservations by the appointed auditor Ebner Stolz Mönning Bachem GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Germany, will be published in the Federal eGazette and filed with the district court of Stuttgart under HRB 581087. Interested shareholders may request copies of the parts of our annual financial statements not published here from the company.

Income statement

for the period from 1 January to 31 December 2008

in € 000	2008	2007
1. Sales revenue	**12,127**	**11,838**
2. Other own work capitalised	97	127
3. Other operating income	1,982	7,340
	14,206	**19,305**
4. Cost of materials		
Cost of raw materials, consumables and supplies	11	19
5. Personnel costs		
a) Wages and salaries	6,186	6,525
b) Social insurance contributions and pension	2,030	2,026
	8,216	8,551
	8,227	**8,570**
6. Depreciation, amortisation and impairment of intangible non-current assets and property, plant & equipment assets	2,062	939
7. Other operating expense	8,636	8,775
	- 4,719	**1,021**
8. Investment income	4,684	3,768
9. Income from profit/loss transfer agreements	11,492	5,909
10. Interest and similar income	567	1,008
11. Depreciation on financial assets and current-asset securities	2,207	0
12. Interest and similar expense	478	1,671
	14,058	**9,014**
13. Income/expense from ordinary business activity	**9,339**	**10,035**
14. Extraordinary expense	0	1,130
15. Taxes on income	1,567	1,654
16. Other taxes	24	24
17. Net profit for the year	**7,748**	**7,227**
18. Profit carry-forward	32,641	31,930
19. Withdrawal from reserve for treasury shares	217	0
20. Balance sheet profit	**40,606**	**39,157**

Balance sheet

as of 31 December

in € 000	2008	2007
ASSETS		
A. Non-current assets		
I. Intangible assets		
1. Industrial property and similar rights	4,350	2,193
2. Prepayments made	19	1,209
	4,369	**3,402**
II. Property, plant & equipment		
1. Properties, property-like rights and buildings including buildings on third-party properties	5,267	5,305
2. Technical equipment and machinery	47	54
3. Other plants as well as operating and office equipment	485	352
4. Prepayments made and plants under construction	293	10
	6,092	**5,721**
III. Financial assets		
1. Equity interests in affiliated companies	40,416	40,761
2. Equity investments	74	59
3. Loans to companies in which equity interests are held	3,741	3,315
	44,231	**44,135**
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	34	29
2. Receivables from affiliated companies	11,445	15,715
3. Other assets	2,570	3,740
	14,049	**19,484**
II. Securities		
1. Treasury shares	**5,380**	**5,597**
2. Other securities	**12**	**0**
	5,392	**5,597**
III. Cash on hand and credit balances with banks	**16,596**	**13,762**
C. Prepaid expenses and deferred income	**166**	**86**
	90,895	**92,187**

in € 000	2008	2007
EQUITY & LIABILITIES		
A. Equity		
I. Subscribed capital	**16,500**	**16,500**
II. Capital reserve	**5,083**	**5,083**
III. Profit reserves		
1. Reserve for treasury shares	5,379	5,597
2. Other profit reserves	1,679	1,679
IV. Balance sheet profit	**40,606**	**39,157**
	69,247	**68,016**
B. Provisions		
1. Pension provisions	11,477	11,312
2. Tax provisions	1,567	3,138
3. Other provisions	3,098	4,466
	16,142	**18,916**
C. Liabilities		
1. Liabilities to banks	79	78
2. Trade liabilities	1,517	1,182
3. Liabilities to affiliated companies	2,754	2,919
4. Liabilities to enterprises in which equity interests are held	10	10
5. Other liabilities	1,146	1,066
	5,506	**5,255**
	90,895	**92,187**

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Financial calendar 2009

Financial press conference in Stuttgart, Germany	**30 April 2009**
DVFA analyst conference in Frankfurt, Germany	**30 April 2009**
Interim report as of 31 March 2009	**18 May 2009**
Annual General Meeting in Neuenstein, Germany	**19 June 2009**
Interim report as of 30 June 2009	**5 August 2009**
Interim report as of 30 September 2009	**10 November 2009**

Imprint

Publisher

R. STAHL Aktiengesellschaft
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This report is also available in the German original.

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To the extent that this annual report contains mandatory disclosures please refer to our complete audited annual financial statements available upon request from our investor relations department.

Concept, text and design

impacct communication GmbH, Hamburg, Germany
www.impacct.de

Printer

W. Zertani, Druckerei und Verlag, Bremen, Germany

Photography

p 8/9: Shell International Ltd.

p 14: Dag Myrestrand/StatoilHydro

p 20/21/23: Roar Lindefjeld/StatoilHydro

Management & Employees:
Olaf Tamm, Hamburg

p 24/25: Peer Brecht, Stuttgart

p 52: Bernhard J. Lattner, freelance photographer, Heilbronn

Translation

Chris Hughes, Seeheim-Jugenheim

Key figures

in € 000	2008	2007
Sales revenue	221,150	211,616
Germany	57,991	59,020
Central excl. Germany	111,249	105,050
Americas	18,088	14,368
Asia/Pacific	33,822	33,178
Foreign share in %	74	72
Order intake	223,589	220,078
Germany	63,156	59,856
Central excl. Germany	108,435	112,852
Americas	19,210	14,917
Asia/Pacific	32,788	32,453
Order backlog	39,035	38,480
EBIT	21,479	26,934
EBT	18,475	24,604
Year's net profit	12,612	16,182
Earnings per share in € (total)	2.03	2.65
Total dividend	5,331 [1]	6,516
Dividend per share in €	0.90 [1]	1.10
Capex on tangible and intangible assets	14,080	13,887
Depreciation & amortisation on tangible and intangible assets	8,993	8,794
EBIT margin (in % of sales)	9.7	12.7
EBT margin (in % of sales)	8.4	11.6
Sales per employee	168	173
Employees, yearly average (without apprentices)	1,320	1,222
Employees (as of 31 Dec. without apprentices)	1,369	1,274

[1] *proposal to the Annual General Meeting*

ID-No. 201411 en-05/2009

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