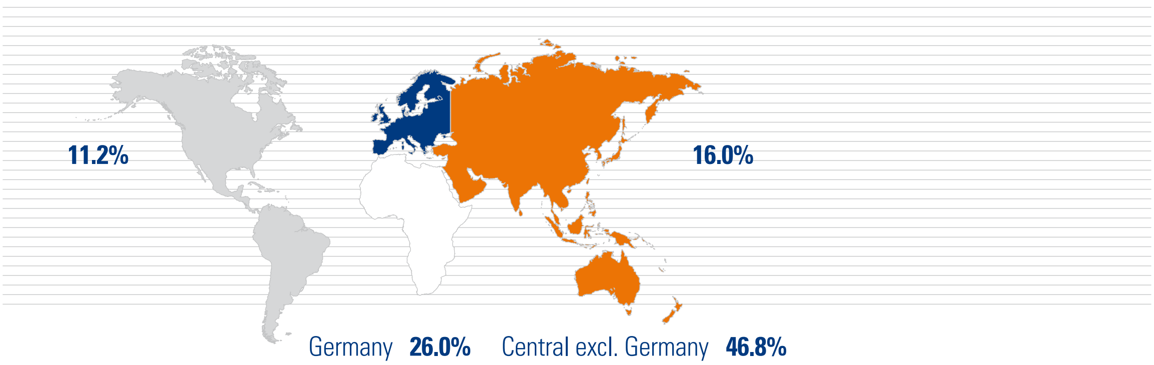
SAFETY IS OUR BUSINESS«

All over the world customers from the oil & gas industry, the chemical and pharmaceutical industries, as well as from marine equipment put their trust in our products that prevent explosions and thus reliably protect man, environment, and equipment.

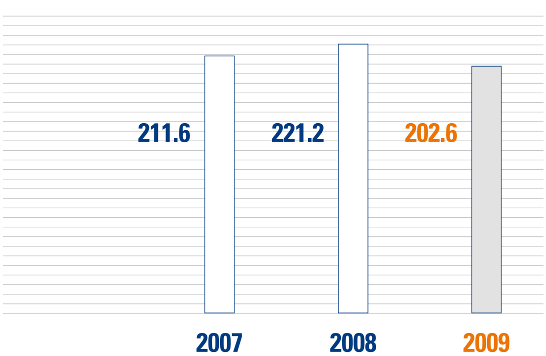
ANNUAL REPORT 2009

STAHL

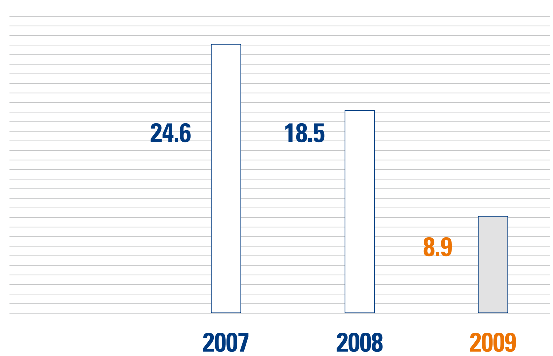
Sales by region



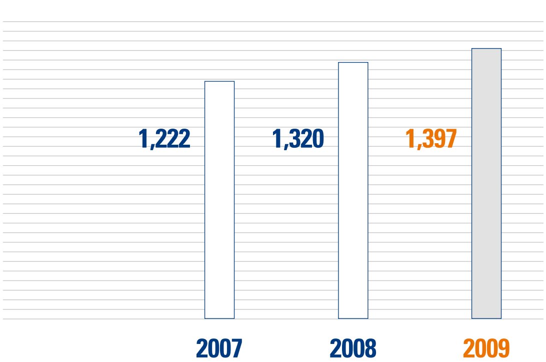
Consolidated sales; in € m



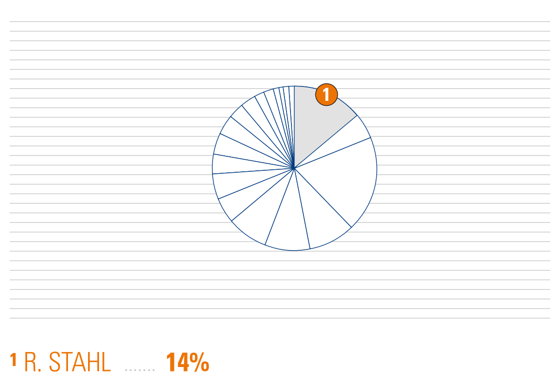
Consolidated EBT; in € m



Staff[1)]



Market share; in %



1) *Annual average (without apprentices)*

As a leading supplier of products, systems, and services for explosion protection, R. STAHL has decades of experience. Our products prevent explosions wherever potentially explosive gas-air-mixtures or dusts may occur. With highest reliability and quality we ensure safety of man, environment, and equipment.

»**DURING THE CRISIS** WE EXTENDED OUR MARKET LEADERSHIP FOR EXPLOSION-PROTECTED ELECTRICAL SYSTEM SOLUTIONS FOR PROCESS INDUSTRY.«

Management foreword

Dear shareholders,

R. STAHL asserted itself well in the crisis. We increased our market share in system business, and today we are market leader in explosion-protected, electrical system solutions for the process industry. Despite considerable decline in sales in several segments, we managed to generate earnings enabling a dividend distribution of € 0.40 per share.

We used the crisis to make the company fit for another growth spurt. This has been achieved, although we had to operate in a considerably more difficult market environment than we expected. In the past, times of crisis have often been used for early maintenance and investments in equipment and plants to be prepared for the upswing with flexible capacity. So we did not expect that the chemical industry would reduce maintenance investments this rigorously to ensure cash flow and earnings.

What were the objectives we wanted to achieve? Keeping of the core workforce, ensuring of earnings and cash flow to finance investments and to be able to pay dividend, expanding of our market shares, optimizing of processes. All these objectives have been achieved.

Keeping of the core workforce

Besides the social responsibility we have as a company, why is this also economically important? Expansion of our global system business is only possible with technically qualified employees; that is why we built up and trained the respective capacities with strong commitment in 2007 and 2008. Staff reduction in the crisis would have set us back at least two years and thus given our competitors, who also try to improve their system business, the chance to catch up. We not only kept our lead but even improved it with this measure in the crisis. The resulting high personnel costs were partly compensated by savings in material costs and in materials procurement, so that the operating result – expressed by the EBITDA-margin – only fell from 13.8% to 10.7%.

Dividend payment and ensuring of investments

In order to improve future development of our company we did not cut operating investments significantly. Investments in the expansion of our activities by takeover of the remaining shares in Norway, as well as takeover of patents and products of the company Omega in Canada, have been financed from the available liquidity. Earnings and the sound financial basis make it possible to maintain our payout ratio of over 40% of the net group earnings and to propose a dividend of € 0.40 per share to the Annual General Meeting.

Martin Schomaker, Dr. Peter Völker

Gaining market shares

Our order intake fell by 6.9% in 2009. The decline is particularly strong in our traditional markets – especially in Europe – and in the previous main business with standard products.

But we have nevertheless also grown in the crisis: in the system business we increased our market share. In the segment explosion-protected electrical system solutions for the process industry, we even succeeded to become market leader in 2009 – a very pleasant result of the capacity expansion over the last years and of the fact that we kept our workforce during the crisis. We earned this success in the market. The leading position we achieved does not only involve the quantitative global volumes but also the complexity in content which we can cope with and solve for our customers by now. To safeguard our success we applied for patents for special solutions in control panel construction in hazardous areas. As we have consistently pushed ahead with system business since 2004 we now notice that the first competitors, who up to now mainly sold standard products, try to catch up. But R. STAHL's lead is substantial and we are confident that we can further expand it.

Optimizing processes

Especially during times of crisis the readiness to modify processes improves. We have made use of this fact and at the end of 2008 already started projects for a fundamental advancement of our process landscape – after the last great wave of innovations between 2002 and 2005. Substantial expansion of our performance spectrum with in-house developments and acquisitions and the increased sales volume now offered a good basis to improve rationalization potentials. We especially want to become faster and we want to bring customer orientation into every last corner of our company.

We also utilized these times to hedge our financial situation and to contractually fix credit lines with major banks. Even if a credit crunch should occur for industrial enterprises it will not slow down R. STAHL's growth.

All in all, we used the crisis to improve our starting basis for further expansion in the economic recovery that can gradually be noticed. We had to demand a great deal of dedication and commitment from our employees and managers and we received both. It has been a balancing act between cost saving and achievement, which has not been easy for many colleagues – but we were successful!

At this point, we would like to expressly thank our employees and managers for their co-operation which we could experience in the complete organization all over the world. We also thank the members of the Supervisory Board who accompanied us intensely and constructively along this difficult path and we want to thank you, dear shareholders, who had to experience hard times in regard to share prices during the global economic crisis.

When we look towards the future, we have to be aware that the economic crisis is not yet over for R. STAHL. The first six months in 2010 will still be difficult, even though we could increase order backlog in 2009 with large projects to € 42.6 million (previous year: € 39.0 million). But these projects will not be settled before the second quarter. In the meantime we can see that demand from our major customers increases and are thus more confident in regard to the second half of 2010 – even though contract placing starts very slowly.

R. STAHL acquired a good position in the crisis. We steered a highly qualified team through these difficult times and are now ready to deal with the expected growth. The sound financial situation of the company does not impose any constraints in this respect and the rising demand from our customers and their positive statements in regard to market development give us hope:

We assume that, compared to 2009, we will be able to grow in order intake and sales in 2010. In this context we also expect an improvement in earnings compared to 2009.

With best regards

Martin Schomaker	Dr. Peter Völker
Chief Executive Officer	*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 and Product-Management

Supervisory Board Report

Ladies and gentlemen,

fiscal year 2009 has been strongly influenced by the effects of the global economic crisis. R. STAHL is a company that follows the general economic cycle with a time delay of eight to ten months. So we did not feel the painful decline in order intake and turnover until the end of 2008; it then accompanied us throughout the complete year under review. The group nevertheless generated sales of € 203 million and order intake of € 208 million in the past fiscal year. This moderate decline, in comparison to 2008, can be attributed to two aspects: on the one hand the company benefited from the expansion of the sales activities which has continuously taken place over the past years. On the other hand, R. STAHL started with a highly motivated team in 2009, after the Executive Board has taken a clear position of wanting to keep the core workforce.

In regard to earnings (EBT) the decline has been significantly stronger, 52%, compared to the previous year. Heavy decline in volume of sales markets because of the economic crisis was reflected in a very poor price level. The cost-cutting measures, which the management and the employees introduced at an early stage, could absorb part of the decline in earnings. The great willingness to work for a common goal has been absolutely remarkable. The package of measures ranged from cutting of external consultancy services or the reduction of marketing services to cleaning and packing services which the employees did themselves, up to a stern discipline in regard to reduction of overtime and holiday. Moreover, as the situation seemed to become especially critical in the fourth quarter of 2009 almost all employees in Germany waived 5% of their income for four months. Since the year-end accounts for 2009 have been better than expected, Executive Board and works council agreed upon paying the salary waiver for October to December back to the employees in the middle of 2010.

Hans-Volker Stahl

With an equity ratio of 42% and liquid assets amounting to € 23 million, R. STAHL has a solid financial basis. With this stable basis the management consciously decided to use the difficult times as a chance to win further market shares.

Besides keeping the core workforce, another objective of the management in the year of crisis 2009 has been to generate sufficient revenue to make necessary investments and to be able to pay a dividend appropriate to the current circumstances. With earnings per share of € 0.90 it seems appropriate that Executive and Supervisory Board will recommend to the Annual General Meeting to pay a dividend of € 0.40 per share.

The Supervisory Board monitored the work of the Executive Board during the year under review on the basis of 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 Executive Board at least once a week to exchange information.

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

The audit committee held three meetings. Members on this committee have been Eberhard Knoblauch (chairman), Heinz Grund, Josef Kurth and Hans-Volker Stahl. Although inclusion of a proven financial expert in the composition of the Supervisory Board and the audit committee will not become statutory until the next Supervisory Board elections, this expertise is already extensively represented. Eberhard Knoblauch, Josef Kurth, Peter Leischner and Hans-Volker Stahl are all graduates in economics or business administration and with their extensive professional experience they bring the required know-how to bear in the Supervisory Board. Independence is also ensured and, as well as specialist expertise, is scrutinized regularly.

The administration committee met once in 2009. Its members are Hans-Volker Stahl as chairman, Dr. Hermann Eisele, Dieter Heppner and Eberhard Knoblauch.

The proposals of the German Corporate Governance Code have been implemented as far as we think applicable. Declaration of Compliance states the proposals we did not meet. It has been published on our website in the section »Investor Relations«. The annual corporate governance statement, issued together with the Executive Board, has been published on the R. STAHL website, also.

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

As in the previous year, the annual financial statements of 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 the International Financial Reporting Standards (IFRS). Auditing firm Ebner Stolz Mönning Bachem GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, audited the annual financial statements of R. STAHL AG as well as the consolidated financial statements, the management report of R. STAHL AG and the 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 commercial provisions as set forth in Article 315a subsection 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. Proposal for the election of the chief auditor has been supported according to the recommendation of the audit committee.

The audit committee examined the annual financial statements and the management report as well as the consolidated financial statements and the 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 Executive Board. The former is thus adopted. We agree with the management report and the consolidated management report, as well as with the comments regarding the future development of our company.

The Executive Board of R. STAHL AG comprises two members. Martin Schomaker is Chief Executive Officer. His academic studies and professional career make him an expert especially in regard to commercial and financial issues. He is responsible for strategy, value creation, commercial functions, procurement and quality management. Dr. Peter Völker holds a doctorate in electrical engineering. Before joining R. STAHL in 1990, Dr. Peter Völker held leading posts in testing and certification and in electrical industry. With his expertise he is responsible for sales, marketing and development.

In addition to their performance-related bonuses, there are no stock options or other bonuses for the members of the Executive Board who are appointed until 2011. Hence up to now there was no need to decide on essential contractual elements. Adequacy of remuneration for Executive Board members is examined once a year. Principles of the remuneration system for members of Supervisory and Executive Boards are given in the notes to the consolidated financial statements in point 34 »Executive bodies«.

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

Waldenburg, April 2010

Hans-Volker Stahl

Hans-Volker Stahl
Chairman of the Supervisory Board

Excellently positioned

LEADING SPECIALIST IN A PROFITABLE NICHE

>> **R. STAHL IS A LEADING SUPPLIER** of electrical explosion protection. In regard to volume, we are no. 2 on the world market, we have profound know-how and long-standing experience in this safety technology. In regard to technology, R. STAHL is in top position throughout the world. We became market leader for electrical explosion-protected system solutions for the process industry during last year's crisis. Not without reason: on the one hand, we invested in personnel that we kept during the crisis, before the crisis. On the other hand, R. STAHL's products and systems are characterized by high quality and absolute reliability.

Modular explosion-protected enclosures offer higher flexibility in regard to possible application (here: during painting)

INTERNATIONALLY CERTIFIED

>> **PRODUCTS FOR EXPLOSION PROTECTION** have to be certified by independent inspection authorities according to the respective standards and guidelines currently in force. These statutory regulations may vary in different regions and different industries. R. STAHL products are certified according to regional and international regulations world-wide – even besides explosion protection. In this way, we continuously open up new markets.

ADVANTAGE IN COMPETITION: UNIQUE RANGE OF PRODUCTS

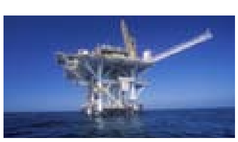
>> **EXPLOSION PROTECTION** is a complex, safety-relevant topic that is subject to constant changes. Safety of man, machine and environment depends on its correct implementation. Potentially explosive gases, vapours and dusts, mixed with the oxygen of the surrounding air, form a potentially explosive atmosphere. If an ignition source is added, e.g. a spark, then an explosion occurs. Throughout the world there are different technical processes (types of protection) that protect against explosion. Thanks to our significant competitive advantage we offer optimal solutions to our customers in regard to costs, ease of use and reliability.

R. STAHL is the only supplier in the world that can cope with all types of protection and that is able to combine them intelligently – our customers profit from economic solutions.

Highly attractive markets

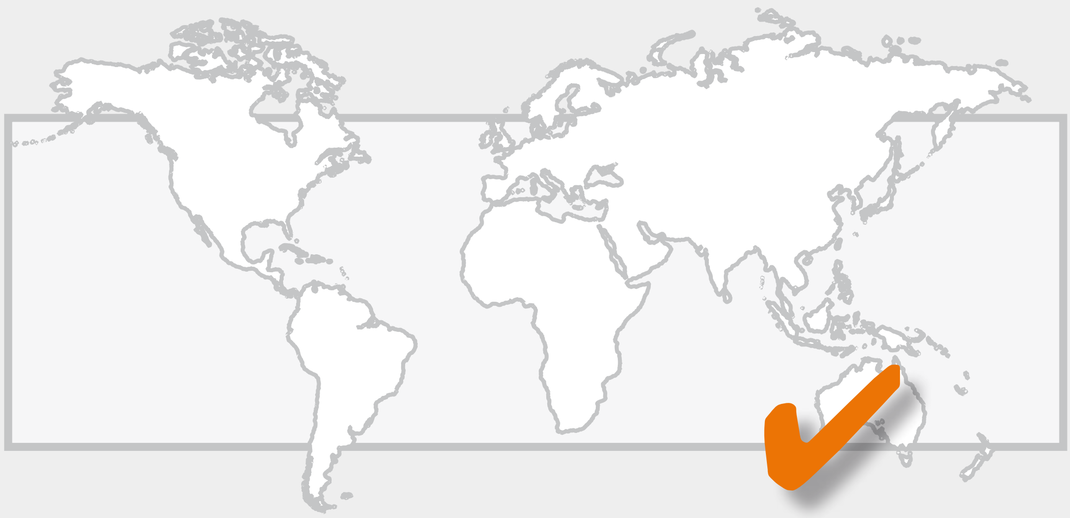
INDUSTRIES WITH A PROMISING FUTURE

>> **ELECTRICAL EXPLOSION PROTECTION** is required in every area in which flammable gases, vapours, mists or dusts may occur: during production, processing, storing and transporting of the respective substances. R. STAHL products prevent these explosions and ensure that no damage may occur – for the protection of man, installations and of the environment. Our major sales markets are the oil & gas industry, chemical and pharmaceutical industries and construction of special tankers.



>> **OIL & GAS** In the oil & gas industry, R. STAHL products are used throughout in the complete value chain. In this wide field of activity, which becomes even wider with new and modern technologies like oil production from oil sands, the high oil price furthers new and expansion investments. Especially in the Middle East, in Asia and in South America we expect construction of new facilities and refineries.

>> **CHEMICAL INDUSTRY** In a chemical plant, R. STAHL is present in all areas for which explosion protection is stipulated. Global growth, especially in Asia, will continue to yield orders from this industrial sector. In the industrial nations, the focus of new investments lies on the expansion of existing capacities, further possibilities for rationalization and improvements of processes or modification of recipes.



A LEADING POSITION EVERYWHERE IN THE WORLD

>> **WITH 21 SUBSIDIARIES AND 60 REPRESENTATIONS** all around the globe R. STAHL is internationally excellently positioned. Closeness to the customer is a decisive advantage in competition, especially for global projects. According to our growth strategy we successively expanded our world-wide presence during the last years. We newly opened locations in Canada, Russia, Australia, Indonesia and Malaysia – partly with acquisitions.

>> **PHARMACEUTICAL INDUSTRY** The pharmaceutical industry uses R. STAHL products in all potentially explosive areas. Population growth in Asia, ageing societies in the West, and the increasing medical care all over the world guarantee a quite stable order intake from this industrial sector – with the exception of minor economic fluctuations.

>> **CONSTRUCTION OF SPECIAL TANKERS/LOADING FACILITIES** Not only in shipyards for special tankers but along the complete transport chain for flammable materials explosion protection has to be observed. Even though demand is somewhat reserved at the moment, the existing capacities are not enough by far to transport the expected global oil & gas rates and chemicals in the coming years.

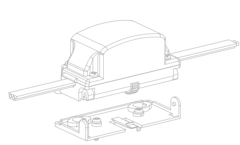
Innovative technological leader

LATEST TECHNOLOGY FOR OUR MARKETS

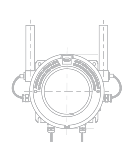
>> **TECHNOLOGICALLY ALWAYS UP TO DATE** – for ourselves but especially for our customers – that is our goal! We want them to be certain that by having chosen R. STAHL they have also chosen a modern, sustainable solution for the long term and thus lasting competitiveness.

We annually invest about 6% of our sales in our R & D activities. The result is a diversified and modern product portfolio: approximately 40% of our sales are generated with new products that are less than 5 years old.

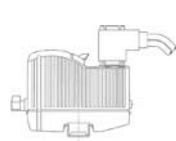
In order to early recognize technological trends and be able to play an active part where appropriate, our engineers and developers accompany international research projects. New technologies like wireless applications or LED for energy-saving light fittings could thus be developed to production standard, illustrated by selected examples:



LED-TECHNOLOGY *Extended service life and energy-saving*



WIRELESS-TECHNOLOGY *More flexible and economic solutions for process industry*



ETHERNET *Improvement of integrated communication and wider spectrum for process industry*

BECOMING MARKET LEADER WITH INTELLIGENT SYSTEM COMPETENCE

>> **CUSTOMER-SPECIFIC PRODUCT COMBINATION,** together with our extensive range of services including consultancy, project planning, engineering, and training of customers – these are R. STAHL's system solutions. We benefit from the huge product pool, the long-standing experience and our considerable know-how in explosion protection. The result for our customers are tailor-made system solutions, implemented to meet the demands for an economic operation of their plants. The close cooperation provides a high level of customer loyalty.

In the past 5 years R. STAHL consistently increased its capacities for system business. During the crisis we could gain significant market shares in 2009. Today, we are market leader for electrical explosion-protected system solutions for process industry – not only in regard to volume but also in regard to the complexity of the tasks that have to be fulfilled. Our competitive advantage in this field is substantial and will be further expanded.

R. STAHL is the right partner for complex tasks in state-of-the-art technology – and thus ensures competitiveness of its customers.

Safe installations with R. STAHL

INSTALLING (2)

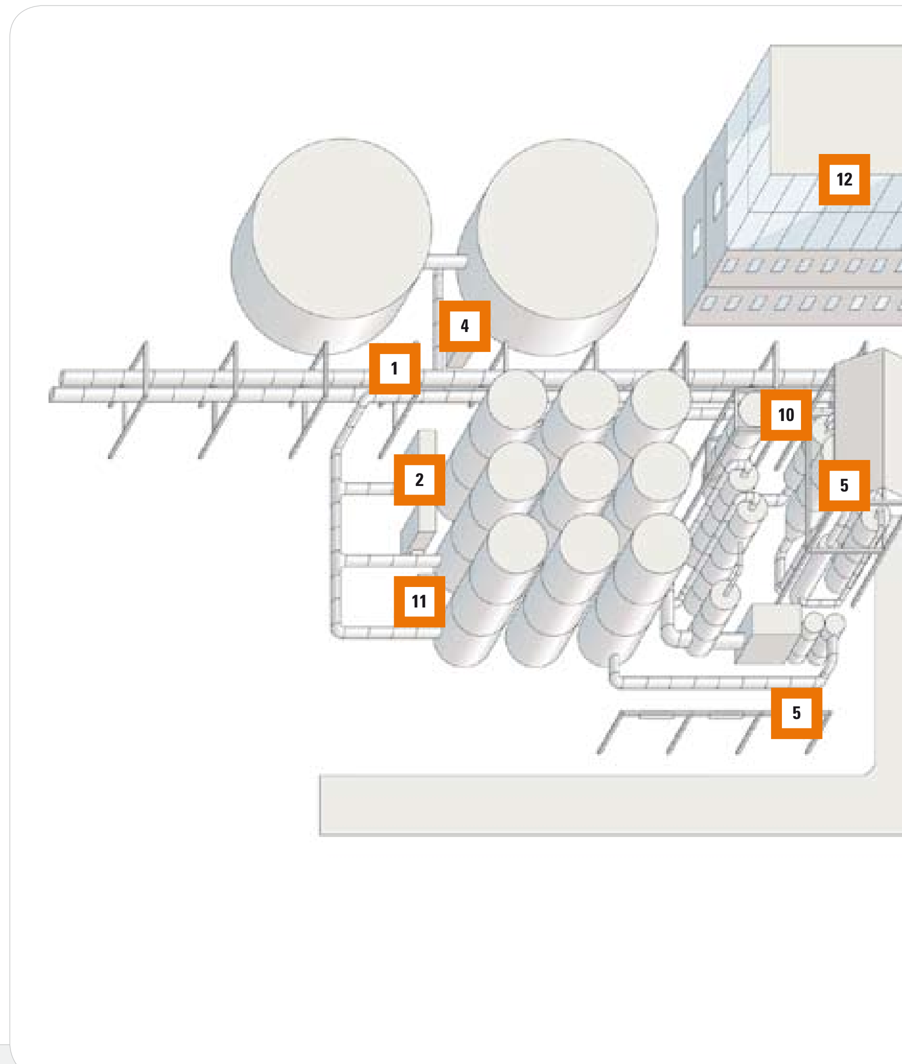
R. STAHL junction boxes, terminal boxes and plug connections are used to distribute and transfer energy and signals in a plant.

LIGHTING (5)

R. STAHL light fittings, like linear or pendant light fittings, provide plants with light, especially in hazardous areas.

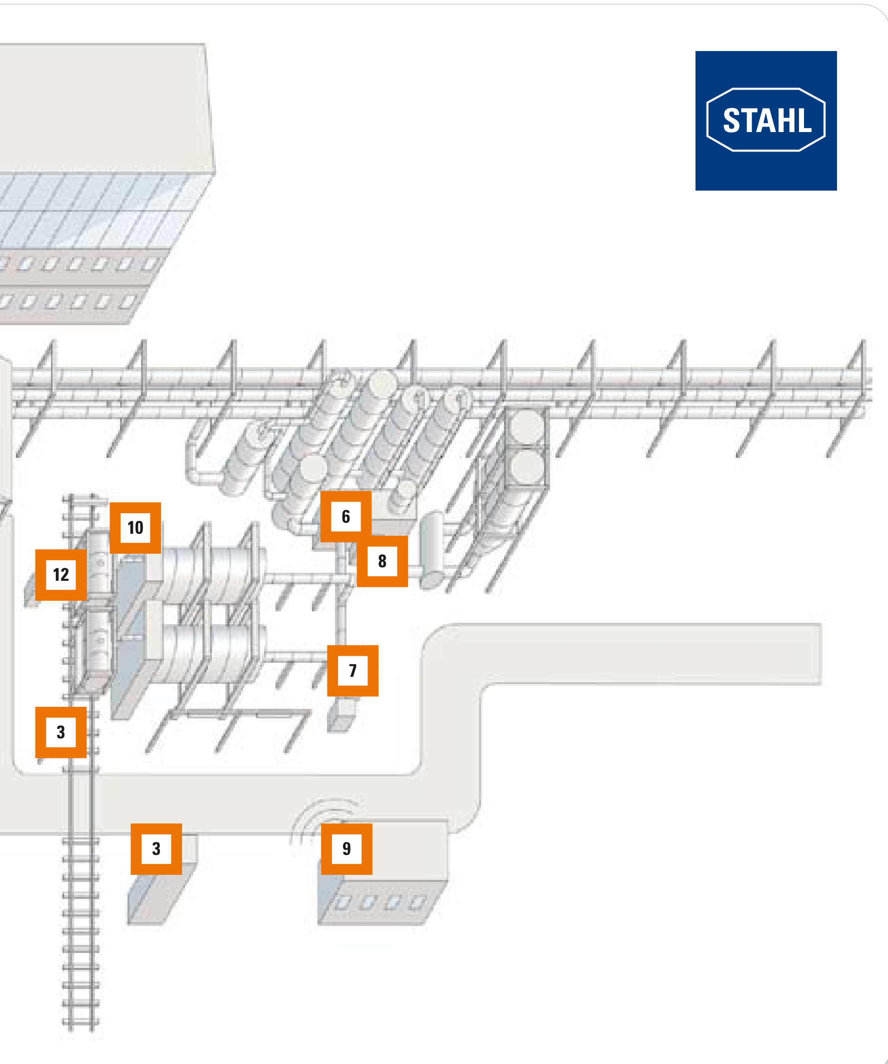
OPERATING/MONITORING (10) (12)

R. STAHL PCs, displays and camera systems help to operate and monitor a plant.



1 *Switches* **2** *Plug connector* **3** *Signal beacon* **4** *Machine distribution* **5** *Light fitting*

A wide range of products, high competence, excellent service – R. STAHL thus covers all tasks of electrical explosion protection in a plant.



SWITCHING/DISTRIBUTING (4) (11)

R. STAHL plans explosion-protected control and (energy-) distribution panels according to customer's specification.

SIGNALLING/WARNING (1) (3)

R. STAHL's control and signalling devices, flashing beacon or horns protect people and high asset values in case of danger with clear signals and alarm messages.

AUTOMATION (6) (7) (8) (9)

In automation technology, R. STAHL products take over communication between the explosion-protected field devices like e.g. temperature sensors or valves, and the central control centres.

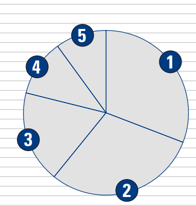
6 *ISbus field bus* **7** *ISpac isolators* **8** *IS1 Remote I/O* **9** *WLAN access point* **10** *Camera* **11** *Controls* **12** *PC*

Sound in every respect

OPTIMIZED RISK DIVERSIFICATION

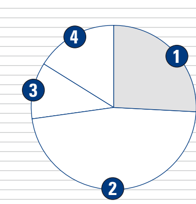
>> **R. STAHL's FIELD OF ACTIVITY** is widely diversified in every respect. Consolidated sales can be attributed to several industrial sectors: oil & gas, chemical and pharmaceutical industries, marine equipment and other industries, e.g. mechanical engineering, food or biofuels.

In regional terms we are on the right track as well: while Europe, including Germany, is still our main market, our proportion of sales abroad steadily increases. Especially the regions Americas and Asia/Pacific continuously increase their share of sales. Furthermore, there is no individual customer with whom R. STAHL realizes more than 2% of the consolidated sales.



Sales by industry in %

1	Oil & gas	**31%**
2	Chemicals	**30%**
3	Pharmaceuticals	**18%**
4	Marine equipment	**11%**
5	Other	**10%**



Sales by region in %

1	Germany	**26%**
2	Central, excl. Germany	**47%**
3	Americas	**11%**
4	Asia/Pacific	**16%**

OPTIMIZED QUALITY MANAGEMENT

>> **DURING THE COMPLETE** development and production process the high quality level of R. STAHL products is ensured by our quality management. For example, in our laboratory, approved by independent institutes, all important tests can be performed any time.

With a setup balanced in all dimensions we minimize R. STAHL's dependence on individual customers, industries or regions – and thus our vulnerability in regard to risks, not least in the interest of our shareholders!

Success with substance

PROFITABLE BUSINESS

>> **R. STAHL** is not only excellently positioned and operationally well situated in attractive markets but also operates profitably in difficult times: even in the year of crisis 2009 we managed to keep the sound earnings, financial and assets position of the group and thus the basis for future growth – also by means of acquisitions.

LONG-TERM SUSTAINABILITY

>> **OUR MANAGEMENT** has already been working on the premise of having an equal focus on the three target groups »customer«, »shareholder« and »employee« for several years. Above all, this means that we pursue follow a long-term strategy, going beyond the quarter-to-quarter thinking. A motivated, committed team is vital to achieving the objectives of this strategy, the ability to invest and to pay dividend.

Many of our shareholders have a long-term perspective and have been accompanying R. STAHL for many years. Since the IPO, the family shareholders hold more than 50% of the shares.

SUCCESSFUL STRATEGY

>> **FOR SEVERAL YEARS** we have consistently pursued our growth strategy. It is based on three pillars:

- expansion of the system business,
- expansion of market shares in the Americas and in Asia and
- growth in new branches of industry.

In the past years we made tremendous progress: thanks to future-oriented investments we achieved market leadership for electrical explosion-protected system solutions for process industry. In the Americas, even in the year of crisis 2009 we could increase our sales by 25%. We opened new branches of industry, amongst other things by taking over of Tranberg AS, a Norwegian supplier of marine equipment, in 2006. With extensive certification activities we could, for example, gain new market shares in extreme temperature ranges or in North America.

Solidly financed, strategically successful and highly motivated, R. STAHL is optimally prepared for the upswing – with attractive perspectives for customers, shareholders and employees.

R. STAHL share & corporate governance

R. STAHL share

Great fluctuations on the stock market

2009 has been a year of enormous fluctuations on the stock markets: financial crisis and anxiety for the economy and resultant strongly reserved investor behaviour dominated the first quarter. Consequently, in mid-March DAX index fell to a five-year-low to about 3,600 points, but subsequently rallied strongly: up to the end of the year it rose by 65% to almost 6,000 points, compared to the previous year the DAX rose by 24%. On 2 January the SDAX started at 2,829.67 points and then declined heavily like the DAX until the middle of March. At the end of December it closed at 3,549.02 points.

R. STAHL share falls in the general downtrend

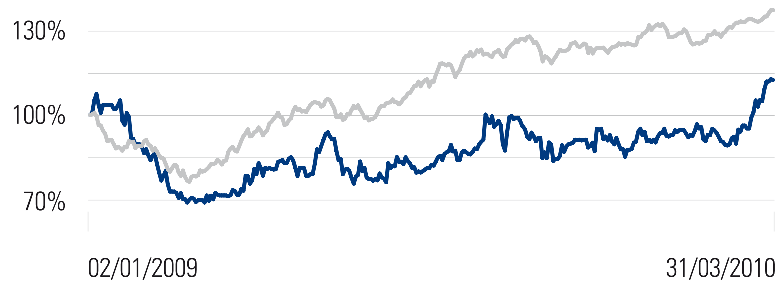
The R. STAHL share could not escape the heavy decline of the stock markets during the first quarter of 2009: in January it has been listed at € 19.20 – its all-year high – the share price then fell to € 12.30 until 6 March. Presentation of the provisional figures for fiscal 2008 did not improve the price significantly, even though there were several short upturns, it closed at € 16.18, 14.3% below the opening level of 2009. None of the price movements may be directly connected to the development or the publications of the company. Since the beginning of the crisis, R. STAHL communicates that the development of the company follows the general economic cycle with a time delay of eight to ten months. This fact is reflected in the share price. Compared to DAX and SDAX, the development has been disproportionate.

Investor Relations focuses on existing investors

We maintained our high level of investor relations activities in the year of crisis: with financial reports and press releases, quarterly or when there were important developments, we regularly informed the financial community. With our website we reach institutional and private investors and parties interested in R. STAHL. It provides investor information exceeding the compulsory details.

The annual analyst and investor conference in April and the German Equity Capital Forum in November, both in Frankfurt, provided the opportunity for direct communication with our shareholders. During events held by the Interessengemeinschaft BWSC baden-württembergische Small Caps the Executive Board gave several presentations, especially for private shareholders. In 2009 numerous individual discussions with investors have also taken place at our head office in Waldenburg; frequency of requests increased in the course of the year.

Price development of R. STAHL share[1]



€ 17.87	▪ R. STAHL share (XETRA)	**€ 20.10**
2,837.21	▪ SDAX	**3,895.95**

Key figures of R. STAHL share[1]

in €	**2009**	2008
Earnings per share	0.90	2.03
Equity per share	12.32	13.20
Dividend per share	0.40 [2]	0.90
Dividend yield at year-end price in %	2.5 [2]	4.9
Number of shares (in thousand)	6,440	6,440
Market capitalisation on 31 December (in € m)	104.2	117.4
Free float in %	49	47
Daily trading volume (average number of shares)	4,013	4,021
Low (6 March)	12.30	15.55
High (7 January)	19.20	36.80
Price at the end of the fiscal year	16.18	18.23

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

[1] *All share prices are the respective closing prices in XETRA trading*

[2] *Proposal to the Annual General Meeting*

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. Article 161 of the German Stock Corporation Act requires executive 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 is based on the German Corporate Governance Code dated 18 June 2009. It has been published on the R. STAHL AG website.

Executive Board

The Executive Board of R. STAHL AG consists of two members: CEO Martin Schomaker, responsible for strategy, value creation, quality management, procurement and all commercial functions. Dr. Peter Völker is responsible for sales, marketing and development.

On 31 December 2009 the two members of the Executive Board together held 0.31% of the voting capital.

In accordance with the legal requirements the remuneration for the Executive Board is disclosed in the notes to the consolidated financial statements. The figures are broken down into fixed and variable components for each individual. They can be found in this Annual Report on page 111 et seq..

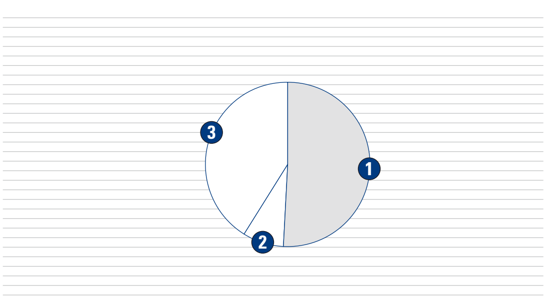
R. STAHL AG has not issued any stock option plans or other securities-based incentive systems, neither for the Executive Board or other leading employees nor for the Supervisory Board.

Supervisory Board

R. STAHL AG's Supervisory Board complies with the German One-Third Participation Act and consists of nine members. Three members represent the employees, the other six represent the shareholders. Three of the shareholder's representatives are from the founding families.

For a division of competences the Supervisory Board formed two committees: the Audit Committee and the Administration Committee.

Ownership structure in %



1 Founding familiy 51%

2 Treasury stock 8%

3 Free float 41%

At the end of the year 2009 the members of the Supervisory Board held 6.78% of the voting capital. The remuneration report on page 111 et seq. of this Annual Report shows the fixed and performance-based compensations the members of the Supervisory Board received per individual.

Annual General Meeting

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

At the Annual General Meeting on 19 June 2009 66.41% of the voting capital was represented. All six agenda items have been adopted with clear majorities. Detailed results are published on our website.

Accounting and auditor

R. STAHL AG prepared its consolidated financial statements dated 31 December 2009 according to the International Financial Reporting Standards (IFRS), the annual financial statements of R. STAHL AG for fiscal 2009 were prepared according to the accounting regulations set forth in the German Commercial Code.

The Annual General Meeting held on 19 June 2009 appointed the company Ebner Stolz Mönning Bachem GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, as auditors for the fiscal year ending 31 December 2009.

Declaration of compliance

Declaration of compliance with the German Corporate Governance Code pursuant to Article 161 of the German Stock Corporation Act (AktG) has been made by the Executive Board and the Supervisory Board and can be viewed on the company's website (www.stahl.de) under Investor Relations.

Financial information

Consolidated management report

of R. STAHL Aktiengesellschaft, Waldenburg, for fiscal year 2009

Business and economic environment

Our task: Explosion protection

In all areas in which potentially explosive mixtures of air and gas or dusts may occur, explosion-protected electrical devices and systems have to be used. R. STAHL offers such products and solutions in a spectrum ranging from switches, lamps or installation material, and displays up to complex systems, complete energy distribution panels, control panels, and solutions for automation technology.

Our well-established sales markets are the oil & gas industry and the chemical and pharmaceutical industries. During the past few years R. STAHL's market share in shipbuilding and marine equipment, where our products are used on tankers and in transfer stations for potentially explosive cargo, has been growing continually. The food and beverage industry uses R. STAHL products for storage and transport of flammable substances, and during the production of bio fuel, our products protect people, machines, and the environment from the potentially explosive gases that develop. Machine and plant manufacturers are among our customers as well – whenever their machines and installations are used in hazardous areas. Often our customers are planning and engineering companies. These customers value R. STAHL's competence for the complete process, from consulting to delivery, commissioning and service.

Group structure and main group companies

R. STAHL corporation (hereinafter referred to as R. STAHL AG), based in Waldenburg (Nord-Wurttemberg), is the holding company for the German and foreign subsidiaries. The holding company takes care of the commercial functions, it is head and service provider for the operative units. R. STAHL has own subsidiaries in 21 countries. Together with another approximately 50 representations they ensure global sales and service for local customers.

R. STAHL Schaltgeräte GmbH, also based in Waldenburg, is the management company for the global sale of R. STAHL products. Here and in our factory in Weimar we produce a major part of our products and system solutions. In the competence centre light in Weimar explosion-protected light fittings are produced for the world market. Our subsidiary in Cologne, R. STAHL HMI Systems GmbH, develops and produces devices and systems for operation and visualization, for explosion-protected areas, and for industrial sectors. In Hengelo in the Netherlands group company Electromach B.V. produces large control panels e.g. for loading arms in port facilities. In Stavanger, the Norwegian centre for oil & gas, Tranberg AS produces, among others, products for the marine equipment industry.

Our Indian location Chennai will be expanded continuously. Here, products for the Asian market are manufactured, especially light fittings. Furthermore, some locations have facilities for storage and assembly to be able to deliver quickly to local markets. In the USA and in Dubai products are thus adjusted to country-specific requirements.

Overview of business development

Severe global economic recession

As a consequence of the grave commotion in the financial sector, the global economy has been plunged into a deep recession in 2009. Especially the traditional industrial countries had to experience a massive decline of their gross domestic product. With a minus of 5% the German economy declined in a way not seen since World War II. Recession has been stronger than that experienced in 1975 after the oil crisis.

On the other hand, the threshold countries with robust domestic economies, above all China, could continue expansion, albeit with some cutbacks.

By extensive help for banks and the economy in almost all large countries the global downturn could be halted around the middle of the year. During the third quarter growth rates of the major economies increased again, starting from a very low level. But the tendency towards improvement is still not stable.

Difficult business development for R. STAHL

As R. STAHL follows the general economic cycle with a time delay of about eight to ten months, the effects of the global economic crisis reached us fully in 2009. Already at the beginning of the year, order intake started to crumble, price quality started to decline heavily.

In Germany and in the Central Region (Europe and Africa) the decline could be felt most clearly: in comparison to the previous year, sales fell by 12.8%. During the second quarter order intake from the domestic market declined heavily. East-European business fell short of expectations over the complete course of the year. Fortunately we were able to win some large projects for initial equipment in Europe, which helped compensate for the decline in sales.

From Asia/Pacific and the former Russian Federation we got some large orders for the oil & gas industry which improved the order situation of the year. In the third quarter we felt some first small signs of a recovery in Asia, the bottom of the crisis seems to have been reached in this region with the end of the business year.

Demand from the American market has been quite stable throughout 2009. Thanks to strategic investments during the last years we could improve sales by 25% in this region despite the difficult economic conditions.

In the course of the year, oil & gas and the pharmaceutical industry proved to be quite stable business segments, despite the world-wide horror scenarios. The high oil price helped the oil & gas industry. However, towards the end of the year, demand from the pharmaceutical industry declined significantly.

Development in the chemical industry came as a surprise: normally downtimes are used for maintenance, meaning follow-up orders for R. STAHL from the so-called installed basis. In 2009 these activities completely failed to appear. Almost all the big chemicals groups reduced production or stopped it completely and turned their plants down, they reduced maintenance work to an absolute minimum, which led to painful losses for R. STAHL.

The crisis has been particularly hard for national and international machine and plant construction. While initially, there were still orders requiring a longer processing time, new projects were scarce throughout the year, especially in Germany.

Although the international shipbuilding industry reduced investments significantly in the course of the year, construction of tankers and special ships has only been slightly affected.

All in all R. STAHL could generate sales of € 202.6 million in the year of crisis 2009, which means 8.4% less than in the year before. This relatively moderate decline can be attributed to the strategically important investments of the last years, to our well-balanced product portfolio and diversity of industrial segments, and to the good market presence of our company.

Strategy and management control

Strategy during the economic crisis

In 2009, the focus of our activities was placed on ensuring operative business. Coping with the effects of the global economic crisis temporarily needed our full attention.

We know from past experience that our order situation usually follows the general economic development with a time delay of eight to ten months. So, at the first signs of the economic crisis we had the chance to take countermeasures in time. Already at the beginning of the business year, we started extensive measures for cost reduction. Numerous activities helped to significantly reduce costs. Already at the beginning of 2009 R. STAHL made it quite clear that the company wants to keep the core workforce. Furthermore, earnings should ensure necessary investments and an adequate dividend.

Growth strategy persists

Despite the difficult situation in the period under review and despite our short-term focusing on projects that are cost-effective and will increase order intake, R. STAHL will stick to its growth strategy. Targets still are: a) opening up of new customer sectors, b) increase of sales in the Americas and Asia/Pacific and c) expansion of system business.

Although investment volume in tangible fixed assets has been strongly reduced in 2009, we nevertheless could make progress in implementing some fields of our growth strategy. The efforts to expand sales according to our strategic considerations yielded fruit, especially during the past fiscal year. Since 2007 locations/representations in Canada, Russia, Australia, Indonesia, and Malaysia have been opened. In Northern America we strengthened our sales team in 2008. R. STAHL thus showed market presence and could gain market shares.

Furthermore, we used the crisis situation to concentrate on the improvement of our processes and procedures, in manufacturing, in the sales department, and in the handling of quotations and orders. So when the economic situation will improve we will start significantly more powerful.

Development activities in times of economic crisis

In 2009, development activities have also been influenced by the economic conditions: priority of current projects has been adjusted, quick realization of sales has been focused on. So we obtained numerous further certificates for our products in 2009, often with product modifications. In the year under review R. STAHL obtained industry-specific certificates, e.g. for the shipbuilding industry and local certificates, e.g. for Korea and Russia or Northern America and Australia. Possible utilization of our products in extreme temperature ranges or certificates for certain fire protection requirements have been essential for many orders.

Innovation focus on automation

One main focus of our development activities during the last year has been automation technology:

- We, e.g., presented the first Remote I/O-System on the market having Ethernet-connection.
- With the new systems for uninterruptible power supply (UPS) we have an exclusive market position. These devices are unique as they have standard-complying condition monitoring of chargers and accumulators, including a display.
- Our spectrum of solutions for wireless communication of field devices in hazardous areas has also been expanded, as well as the range of explosion-protected cameras.
- In regard to light fittings we could assure our technological top position with LED-applications.
- Our new series of universal enclosures meets many standard and market requirements and efficiently covers many possible applications.

All in all, R. STAHL managed to further expand its position as a technologically leading company in explosion protection, even in the difficult year 2009.

Control system within the company

Once a month, every group company prepares a profit and loss statement and a balance sheet which are consolidated at the corporate headquarters. The essential key data is derived from those figures, using which the individual units are then managed. Important figures are order intake, sales and EBT. Planning and analysis of plan deviation make the performance of individual group companies transparent.

Because of the difficult economic conditions we introduced different additional controlling instruments during the period under review, which made a very detailed control of the company – on short notice – possible, especially regarding to costs.

Income, financial and asset position

In 2009, we succeeded in maintaining the solid financial and assets situation of R. STAHL group, despite the effects of the world-wide economic crisis, and to even improve financial flexibility. Target-oriented investment in long-term assets and further expansion of business activities by purchasing additional shares stabilized and ensured sustainability of the group. By fixing credit lines with our different principal banks we additionally increased our financial leeway. Due to the existing balance sheet ratios and the company's good prospects for the future our potential lenders confirm our high credit rating.

To improve profits we introduced measures in time and thus could achieve satisfactory results in the year of crisis 2009.

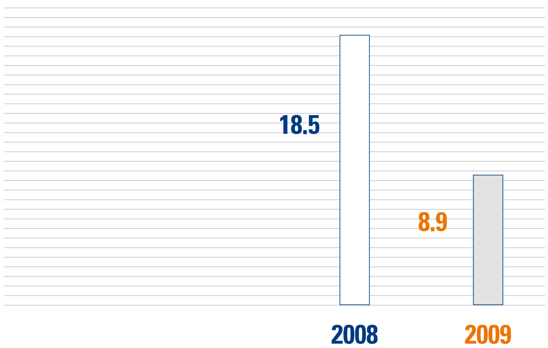
Earnings position

Earnings of R. STAHL group in fiscal year 2009 have been influenced by the effects of the economic crisis. We nevertheless consistently adhered to our goal of keeping the core workforce and avoided extraordinary personnel cost by refraining from dismissals. As the highly motivated team will remain on board R. STAHL will be able to utilize the expected upturn from an excellent starting position.

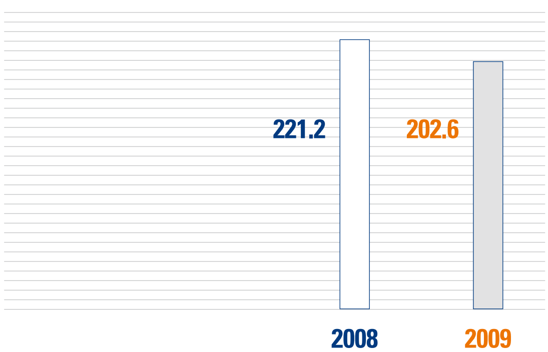
Already in the previous year, we adjusted structures and processes to improve cost flexibility. Organisation in production, procurement and sales is continuously optimized as part of the general corporate development. As the effect of these projects will be felt with a time delay we expect lasting cost savings for the future.

Due to the continuing economic crisis we introduced additional measures in 2009 to achieve a satisfactory earnings position in the full year 2009. The respective one-time expenses burden the result of 2009. Furthermore, because of the reduction of working time and taking of

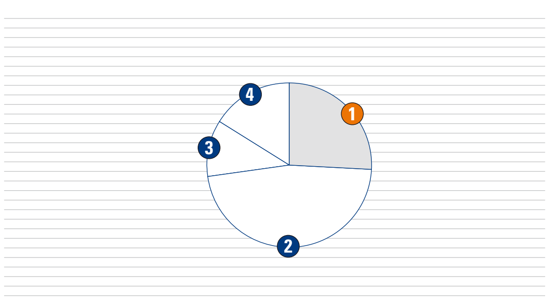
Earnings before taxes; in € m



Consolidated sales; in € m



2009 sales by region; in € m



1 Germany	52.7	(26.0%)
2 Central, excl. Germany	94.9	(46.8%)
3 Americas	22.6	(11.2%)
4 Asia/Pacific	32.4	(16.0%)

holiday further costs could be reduced – especially personnel costs. Additionally, all employees and the managers in Germany voluntarily waived part of their remuneration from October 2009 until January 2010. The members of the Supervisory Board followed in this community spirit and dispensed with their compensation, thus expressing their solidarity with the employees. So the Executive Board, managers, employees and the members of the Supervisory Board all showed their strong cohesion and their loyalty towards the company.

Intensive and dedicated co-operation of the employees in the crisis management has contributed decisively to a better year-end 2009 than originally anticipated. That is why we agreed with the works council to pay the salary waiver of 5% back for the months October to December in the middle of 2010. The respective amount has already been reserved in the financial statements of 2009.

In a negative commercial environment earnings before interest and taxes (EBIT) decreased from € 21.5 million in 2008 to € 12.6 million in fiscal year 2009. Operating EBIT-margin based on sales revenues achieved 6.2% (previous year: 9.7%).

Earnings before taxes (EBT) also decreased, from € 18.5 million to € 8.9 million. Operating EBT-margin based on sales revenues now is 4.4% (previous year: 8.4%).

After taxes, consolidated earnings amounted to € 5.6 million (previous year: € 12.6 million), earnings per share reached € 0.90 (previous year: € 2.03).

Development of earnings and essential income statement positions

Compared to the reporting period 2008 the sales revenues decreased by € 18.6 million (- 8.4%) to € 202.6 million in fiscal 2009.

The effects of the economic crisis influenced the sales development of the individual regions differently.

The Central region (excl. Germany) has been highly affected: with sales revenues of € 16.3 million (- 14.7%) we recognized a considerable decrease of € 94.9 million.

On the other hand, there were growth impulses in the Americas – here we could achieve an increase in sales of € 4.5 million (+ 25%) to € 22.6 million as the expansion measures we introduced yielded fruit even under difficult conditions.

In the Asia/Pacific region sales revenues fell slightly, compared to the previous year, by € 1.4 million (- 4.2%) to € 32.4 million. We could avoid further decline by expansion of our sales structures.

In Germany sales revenues also fell, compared to the previous year by € 5.3 million (- 9.2%) to € 52.7 million as the economic crisis had a strong effect on the German machinery and plant engineering. Consequently R. STAHL has been hit hard as well.

The share of sales revenues generated abroad is now 74.0% (previous year: 73.8%). In order to strengthen R. STAHL's independency from regional fluctuations in demand, we aim to further grow in the regions Americas and Asia/Pacific.

The group's total operating performance fell by € 17.8 million, or about 8%, to € 203.8 million.

Other operating income, € 4.4 million, was below previous year's level (€ 5.6 million), mainly because of lower revenues from the reversals of provisions.

Compared to the previous year the cost of materials was reduced by € 4.3 million or 5.8% to € 68.7 million. It accounted for 33.7% (previous year: 32.9%) of the total operating performance.

The absolute personnel costs grew by € 1.8 to € 78.9 million and has thus been 38.7% (previous year: 34.8%) of the total operating performance. The increase was mainly due to the increasing number of sales employees, in line with our strategy.

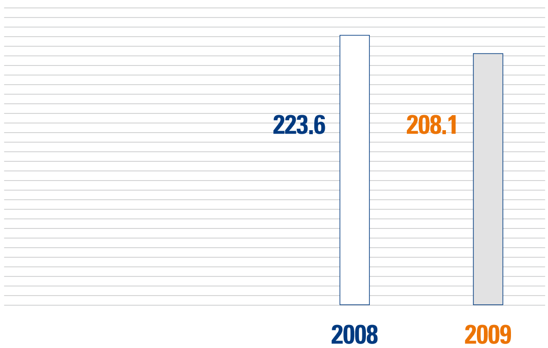
Depreciation amounted to 4.5% of the total operating performance and was thus higher than in the previous year (4.1%), due to the lower total operating performance. In absolute terms depreciation of about € 9 million remained almost unchanged compared to the past year.

Other operating expenses significantly reflected the effect of the cost-cutting measures. Cost of materials amounted to € 38.9 million, which means a reduction of € 7.8 million compared to the previous year. At 19.1% of the total operating performance the ratio is 2 percentage points below past year's level (21.1%).

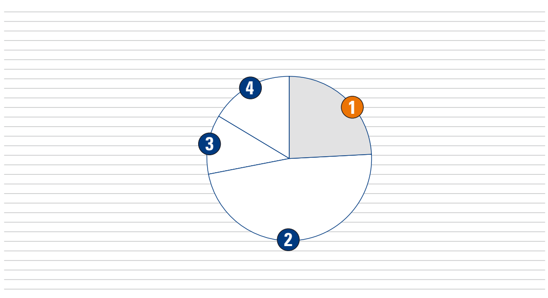
Earnings before financial income and income taxes amounted to € 12.6 million (previous year: € 21.5 million).

Net interest result of € - 3.7 million (previous year: € - 3.0 million) consists of interest income amounting to € 0.3 million (previous year: € 1.0 million) and interest expenses of € 4.0 million (previous year: € 4.0 million). The interest expense position includes interest on pension obligations totalling € 2.9 million (previous year: € 2.8 million).

Order intake; in € m



2009 order intake by region; in € m



1 Germany	50.5	(24.3%)
2 Central, excl. Germany	99.4	(47.8%)
3 Americas	24.2	(11.6%)
4 Asia/Pacific	34.0	(16.3%)

Summary of earnings position

In the difficult past fiscal year 2009, R. STAHL achieved earnings before taxes of € 8.9 million. Operating return has been 4.4% – thanks to strict cost objectives and further progress in regard to productivity and improvement of processes. This result, which is satisfactory despite the difficult times, underlines the sound and competitive basis of our company and also documents the success of the implemented strategies and measures.

Order intake

Despite the global cyclical downturn the group achieved order intake of € 208.1 million (previous year: € 223.6 million) in fiscal 2009, which is 6.9% less than in the past year.

Project business contributed significantly to order intake. In the difficult and, with regard to prices, highly competitive market we could win several major orders and avoid further decrease, thanks to intensified sales activities and our high product quality.

Regional distribution of order intake

The decline in order intake of 6.9% compared to the previous year is broken down according to the different regions as follows:

In the Central region order intake decreased by € 9.0 million (- 8.3%) to € 99.4 million.

In the Americas we succeeded in winning more orders than in 2008: plus 25.9% to € 24.2 million. This development confirms our strategy, which we already introduced in 2007, to expand the sales structure in this region and to obtain further approvals for the American market and our Canadian subsidiary.

In the Asia/Pacific region R. STAHL could slightly outperform past year's level with an increase of 3.8% – order volume amounted to € 34.0 million. According to our defined corporate strategy, sales activities have been expanded here as well and the products have been adjusted to the requirements of the local market.

In Germany order intake slumped dramatically: the volume of € 50.5 million is about 20% lower than in the year before.

Order backlog, € 42.6 million on 31 December 2009, has been higher than past year's level (€ 39.0 million) by 9.1%, despite the difficult economic conditions.

Financial position

Principles and objectives of our financial management

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

Across the group, credit, interest, and currency risks are controlled centrally. Where necessary, those risks are hedged by using market-typical derivative financial instruments that are exclusively geared to underlying transactions.

Financing analysis

External financing, if required, is done by bank loans. In Germany the individual group companies are financed through participation in the cash pooling system. Foreign subsidiaries use credit lines of local banks with guarantees provided by the group's parent company or they use financial resources provided by the parent company.

Financing structure of R. STAHL group still has a high level of stability. Equity and long-term liabilities completely cover long-term assets, 95.5% of which are financed by equity. Liquid assets of € 22.5 million exceed short and long-term interest-bearing financial debts by € 7.6 million.

The Equity ratio amounts to 41.5% (previous year: 43.7%).

On the basis of a continuous and long-standing co-operation with our principal banks we expanded our financial leeway in 2009. We negotiated with our potential lenders and realized precautionary financial measures. As a result we could fix credit lines amounting to about € 35 million for another three years with different principal banks.

The available funds present a high degree of liquidity and further liquidity reserves are sufficiently provided by the confirmed credit lines. Thus financial bottlenecks may not be expected and dependence on lenders is of minor importance. The solid financing structure grants the group extensive financial possibilities.

Investment analysis

In fiscal 2009 R. STAHL group implemented investment measures for rationalization, expansion, and modernisation of the business operations. All in all, their volume amounted to € 14.0 million (previous year: € 13.8 million).

Our subsidiary in the Netherlands further invested in the new production and administration building as planned and completed the respective measures in 2009. Furthermore, we invested in software and in the modification of the Waldenburg building and we purchased several machines and tools for punching, pressing and metering.

Development expenses of € 2.9 million (previous year: € 1.7 million) have been capitalised and depreciation of non-current assets amounted to € 9.1 million (previous year: € 9.0 million).

Liquidity analysis (cash flow statement)

Corporate liquid assets decreased in the period under review by € 11.6 million to € 22.5 million. Relevant for this decrease are investments in long-term assets and the acquisition of further shares in our successful Norwegian subsidiary. We will continue with these future-oriented investment activities. Furthermore, dividend payment to our shareholders also drew on our liquid funds.

Despite the general economic crisis R. STAHL achieved a positive operating cash flow – it amounted to € 10.9 million (previous year: € 27.5 million). Reason for the decline has been the significantly lower period result. Liquid funds have also been required for the payment of trade accounts payable. On the other hand, there is, to a lesser extent, the reduction of stocks which led to a generation of funds.

Cash outflow for investment in intangible assets and tangible fixed assets in the reporting period amounted to € 12.5 million (previous year: € 14.1 million). In fiscal 2009, an amount of € 1.7 million has been paid for acquisitions in Russia and Canada. So free cash flow amounted to € - 3.1 million in 2009 (previous year: € 13.7 million).

in € m	**2009**	**2008**
Cash flow from ongoing business activity	10.9	27.5
Capex cash flow	- 14.0	- 13.8
Net cash flow (free cash flow)	- 3.1	13.7
Finance cash flow	- 9.2	- 8.4
Liquidity at the end of the period	22.5	34.1

In column financing, the distribution of € 5.3 million to our shareholders and a payment to minority shareholders in connection with the payment of the purchase price for the shares in R. STAHL Norge AS, Oslo (Norway) has to be stated. At the end of July 2009, R. STAHL AG purchased the remaining shares worth € 7.7 million and now holds 100% of the shares in this notable company.

Capital has been raised in the form of short-term interest-bearing financial liabilities. Repayment of long-term loans has been effected on schedule. Furthermore, our Dutch subsidiary took up a long-term loan to finance the new building.

Asset position

Asset structure analysis

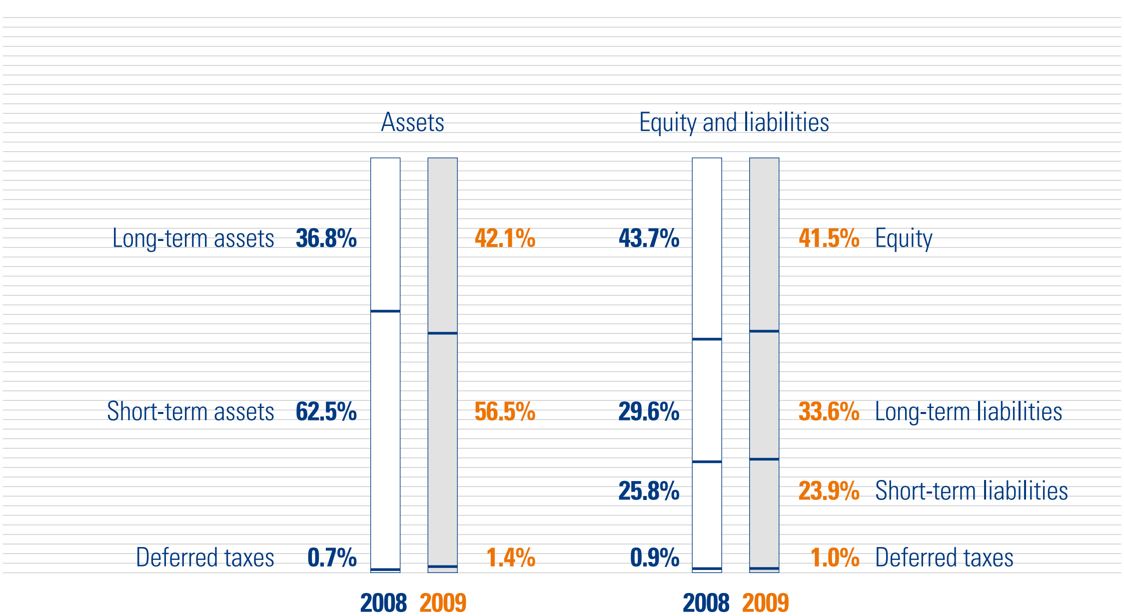
Balance sheet ratios of R. STAHL group still were extraordinarily stable in the past fiscal 2009.

At the end of 2009, total assets fell by € 2.9 million or 1.6% to € 175.8 million, compared to 31 December 2008.

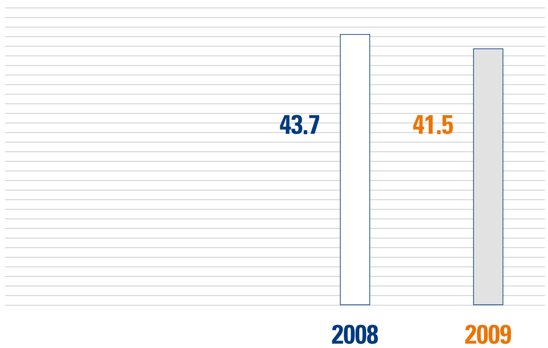
On the asset side, the proportion of long-term assets increased as a result of capital expenditure, they now amount to 43.5% (previous year: 37.5%) of the total assets. In regard to intangible assets, capitalization of goodwill from the acquisition of shares in the Russian company (€ 0.7 million) and from the acquisition of a Canadian company, we then merged with our Canadian subsidiary (€ 0.9 million) are noteworthy.

Furthermore, exchange-rate effects amounting to about € 0.8 million because of the revaluation of the Norwegian Krone at the balance sheet date are vital for the higher goodwill stated in the balance sheet. All in all goodwill increased from the previous year by € 2.5 million.

Asset and financial structure as of 31 December



Equity ratio; in %



By capitalization of development costs this balance sheet position increased compared to the previous year by € 2 million, after consideration of depreciation. In the position tangible fixed assets the reclassification of »construction in progress« to »land, rights equivalent to real property and buildings« shows the completion of the building in the Netherlands.

Especially due to the decrease of cash and cash equivalents the short-term assets declined by a total of € 12.4 million. In percentage terms the short-term assets amount to 56.5% of the total assets (previous year: 62.5%).

Equity fell by € 5.2 million to € 73.0 million.

A difference of € 6.1 million results from the acquisition of the remaining shares in R. STAHL Norge AS, Oslo (Norway), which has been balanced with the equity pursuant to IFRS accounting rules, and a respective asset disposal of minority interests amounting to € 1.4 million.

Against this background, equity ratio slightly fell from 43.7% on 31 December 2008 to 41.5% at the end of 2009.

As at the end of 2008, R. STAHL group owned 516,291 treasury shares on 31 December 2009. On both key dates the historical costs of the treasury shares (€ 5.6 million) has been deducted from the equity.

Long-term liabilities increased by € 6.4 million, they now amount to 34.6% of the total assets (previous year: 30.5%), while short-term liabilities have been reduced. They now account for a total of 23.9% of the liabilities (previous year: 25.8%).

The depicted stable financial and assets position offers a comfortable basis for further development of R. STAHL group, well-prepared for the future.

Personnel

Naturally personnel work has also been influenced by the economic situation in 2009. The goal of keeping the core workforce was the basis for all measures.

The general hiring freeze, which had already been imposed at the end of 2008, has been continued during the period under review. The slight increase in total staff until the middle of the year was on the one hand due to the fact that apprentices were given temporary employment contracts. On the other hand, it was due to the expansion of sales activities at our foreign subsidiaries. A consequence of the cost-cutting measures was a freeze of almost all, especially external, measures in regard to personnel development.

For securing the future we kept the number of apprentices in 2009 on a constantly high level, despite the difficult conditions. In the period under review, an average of 75 apprentices have been employed, which means a proportion of the domestic staff of 7.2% and which is significantly more than the national average.

Production report

Utilization of our plants has been varying during the period under review. In our parent plant in Waldenburg the decline could already be felt significantly in the first quarter. As a consequence we reduced the number of temporary workers. Most of the rented properties near the parent plant have been returned. To ensure utilization a number of tasks, that up to then had been outsourced, have been done by the employees themselves.

Furthermore, we implemented numerous projects for optimization in the Waldenburg production departments in 2009. The objective was to improve customer orientation. In particular delivery time and supply quality could be improved, as well as the quality of processes and products.

Some larger orders we could win helped to ensure employment, especially in Germany. We met the shift of order volume in the product mix with a temporary job rotation. »Lending« of employees to other departments has always been done with the goal of keeping the core workforce through the crisis and has been made possible by an enormous flexibility of the employees.

In the plant of our subsidiary Tranberg AS in Stavanger the order and utilization situation has been quite well. During the fourth quarter, the demand fell temporarily but became stable again towards the end of the year.

At Electromach B.V. in Hengelo a new production and administration building has been inaugurated at the beginning of the period under review. With this building our Dutch subsidiary can optimally adjust its production processes to the growing business sector of large control panels. Electromach looks back at a satisfactory year, a quite strong project business ensured satisfactory utilization.

For Cologne R. STAHL HMI Systems GmbH business in 2009 has been conducted on a satisfactory level.

At Chennai we had some problems with utilization due to the slackening demand for light fittings for the Asian market.

Potentials in regard to international procurement

Because of numerous projects in supply-management the number of active suppliers could be reduced by about 100, which meant savings in regard to material costs. With extensive annual price negotiations the material costs could already in 2009 be reduced by about € 1 million. As of 2010 the savings potential will become fully effective.

IT-projects

The SAP-system, successfully introduced in 2008, has been further optimized during the period under review, although we had to postpone the implementation we had planned for the foreign subsidiaries due to the tense economic situation.

In summer we started in Germany with the new Customer-Relationship-Management-System which enables our sales team to maintain customer data and contacts uniformly world-wide. In the course of the year, further foreign companies have been integrated.

We also used poor utilization to increase our presence in the electronic media: a knowledge data base »explosion protection« has been created as part of our Internet presence and further subsidiaries became part of the website. Selected customers and representations now have the possibility to gain access to the corporate Intranet and get direct information, e.g. on products or marketing campaigns.

Presence on trade fairs with considerable personal effort

In 2009, we participated in the most important trade fairs, despite the difficult conditions:

At the Interkama, the leading international trade fair for process automation, in 2009 R. STAHL has been the exhibitor with the most new products in its business sector. The range of products for automation technology has been rounded off by the new power supply for Field buses. A wide range of possibilities for wireless-applications has been presented, as well as a remote PC. Furthermore, R. STAHL could substantiate its top position in lighting engineering with modern LED-technology.

Expansion of our range of products, especially for system solutions, has been a focal point at the Achema, the leading exhibition for chemical technology and process automation. At Norshipping in Oslo, the leading trade fair for shipbuilding and offshore, the camera systems provided by R. STAHL HMI received extraordinary response.

At SPS in Nuremberg, a trade fair for automation technology, we presented our products together with Yokogawa, one of the world's leading manufacturers of process control systems.

Report on sustainability

Explosion protection is safety technology. With its core business R. STAHL already provides important contribution to the protection of man, environment and machines.

For us, compliance not only means following the recommendations of the German Corporate Governance Code. In the period under review we published our code of conduct throughout the group. In case of doubt our compliance officer is the right contact person.

The building that hosts our headquarters has been built according to the latest ecological aspects; these standards are continuously reviewed and expanded. When some offices have been re-designed at the beginning of 2009, the energy requirement could be significantly reduced by using modern air condition technology.

Since 2009, R. STAHL is part of an energy-efficiency-network, meant for an exchange of ideas and experience between companies. During an initial consultancy in Waldenburg further potential for saving energy could be identified.

In our plant for light fittings in Weimar the complete lighting system in the production area has been replaced – resulting in a significantly higher light yield and strongly reduced energy consumption.

The new plant of our subsidiary in Hengelo has a lighting system using natural sunlight. Controlled mirror systems make artificial lighting obsolete during the day.

Our certified occupational safety management team continued work on a high level in the past year.

Explanations regarding company management

Since the beginning of fiscal year 2009, all German stock companies are required by Article 289a HGB (German Commercial Code) to make a declaration in regard to company management. Our declaration has been made publicly available on the R. STAHL website www.stahl.de under Investor Relations/Corporate Governance.

Additional information acc. to Article 315 subsection 4 German Commercial Code (HGB)

Capital structure

On 31 December 2009 the subscribed capital of R. STAHL AG amounted to € 16,500,000.00, consisting of 6,440,000 no-par value bearer shares. Theoretically, therefore, one share corresponds to € 2.56 of the capital stock.

Members of Stahl and Zaiser families pooled substantial portions of the voting shares in a consortium agreement with which they commit themselves to casting their votes or having their votes cast according to the resolutions of the consortium.

Shareholder rights and obligations

Every shareholder has economic and administrative rights.

According to Article 58 subsection 4 German Stock Corporation Act (AktG), economic rights include the right to participate in the profits and in liquidation proceeds according to Article 271 AktG, as well as a subscription right to new shares in case of capital increase according to Article 186 AktG.

Administrative rights include the right to take part in the Annual General Meeting and the right to talk, to submit questions and applications and to exercise the voting rights.

Every non-par share grants one voting right in the Annual General Meeting. The Annual General Meeting elects the members of the Supervisory Board representing the investors and appoints the auditor, it decides on the approval of the actions of the Executive and the Supervisory Board members, on changes to the bylaws and corporate actions, on authorization to acquire treasury shares and, if required, on special audits, on premature removal of Supervisory Board members and on the dissolution of the company.

Composition of the Supervisory Board

The Supervisory Board has nine members, six of whom have to be elected by the Annual General Meeting and three according to the German One-Third Participation Act. Resolutions of the Supervisory Board are passed with simple majority of the cast votes, if no other majorities are compulsory prescribed by law. If the election outcome is a tie the voting has to be repeated immediately unless the majority of the Supervisory Board members decides on a new debate. Should another tie occur in this new voting, the chairman of the Board has two votes according to Article 12 subsection 8 of the bylaws.

Statutory regulations and provisions in the bylaws on appointment and replacement of members of the Executive Board and on the amendment of the bylaws

Appointment and replacement of Executive Board members are governed by Articles 84 and 85 of the German Stock Corporation Act (AktG). According to this Act members of the Executive and Supervisory Board are appointed for a maximum of five years. Reappointment for another five years is possible.

Additionally, Article 6 of the bylaws governs that the Executive Board comprises one or more persons. The Supervisory Board decides on the number of Executive Board members, appointment and revocation of an appointment and on the employment contracts. The Supervisory Board is entitled to appoint a member of the Executive Board as chairman and it will also appoint Executive Board deputy members.

Powers of the Executive Board members, especially in regard to the possibility of issuing or repurchasing shares

Information on the powers of the Executive Board to issue or to repurchase shares are given in the notes to the consolidated financial statements under item »26. Equity«.

Key arrangements with the proviso of a change of control due to a takeover offer

R. STAHL AG has not made further agreements with the proviso of a change of control due to a takeover offer. No compensations have been granted to the Executive Board members and the employees in case of a takeover offer.

Remuneration system for Supervisory and Executive Board

Main features of the remuneration system for the Supervisory and Executive Boards are given in the notes to the financial statements under »34. Executive bodies«.

Risk Report

Internal control and risk management system for the financial reporting process

We view the internal control and risk management system for the financial reporting process as the entirety of all rules, measures, and processes that ensure efficiency, reliability and certitude of the financial reporting process, including the preparation of the consolidated financial statements and the financial statements of the affiliated companies. Overall responsibility for the internal control and risk management system lies with the Executive Board who introduced extensive structures and systems as well as a strict management and reporting organizsation in the R. STAHL group.

Risks and opportunities management

All essential risks and opportunities are recorded every quarter, locally in a data base by all companies. In the central department for risks and opportunities management, these data are summarized to form a report on chances and opportunities for each company. Besides the risks and opportunities this report also shows the potential risk or opportunity value, their probability and the action plan. A risk classification system ensures that the management and the Executive Board will be informed about major and especially about existence-imperilling risks in good time. With a quarterly analysis of risks and opportunities we can react early to critical situations and introduce appropriate measures. Furthermore, the companies are obliged to inform the Executive Board about time-critical or essential risks without delay.

Internal audit

Internal audit, with its principles and defined processes, ensures a standardized and uniform financial reporting process. It contains numerous guidelines and work instructions that have to be applied throughout the group, e.g. in regard to financial and administrative issues or for the consolidated financial statements.

The objective of the methods and measures we have introduced is to ensure the company's assets and to improve operational efficiency. Reliability of the accounting and reporting system and observance of internal regulations and of the legal provisions are to be ensured with the Internal Control System (ICS) which we installed.

Major instruments for ensuring the financial reporting process are:

– Standards regarding financial and administrative issues as well as accounting guidelines: In 2009, binding standards for financial and administrative issues have been advanced and put into effect world-wide throughout the group. They define our commercial requirements and apply to all R. STAHL companies. These standards govern e.g. the monthly reporting of the subsidiaries to the group controlling and the handling of invoicing, accounts receivables, liquid funds and fixed assets. Compliance with the standards is reviewed by the Internal Revision on the one hand and by our auditing company within the annual audit on the other hand. Furthermore, the accounting guideline makes sure that accounting and valuation in the consolidated financial statements follow IFRS-rules.

- Separation of functions and assignment of responsibilities between the persons and sectors that are involved in the financial reporting process
- Inclusion of external experts, e.g. for valuation of pension obligations
- Utilization of uniform and certified IT- financial systems and application of authorization concepts to ensure appropriate authority in compliance with the separation of functions. IT-systems are protected against unauthorized access.
- For the preparation of the consolidated financial statements a standardized and centrally managed software is used. Information required for the consolidated financial statements is entered and summarized using form-based entry masks.
- Observance of risks that are recorded and evaluated in the risk management systems if required according to IFRS-rules or according to local accounting rules

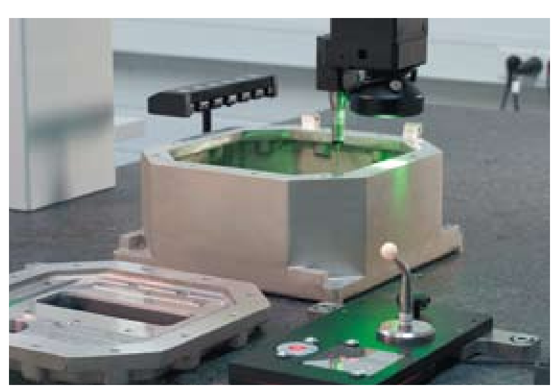
The measures and processes described above are subject to constant review by the persons in charge in the group companies and by the group controlling.

Furthermore, internal revision is an important part of the process-independent monitoring, and is an important aspect for company management for R. STAHL. Internal revision is part of an efficient and future-oriented risk provisioning. It is only subject to the Executive Board's right to issue instructions and reports to the CEO. Its auditing involves all group companies and all business units within the group. In 2009, extensive rule checks have taken place in our subsidiaries in the Americas, in Asia and in Europe. There were no significant findings. Correctness of accounting has been confirmed and the audits showed no shortcomings in reporting quality. Of course, the occupational standards and the Code of Ethics of DIIR (Deutsches Institut für Interne Revision – German Institute for Internal Revision) as well as the group's Code of Conduct have been observed.

Individual risks

Environment and industry risks

The risks R. STAHL still has to face because of the international financial crisis have to be taken seriously. The oil & gas industry and the pharmaceutical industry proved to be quite stable sectors in 2009. The chemical industry refrained from maintenance work in the turned-down plants. For 2010 we expect a slight recovery in these fields.



A remaining risk cannot be excluded. With an equity ratio of 41.5% and liquid funds of € 22.5 million R. STAHL has a stable financial basis.

In Germany an increase of insolvencies could be noticed in 2009. It is generally expected that the number of insolvencies will further increase. That is why we cannot exclude a possible disappearance of sub-suppliers and customers. At the moment, we have no knowledge of an increased risk, but we will nevertheless attach an even greater importance to claims management and claims monitoring. We improved the processes for a better risk provisioning. Part of this is, among others, regular credit assessment of our customers before business transactions are carried out.

Company-strategic risks

According to our growth strategy, new locations, e.g. in Canada, Russia, and Malaysia, have been added to our company. The Executive Board is clearly committed to the locations and the personnel. Should the expected recovery of the markets and a moderate growth not come to pass during the second half of 2010 this would have effects on our earnings situation. Furthermore, the pressure to implement further measures for cost reduction would grow.

Performance-related risks

We have high demands on product quality and customer satisfaction. The customers value the high quality standard of our product range. Our product portfolio largely consists of products that are relevant for safety, which is why we put special emphasis on an intensive quality management. This starts with the careful selection of our suppliers and includes a 100 per cent quality control before delivery for many of our products. There are no essential risks that may, e.g., give cause for a recall action.

Personnel risks

We think the major risk in regard to personnel is the threat of losing expertise and know-how by losing qualified employees. In order to deal effectively with this threat we made »keeping of the core workforce« our policy in the year of crisis. With a number of measures, agreed upon with the employee representatives, we could avoid dismissals for operational reasons. Despite the difficult economic situation we also still offer a high number of apprenticeships. This is the right way to have well-trained junior employees on board in the medium-term in the demographic change. Furthermore, our workforce is highly qualified, so that key qualifications seldom depend on individual employees.

Risks in regard to information technology

In 2009, one focal point has been optimization and functional expansion of the IT-system world, together with further qualification of the users. To avoid the risk of a potential failure of a data centre we invested in the infrastructure with two central data processing centres. Thanks to different IT-measures the systems are designed for maximum availability. Server and applications are redundant. To prevent the risk of unauthorized access to systems and data we installed extensive safety measures (firewall, virus scanners of different providers).

Financial risks

Financial risks for the group mainly result from fluctuating exchange rates.

As a company that operates globally R. STAHL does business in various currencies. Risks arise from the fluctuations of the balances, claims, liabilities, and debts that are denominated in foreign currencies and from pending and anticipated transactions. Derivative financial instruments are used to safeguard against these risks.

Based on the planned sales in the individual group companies the open positions of the group are established and safeguarded with derivative financial instruments. These instruments are only used to hedge already existing basic transactions, pending or planned transactions.

We hedged a large part of our existing and planned foreign currency volumes with forward exchange transactions.

However, lately exchange rate developments have been marked by high volatility. Dependable prognosis of future development is not possible. As price fluctuations on the financial markets are hardly predictable there are risks for our business in the long term, which may be felt in the quality of the results.

As a basic principle, the group borrows capital at matching maturities to finance business activities. Negative effects from varying interest rates may present a risk for R. STAHL. If required we protect ourselves by using derivative financial instruments. With interest derivatives we hedged interest payment for an existing and planned loan. Derivatives are only used to hedge risks that may arise due to fluctuations of the general market interest rates for existing or planned procurement of outside capital. Due to the existing financing structure the group is not subject to major interest rate risks.

In principle the duration of currency and interest derivatives are aligned with the basic transactions.

Framework for action, the persons responsible, financial reporting, and the control mechanisms for financial instruments are determined uniformly throughout the group. Essential part of this is a clear-cut separation of functions between trade and settlement.

Due to the continuous supervision of outstanding accounts and consideration of value adjustments the credit risk can be neglected. As R. STAHL has extensive unused bank credit lines, by contract with several banks, a liquidity risk cannot be noticed.

For professional realization of tasks and enhancement of business sector Treasury we installed a Treasury management System in fiscal year 2009 which we particularly use for cash management, liquidity planning and currency management.

Detailed description of the hedging instruments held on the balance-sheet date and further information on the risks in regard to currency, interest rates, credit and liquidity are included in the notes to the consolidated financial statements under items »32. Derivative financial instruments« and »33. Financial risk management«.

Subsequent events

Up to the editorial deadline there were no major events in fiscal year 2010.

Forecast report

Expected macroeconomic situation/ potential markets

The International Monetary Fund (IMF) and other renowned institutes for economics assume that the global recession will come to an end sooner than expected. IMF anticipates a global increase of the gross domestic product by 3.9% in 2010. For Germany the experts assume a growth rate of 1.5%, similar to other industrialised countries. They hope for an increasing export rate. Growth forecast for Asia is relatively high, for China alone a growth of at least 10% is expected.

The German chemical industry is also optimistic for 2010: The German Chemical Industry Association (VCI) expects a growth in sales of 6% and an increase in production of 5%. However, the very low basis of the past year has to be considered. The chairman of the Association expects steady investment activities of the German chemical industry in 2010.

For the German machinery and plant engineering the downward trend has already ended in November 2009. But because of the processing times, required due to technical reasons, it will still take some time until these timid improvements can be noticed in sales and subsequently in new investments.

Thanks to the good prospects in the USA and a widespread access to pharmaceuticals in the threshold countries the pharmaceutical industry might achieve global growth of 4% to 6% in 2010. A growth of actually 20% is predicted for China. Representatives of the pharmaceutical industry in Germany expect stable or even slightly increasing sales for 2010. But a growth of more than 2.3% may not be expected.

From today's point of view OPEC will not change oil production in 2010. The »comfortable« price situation is an argument against an increase of production. Furthermore, stock is slightly too high and is to be reduced to a sensible level.

Sales expectations

We assume that for R. STAHL the first half of 2010 will still be strongly influenced by the economic crisis. Order intake slowly starts for our customers in machinery and plant engineering and in other industry sectors, so their propensity to invest will gradually grow as well. From the chemical industry first signs of recovery can be seen as well. Production that has been cut back or closed down completely last summer is started again. In the pharmaceutical industry, however, the situation is difficult, here order intake decreases significantly at the moment.

For the end of 2010 and for 2011 improved demand from the oil & gas industry is expected. Maintenance business of the chemical industry is expected to improve. In the sector marine equipment we assume a drop in orders as follow-up investments are not funded. There is no clear picture for plant engineering: some companies expect good business opportunities, others expect utilization problems for their planned capacities for 2010.

From today's point of view the Executive Board expects a recovery in demand during the second half of 2010 for R. STAHL – this would correspond with our experiences that R. STAHL follows the general demand situation with a delay of eight to ten months. With a growing demand in the second half of 2010 and also with sales growths by our own efforts we assume that in the full year 2010 R. STAHL will exceed the sales volume of 2009.

For 2011, we expect further demand-related growth, as the majority of our customers will invest again. With the strong setup of our sales, supported by an improved product range, we can win additional customers. So, from today's point of view, we expect a further increase of company sales compared to 2010.

Expected earnings

Due to surplus capacities and a still low number of projects, the market will remain highly competitive and price quality will remain poor. For R. STAHL, earnings situation will still be difficult in 2010. Therefore all costs will be strictly evaluated in regard to necessity this year. Until a lasting improvement of the situation can be noticed we will cut costs and we will continue efficiency measures.

The goal of keeping the core workforce will be highest priority in 2010 as well. We see our strength in keeping all employees with their know-how and their expertise in the company. Our highly motivated staff could concentrate fully on their respective tasks, all through those extremely difficult months. Contrary to our competitors who, to our knowledge, had to part with employees, we have the chance to use the economic recovery for R. STAHL with a confident and dynamic team.

Regarding the full year 2010, improvement of earnings depends on growth and the development of order intake. Analogous to the sales development we expect a difficult first half of 2010 on the earnings side.

With the ongoing efficiency programs it should be possible to realize sales growth without increasing the number of white collar employees. As a result personnel cost ratio will decrease and the profitability will increase disproportionately in the second half of 2010. All in all, we expect improved earnings in 2010, compared to the previous year. For 2011, we expect further improvement in earnings, due to the positive volume effect and the continuation of our optimization programs in procurement and production.

Expected financial situation

With credit lines of € 35 million, fixed for three years in the year under review, financing of the company is ensured. Furthermore, we have liquid funds of € 22.5 million.

Growth through expected acquisitions

R. STAHL is financially and commercially well positioned. If there should be attractive offers we will use the opportunity to improve our market position with acquisitions as well.

Expected capital expenditure

We do not plan any special investments for the current fiscal year. The biggest individual investment of the past year – the new building for our Dutch subsidiary – is completed. Continuation of our efficiency measures allows for small investments only.

Opportunities and risks for corporate development

Signs of economic recovery are still small in Europe, support by government programs expires in many countries. The risk of a setback does exist, which would also influence the order situation and earnings of R. STAHL. In this case cost-cutting measures would have to be intensively enhanced.

On the other hand, with a complete and motivated workforce we have the best conditions to translate a future recovery of our markets into growth.

Overall assessment

R. STAHL came stable through the essential periods of the economic crisis. The Executive Board assumes that the first half of 2010 will still not bring much relief. If demand should increase during the second half R. STAHL may achieve a significant increase in sales, compared to 2009. Poor price quality will still dampen our earnings situation despite the expected recovery of the order situation during the second half of 2010.

R. STAHL has a solid financial and strategic basis, with highly motivated employees on the starting line we are confident that we will be able to utilize coming growth.

Waldenburg, 29 March 2010

R. STAHL Aktiengesellschaft
Executive Board

Martin Schomaker | Dr. Peter Völker

Consolidated financial statements

Consolidated income statement

from 1 January to 31 December 2009

in € 000	*Note*	**2009**	**2008**
Sales revenue	*(6)*	202,595	221,150
Change in finished and unfinished products		- 1,483	- 1,699
Other own work capitalised	*(7)*	2,689	2,126
Total operating performance		**203,801**	**221,577**
Other operating income	*(8)*	4,350	5,645
Cost of materials	*(9)*	- 68,715	- 72,969
Personnel costs	*(10)*	- 78,857	- 77,084
Depreciation, amortisation and impairments on intangible assets and property, plant & equipment	*(12)*	- 9,140	- 8,993
Other operating expense	*(13)*	- 38,854	- 46,697
Earnings before financial earnings and income taxes		**12,585**	**21,479**
Investment income/expense	*(14)*	- 3	7
Interest and similar income	*(15)*	343	998
Interest and similar expense	*(15)*	- 4,035	- 4,009
Earnings before income taxes		**8,890**	**18,475**
Taxes on income	*(16)*	- 3,300	- 5,863
Results for the year		**5,590**	**12,612**
Minority interests		258	592
Profit share of R. STAHL		5,332	12,020
Earnings per share *(in €)*	*(17)*	0.90	2.03

Group total annual result

for 2009

in € 000	**2009**	**2008**
Results for the year	**5,590**	**12,612**
Parts of the total annual result that do not affect net income		
Change of adjustments from currency translations of foreign subsidiaries	2,905	- 3,002
Change of unrealized profits and losses from cash flow hedges	- 569	0
Deferred taxes from financial instruments transferred into the income statement	147	0
Parts of the total annual result that do not affect net income	**2,483**	**- 3,002**
Total annual result after taxes	**8,073**	**9,610**
Earnings contribution from minority interests	494	292
Earnings contribution R. STAHL	7,579	9,318

Consolidated balance sheet

as of 31 December

in € 000	*Note*	2009	2008
ASSETS			
Long-term assets			
Intangible assets	*(19)*	27,474	20,867
Property, plant & equipment	*(20)*	34,632	33,212
Other financial investments	*(21)*	120	108
Other assets	*(21)*	2,110	1,622
Real estate held as a financial investment	*(21)*	9,624	9,921
Deferred taxes	*(16)*	2,456	1,235
		76,416	**66,965**
Short-term assets			
Inventories and prepayments made	*(22)*	33,000	35,212
Trade receivables	*(23)*	38,388	36,263
Income tax refund claims	*(23)*	1,704	1,357
Other receivables and other assets	*(23, 24)*	3,781	4,770
Cash and cash equivalents	*(25)*	22,506	34,135
		99,379	**111,737**
Total assets		**175,795**	**178,702**

in € 000	*Note*	2009	2008
EQUITY AND LIABILITIES			
Subscribed capital	*(26)*	16,500	16,500
Capital reserve	*(26)*	522	522
Profit reserves	*(26)*	63,290	69,377
Cumulated other equity	*(26)*	- 1,790	- 4,037
Deduction for treasury stock	*(26)*	- 5,596	- 5,596
Equity without external interests		**72,926**	**76,766**
External interests	*(26)*	85	1,405
Equity including external interests		**73,011**	**78,171**
Long-term debt			
Accruals for pension obligations	*(27)*	48,011	46,138
Other accruals	*(28)*	1,681	2,237
Interest-bearing loans	*(29)*	7,846	4,512
Other liabilities	*(30)*	1,545	0
Deferred taxes	*(16)*	1,743	1,567
		60,826	**54,454**
Short-term liabilities			
Accruals	*(27, 28)*	8,200	8,963
Trade liabilities	*(30)*	9,472	13,213
Interest-bearing loans	*(29)*	7,105	6,254
Deferred debt	*(30)*	9,984	10,634
Income tax liabilities	*(30)*	2,182	3,384
Other liabilities	*(30)*	5,015	3,629
		41,958	**46,077**
Total equity and liabilities		**175,795**	**178,702**

Consolidated cash flow statement

for fiscal 2009

in € 000	2009	2008
I. Operating activities		
1. Results of the year	5,590	12,612
2. Profit/loss from divestment of consolidated companies	21	0
3. Depreciation, amortisation and impairment of non-current assets	9,145	8,993
4. Changes in long-term provisions	1,034	376
5. Changes in deferred taxes	- 1,056	- 66
6. Other income and expenses without cash flow impact	169	285
7. Income/expense from the disposal of non-current assets	- 18	112
8. Cash flow	**14,885**	**22,312**
9. Changes in short-term provisions	- 871	- 1,322
10. Changes in inventories, trade receivables and other non-capex or non-financial assets	3,153	4,563
11. Changes in trade liabilities and other non-capex or non-financial liabilities	- 6,289	1,924
12. Changes in net current assets	**- 4,007**	**5,165**
13. Cash flow from ongoing business operation	**10,878**	**27,477**
II. Capex cash flow		
14. Cash outflow for capex on intangible assets	- 6,942	- 4,852
15. Cash inflow from disposals of intangible assets and property, plant & equipment	7	12
16. Cash outflow for capex on property, plant & equipment	- 5,573	- 9,228
17. Cash inflow from disposals of property, plant & equipment as well as real estate held as a financial asset	129	61
18. Cash outflow for capex on financial assets	- 2	- 33
19. Cash inflow from disposals of financial assets	41	307

in € 000	**2009**	**2008**
20. Increase (-) / decrease (+) of short-term financial assets	32	0
21. Payments for acquisitions net of cash acquired	- 1,651	0
22. Cash inflow from the divestment of consolidated companies – net of cash disposed	- 23	0
23. Capex cash flow	**- 13,982**	**- 13,733**
24. Free cash flow	**- 3,104**	**13,744**
III. Finance cash flow		
25. Distribution to shareholders (dividend)	- 5,331	- 6,516
26. Distribution to/contribution from minority shareholders	- 7,939	25
27. Increase (+)/decrease (-) in short-term, interest-bearing financial debt	751	- 230
28. Cash inflow from incurring long-term interest-bearing debts	4,250	0
29. Cash outflow for repayment of long-term, interest-bearing financial debt	- 919	- 1,674
30. Finance cash flow	**- 9,188**	**- 8,395**
IV. Financial fund assets		
31. Cash flow-impacting changes in financial funds	- 12,292	5,349
32. Foreign exchange and valuation-related changes in financial funds	663	- 961
33. Financial funds at the beginning of the period	34,135	29,747
34. Financial funds at the end of the period	**22,506**	**34,135**
Composition of financial funds held		
Cash and cash equivalents	22,506	34,135

Consolidated statement of changes in equity

for fiscal 2009

in € 000	Shareholders'		
	Subscribed capital	Capital reserve	Profit reserve
Balance on 1 Jan. 2008	**16,500**	**522**	**63,873**
Results for the year			12,020
Cumulated other equity			0
Total annual result			**12,020**
Dividend distribution			- 6,516
Consolidation changes			0
Other changes			0
Balance on 31 Dec. 2008	**16,500**	**522**	**69,377**
Balance on 1 Jan. 2009	**16,500**	**522**	**69,377**
Results for the year			5,332
Cumulated other equity			0
Total annual result			**5,332**
Dividend distribution			- 5,331
Consolidation changes			0
Change in the ownership of minority interests			- 6,088
Balance on 31 Dec. 2009	**16,500**	**522**	**63,290**

equity					Minority interests	Consolidated equity total
Cumulated other equity			Deduction for treasury shares	Total		
Unrealised gains/ losses from financial instruments	Currency translation	Total of cumulated other equity				
0	**- 1,335**	**- 1,335**	**- 5,596**	**73,964**	**1,121**	**75,085**
				12,020	592	12,612
0	- 2,702	- 2,702		- 2,702	- 300	- 3,002
0	**- 2,702**	**- 2,702**		**9,318**	**292**	**9,610**
				- 6,516	- 47	- 6,563
				0	33	33
				0	6	6
0	**- 4,037**	**- 4,037**	**- 5,596**	**76,766**	**1,405**	**78,171**
0	**- 4,037**	**- 4,037**	**- 5,596**	**76,766**	**1,405**	**78,171**
				5,332	258	5,590
- 422	2,669	2,247		2,247	236	2,483
- 422	**2,669**	**2,247**		**7,579**	**494**	**8,073**
				- 5,331	- 448	- 5,779
				0	61	61
				- 6,088	- 1,427	- 7,515
- 422	**- 1,368**	**- 1,790**	**- 5,596**	**72,926**	**85**	**73,011**

Changes in fixed assets of the group 2009

in € 000

	Historical and manufacturing costs					
	01/01/2009	Forex differences	Additions	Disposals	Addition to consoli-dation	Disposal of consoli-dation
I. Intangible assets						
1. Industrial property and similar rights	15,254	86	3,673	- 10	0	0
2. Goodwill	4,203	884	48	0	1,590	0
3. Development costs	9,087	52	2,921	0	0	0
4. Prepayments made	54	1	106	0	0	0
5. Other intangible assets	5,790	1,067	194	- 6	650	- 3
	34,388	**2,090**	**6,942**	**- 16**	**2,240**	**- 3**
II. Property, plant & equipment						
1. Properties, property-like rights and buildings including buildings on third-party properties	17,609	6	2,167	- 160	0	0
2. Technical equipment and machinery	18,604	281	1,194	- 278	302	0
3. Other plants as well as operating and office equipment	33,359	182	2,095	- 1,228	6	- 14
4. Prepayments made and plants under construction	8,637	0	117	0	0	0
	78,209	**469**	**5,573**	**- 1,666**	**308**	**- 14**
III. Financial assets						
1. Other investment interests	84	2	62	- 38	0	0
2. Loans to companies in which equity interests are held	90	0	0	0	0	0
3. Other loans	9	1	2	- 12	0	0
4. Securities	17	1	0	- 1	0	0
	200	**4**	**64**	**- 51**	**0**	**0**
IV. Real estate held as financial investment	**13,863**	**0**	**0**	**- 2**	**0**	**0**
	126,660	**2,563**	**12,579**	**- 1,735**	**2,548**	**- 17**

		Cumulated depreciation, amortisation and impairment						Book values	
Restate-ment	31/12/2009	01/01/2009	Forex differences	Additions	Disposals	Disposal of consoli-dation	31/12/2009	31/12/2009	31/12/2008
84	19,087	8,677	6	2,760	- 10	0	11,433	7,654	6,577
0	6,725	211	40	0	0	0	251	6,474	3,992
0	12,060	3,196	18	953	0	0	4,167	7,893	5,891
- 84	77	0	0	0	0	0	0	77	54
0	7,692	1,437	252	627	0	0	2,316	5,376	4,353
0	**45,641**	**13,521**	**316**	**4,340**	**- 10**	**0**	**18,167**	**27,474**	**20,867**
8,567	28,189	5,832	1	590	- 160	0	6,263	21,926	11,777
0	20,103	13,948	185	1,221	- 224	0	15,130	4,973	4,656
54	34,454	25,217	127	2,694	- 1,174	- 10	26,854	7,600	8,142
- 8,621	133	0	0	0	0	0	0	133	8,637
0	**82,879**	**44,997**	**313**	**4,505**	**- 1,558**	**- 10**	**48,247**	**34,632**	**33,212**
0	110	2	0	0	0	0	2	108	82
0	90	90	0	0	0	0	90	0	0
0	0	0	0	0	0	0	0	0	9
0	17	0	0	5	0	0	5	12	17
0	**217**	**92**	**0**	**5**	**0**	**0**	**97**	**120**	**108**
0	**13,861**	**3,942**	**0**	**295**	**0**	**0**	**4,237**	**9,624**	**9,921**
0	**142,598**	**62,552**	**629**	**9,145**	**- 1,568**	**- 10**	**70,748**	**71,850**	**64,108**

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**

Notes to the consolidated financial statements

of R. STAHL Aktiengesellschaft for fiscal 2009

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 2009 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] as applicable in the EU, 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 recognized 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 2009, the following new or revised standards were applied by the R. STAHL group:

- IAS 1: Presentation of financial statements
- IFRS 7: Improvement of disclosure of financial instruments
- IFRS 8: Business segments
- IFRS 3: Business combinations
- IAS 27: Consolidated and separate financial statements acc. to IFRS

Initial application of these standards had formal effects, further disclosure requirements and except for early application of IFR 3/IAS 27 no material impact on the presentation in the consolidated financial statements. IAS 1 requires, among other things, that all changes that cannot be attributed to transactions with shareholders have to be either depicted in a corporate income statement or in two separate overviews. R. STAHL group decided on a presentation in two separate overviews.

Revised standard IFRS 7 stipulates additional information on the determination of the fair values and the liquidity risk. Determination of the fair values has to be done on the basis of a three-level hierarchy for each category of financial instruments that are recorded at fair value. These changes also straighten out the requirements for information on liquidity risks in regard to business transactions relating to derivatives and for information on assets that are used for liquidity management.

IFRS 8 has to be applied as of 1 January 2009 and replaces IAS 14: report on operating segments. Initial application does not induce modification of segmentation in R. STAHL group.

R. STAHL reporting is based on one business segment. Information according to IFRS 8, including adjusted previous year's figures, can be found in paragraph »F. Notes to the segment report«.

IAS 27 in its version of June 2009 requires accounting of changes of participation ratio of the parent company in a subsidiary that do not lead to a loss of control as an equity transaction. Differences from such transactions are set off against the equity. In the year under review R. STAHL has recognized differences arising from the acquisition of minority shares directly in equity, pursuant to IAS 27 rev. 2008. Furthermore, the regulations for the distribution of losses to shareholders of R. STAHL AG and shares of other partners and the accounting rules for transactions that lead to a loss of control have changed. However, these regulations did not have any effect on the consolidated financial statements.

The application of IFRS 3 has effects on the accounting of transaction costs, the valuation of shares without controlling influence, first-time registration and subsequent measurement of a contingent consideration and successive company acquisitions. These modifications will have an effect on the determination of goodwill, on earnings in the period under review, in which mergers occur, or on future earnings.

The following new provisions, initially applied in fiscal 2009, had no impact on the group's consolidated financial statements:

- IFRS1/IAS 27: Acquisition costs of subsidiaries, joint ventures and associated companies
- IFRS 2: Share-based payments
- IFRS 4: Insurance contracts
- IFRS 7/IAS 39: Reclassification of Financial Assets – first-time application
- IAS 1/IAS 32: Callable financial instruments and obligations arising from liquidation
- IAS 23: Borrowing costs
- IAS 32: Financial instruments: disclosure and presentation
- IAS 39/IFRIC 9: Embedded derivatives
- IFRIC 11/IFRS 2: Group and treasury share transactions
- IFRIC 13: Customer loyalty programmes
- IFRIC 14: IAS 19 Plan assets – the limit on a defined benefit asset, minimum funding requirements and their interaction
- Standards collection for revision of several IFRS by the Annual Improvement Project 2006–2008

New or revised standards that have not been applied:

IASB and IFRIC have adopted the following standards, interpretations and revisions which have not been mandatory on 31 December 2009 and have partly not even been acknowledged by the EU. Early application of these new provisions is not intended.

Standard/ interpretation		To be applied from [1]	Adoption by the EU Commission [2]	Probable impact
IFRS 1	First-time adoption of IFRS	01/01/2010	Yes	None
IFRS 1	Further exceptions for first-time adopters	01/01/2010	No	None
IFRS 1/IFRS 5	Improvements 2008	01/01/2010	Yes	None
IFRS 2	Group cash-settled share-based payment transactions	01/01/2010	No	None
IFRS 9	Financial instruments: classification and measurement	01/01/2013	No	Revised classification and measurements of financial instruments
IAS 24	Related party disclosures	01/01/2011	No	No major changes
IAS 32	Classification of subscription rights	01/01/2010	Yes	None
IAS 39	Risk positions qualifying for hedge accounting	01/01/2010	No	None
Improvements to IFRS 2009 [3]		01/01/2010	No	No major changes
IFRIC 12	Service concession arrangements	01/01/2010	Yes	None
IFRIC 14	IAS 19 – the limit on a defined benefit asset – amendments	01/01/2010	No	None
IFRIC 15	Agreements for the construction of real estate	01/01/2010	Yes	None
IFRIC 16	Hedges of a net investment in a foreign operation	01/01/2010	Yes	None
IFRIC 17	Distribution of non-cash assets to owners	01/01/2010	Yes	None
IFRIC 18	Transfers of assets from customers	01/01/2010	Yes	None
IFRIC 19	Extinguishing financial liabilities with equity instruments	01/01/2010	No	None

1) Obligation of first-time adoption from R. STAHL's point of view

2) Until 31 December 2009

3) Minor amendments of a number of standards (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16)

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

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 measurement and control.

3 Time of financial statement release for publication

The Executive Board of R. STAHL AG released the 2009 consolidated financial statements and 2009 group management report to the Supervisory Board on 29 March 2010.

4 Consolidation principles

Scope of consolidation

In addition to R. STAHL AG, the consolidated financial statements include 30 (previous year: 29) 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 more than 50% 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 31/12/2009	Foreign 31/12/2009	Total 31/12/2009	Total 31/12/2008
Number of fully consolidated companies	8	23	**31**	30
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 2008, R. STAHL (Hong Kong) Co., Limited, Hong Kong (China) and OOO R. STAHL, Moscow (Russian Federation) were additionally included in the group of consolidated companies. On the other hand, Tranberg Systems AS, Vejle (Denmark) was removed from the group of consolidated companies in the year under review.

The company in Hong Kong (China) was founded in January 2009. R. STAHL AG holds 100% in the company.

With a share purchase agreement dated 20 January 2009, R. STAHL AG additionally acquired 40% of voting shares in the company OOO R. STAHL, Moscow (Russian Federation) and now holds 60% of shares in the company. The purchase price for the acquired shares amounts to € 0.8 million and was paid in cash. Goodwill of € 0.7 million has been achieved through this acquisition.

This transaction has been accounted for using the purchase method. Purchase price has been recognized in the acquired assets and liabilities at the date of acquisition as follows:

in € 000	Book value before acquisition	Adjustments	Fair value
Intangible assets	0	195	195
Tangible fixed assets	21	0	21
Receivables and other assets	69	0	69
Currency	91	0	91
Trade accounts payable	- 103	0	- 103
Deferred tax liabilities	0	- 38	-38
Net assets	**78**	**157**	**235**
Pro rata acquired net assets			94
Goodwill			706
Purchase price			**800**

Major adjustments have been made in the intangible assets, where customer relationships and order backlog have been capitalized in connection with purchase price allocation. Goodwill amounting to € 706,000 has to be allocated to different factors strengthening the operative and strategic position of R. STAHL group in Russia, but cannot be evaluated individually, as well as to the positive earnings prospects of the company because of an expansion on the Russian market. Goodwill has been assigned to the Russian subsidiary and will presumably not be effective for tax purposes. Consultancy costs and fees, attributable to the acquisition, have been included in expenses. Shares without controlling influence in the acquired company have been recognized with an appropriate ratio in the net assets of the corporation (€ 94,000). We did not make use of the possibility to rate these shares at fair value. Fair value of the shares held in the corporation up to now is of minor importance.

Expected asset life of acquired other intangible assets is as follows:

In years	
Customer relationship	6
Order backlog	1

Fair value of trade accounts receivable and other assets amounts to € 69,000 and corresponds to the nominal amount of the receivables. None of the receivables was impaired and the total contractual amount will presumably be recoverable.

Earnings after taxes of OOO R. STAHL from the date of acquisition until 31 December 2009 amounts to € - 27,000; the sales revenues with external customers during this period amount to € 1,487,000. If the company would have already been included into the group of consolidated companies on 1 January 2009 the consolidated sales revenues for the fiscal year would have remained unchanged at € 202,595,000 and the period result of the group would have been € 5,590,000.

With both companies R. STAHL increased its presence in these promising and relevant regions.

On 10 November 2009 100% of shares in Omega Industrial Supply Ltd., Edmonton (Canada) have been acquired by R. STAHL Ltd., Edmonton (Canada). The company has been acquired to offer customers an extended range of products for explosion protection. Afterwards, a merger into the Canadian subsidiary R. STAHL Ltd., Edmonton (Canada), already part of the group of consolidated companies, has been executed. Purchase price amounted to € 1.7 million, € 0.9 million have been paid in cash and € 0.8 million have been recognized as long-term earn-out-liabilities, as R. STAHL assumes that it will have to make the payments following this agreement. Goodwill of € 0.9 million resulted from this transaction.

This transaction has been accounted for using the purchase method. Purchase price has been recognized in the acquired assets and liabilities at the date of acquisition as follows:

in € 000	Book value before acquisition	Adjustments	Fair value
Intangible assets	0	450	450
Tangible fixed assets	208	100	308
Inventories	833	0	833
Receivables and other assets	882	0	882
Cash and cash equivalents	0	0	0
Trade accounts payable	- 1,525	0	- 1,525
Other liabilities	- 154	0	- 154
Net assets	**244**	**550**	**794**
Goodwill			884
Purchase price			**1,678**
– Paid in cash			851
– Purchase price liabilities			827

Major adjustments have been made in the intangible assets, where customer relationships and a non-competition clause have been capitalized in connection with purchase price allocation. Goodwill amounting to € 884,000 reflects synergies in an addition to the product range and in costs, as well as the positive earnings prospects of the company. Goodwill has been allocated to the Canadian subsidiary R. STAHL Ltd. and will presumably be tax deductible by 75% for ten years according to the local tax regulations. Due to exchange rate effects between the date of first consolidation and the balance sheet date goodwill increased by € 49,000 to € 933,000. Consultancy costs and fees of € 39,000, attributable to the acquisition, have been included in expenses.

Expected asset life of acquired other intangible assets is as follows:

In years	
Customer relationship	5
Non-competition clause	5
Order backlog	1

Fair value of trade accounts receivable and other assets amounts to € 882,000 and corresponds to the nominal amount of the receivables. None of the receivables was impaired and the total contractual amount will presumably be recoverable.

As part of the purchase price payment we agreed upon a conditional consideration with the former owners of Omega Industrial Supply Ltd. We will pay in cash another 10% of the company's sales revenues generated from 1 January 2010 until 31 August 2012 to the former owners, however to a maximum of € 827,000. The management assumes that the sales targets will be achieved in full.

Earnings contribution after taxes of Omega Industrial Supply Ltd. from the acquisition date until 31 December 2009 amounts to € 2,000; the sales revenues generated with external customers in this period amount to € 223,000. If the company would already have been included into the group of consolidated companies on 1 January 2009, the consolidated sales revenues for the business year would have been € 204,156,000 and the group earnings for the period would have amounted to € 5,601,000.

With effect from 31 July 2009 R. STAHL acquired 17.39% of the voting shares in R. STAHL Norge AS, Oslo (Norway) and now holds 100% of the shares. Purchase price for the shares was € 7.7 million and was paid in cash. From the acquisition of the remaining shares in R. STAHL Norge AS, Oslo (Norway) resulted a difference amounting to € 6.1 million which was set off against the retained earnings.

In November 2009 22% of the shares in Tranberg Systems AS, Vejle (Denmark) have been sold for about € 30,000. R. STAHL now holds 48% of the shares. The company was removed from the group of consolidated companies. The remaining shares have been recognized under other shareholdings. We refrained from including the company in the group of associated companies in the consolidated financial statements because of its minor importance. A deconsolidation loss amounted to € - 21,000.

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 recognize 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 recognized 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 recognized under position »Currency translation«.

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	
	31/12/2009	31/12/2008	2009	2008
US dollar	**1.43330**	1.40970	**1.39463**	1.47134
British pound	**0.90000**	0.97400	**0.89169**	0.79635
Swiss franc	**1.48770**	1.48880	**1.51022**	1.58742
Norwegian kroner	**8.32820**	9.92960	**8.74811**	8.23580

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 recognized 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 recognized 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 recognized through profit and loss.

R. STAHL early applies IAS 27 in the version of June 2009. Revised IAS 27 requires accounting of changes of participation ratio of the parent company in a subsidiary that do not lead to a loss of control as an equity transaction. Differences from such transactions have to be set off against the equity.

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%–50% of voting rights are held (associated enterprise). Equity interests included at equity are recognized 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 recognized 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, except early application of IAS 27.

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

In accordance with IAS 1 all changes in equity during the reporting period and the same period in the previous year have been presented in two separate overviews.

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 recognized through profit and loss at the time of gaining better knowledge.

Sales revenue recognition

Sales revenues from product sales are recognized 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 recognized 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 recognized net of cash and price discounts, customer bonuses and rebates.

Research and development expense

Research costs may not be capitalised under IAS 38.42ff 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 2008 nor in 2009.

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 recognized 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 recognized 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 group-wide 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 asset value from the sales price minus selling costs 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 recognized on their settlement date. If they are recognized 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 recognized at amortised costs using the effective interest rate method. Financial assets without set maturities are recognized 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 recognized 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 recognized. In case of impairment, IAS 39 requires removing the cumulative net loss from equity and expensing it.

Equity interests are recognized 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 recognized at the lower of average historical costs or net realisable value.

Unfinished and finished goods are recognized 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 recognized 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 recognized at amortised historical costs. Non- or low-interest-bearing receivables with maturities in excess of one year are discounted.

All discernible risks are recognized 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 and currency swaps or interest rate options as well as currency futures are to be recognized at fair value independently of the purpose and intent of entering into such contracts.

As of 2009 R. STAHL group principally documents all relations between hedges and related underlying transactions in compliance with IAS 39.

Underlying transactions are related to hedges.

R. STAHL uses derivative financial instruments for hedging of planned foreign currency payments and for limiting of interest payable for existing or planned procurement of outside capital (cash flow hedge).

For cash flow hedging market value changes of that part of the hedging instrument classified as effective are first disclosed directly in the equity as part of the overall result not affecting net income, taking deferred taxes into account, until the assured future cash flow eventuates. Transfer to income statement coincides with the effect on the net income of the hedged underlying transaction. The part of the market value changes not covered by the underlying transaction will be reported directly in earnings.

Hedging a fair value of recognized assets or recognized liabilities is a fair value hedge. During the period under review R. STAHL group did not use fair value hedges.

Changes of the fair value of derivative financial instruments that do not fulfil prerequisites for being accounted as hedges according to IAS 39 are reported directly in the income statement.

Fair values of derivative financial instruments are shown under »other financial assets« or »other financial liabilities«. According to the settlement date the short-term and long-term derivatives are classified as short-term or long-term.

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 recognized 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 recognized under personnel expense while the interest portion of pension obligations is stated under interest income/expense.

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

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 recognized at their settlement amount discounted to the balance sheet date if the interest effect is material.

Liabilities

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

Subsequent accounts recognize 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 recognized 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 recognized 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 IFRS 8 individual financial data on business segments are to be presented. IFRS 8 follows the so-called »management approach« according to which segment reporting solely follows financial information used by the company’s decision-makers for internal control of the company. The internal reporting and organisational structure is decisive here as well as such financial values as are used for decision-making in regard to allocation of resources and evaluation of profitability.

B. Notes to the consolidated income statement

6 Sales revenue

The breakdown of sales revenue by region was as follows:

in € 000	2009	2008
Breakdown by region		
Central (Europe, Africa)	147,592	169,240
– *Thereof Germany*	*(52,682)*	*(57,991)*
Americas	22,605	18,088
Asia/Pacific	32,398	33,822
	202,595	**221,150**

7 Other own work capitalised

Other own work capitalised results in particular from capitalising development costs pursuant to IAS 38. In the year under review, this came to € 2,455,000 (previous year: € 1,701,000).

In the year under review, we recognized a total of € 9,848,000 (previous year: € 10,152,000) in research and development costs.

8 Other operating income

Other operating income includes the following items:

in € 000	2009	2008
Income from asset disposals	23	29
Income from provision write-backs	332	2,204
Income from fair value changes in derivatives	1	25
Exchange rate gains from currency translation	1,354	1,383
Other income	2,640	2,004
	4,350	**5,645**

9 Cost of materials

Cost of materials comprises the following items:

in € 000	2009	2008
Expense for raw materials, consumables, and supplies	- 65,765	- 68,651
Services hired	- 2,950	- 4,318
	- 68,715	**- 72,969**

10 Personnel costs

Personnel costs break down as follows:

in € 000	2009	2008
Wages and salaries	- 64,625	- 63,604
Social insurance contributions and pension and support expense	- 14,232	- 13,480
	- 78,857	**- 77,084**

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	2009	2008
Employees	1,397	1,320
Trainees	75	67
	1,472	**1,387**

12 Depreciation, amortisation and impairments

Scheduled depreciation, amortisation and impairment on intangible non-current assets and property, plant & equipment assets amounted to € 9,140,000 (previous year: € 8,543,000).

13 Other operating expense

Other operating expense included in particular the following items:

in € 000	2009	2008
Expense from fair value changes in derivatives	- 251	- 869
Exchange losses from currency translation	- 1,970	- 2,966
Other taxes	- 459	- 327
Services	- 6,700	- 10,153
Rental expense for premises	- 4,697	- 4,682
Legal, consulting, licensing, and inventor fees	- 3,207	- 2,885
Travel and entertainment expenses	- 2,769	- 3,434
General transport costs	- 2,900	- 3,374
Other	- 15,901	- 18,007
	- 38,854	**- 46,697**

14 Investment income/expense

Investment income amounted to € - 3,000 (previous year: € 7,000).

15 Interest income/expense

Interest income/expense comprise the following items:

in € 000	2009	2008
Interest and similar income	343	998
Interest and similar expense	- 4,035	- 4,009
	- 3,692	**- 3,011**

The position interest and interest-like expense includes the interest portion from the allocation to pension provisions in the amount of € 2,908,000 (previous year: € 2,818,000).

16 Taxes on income

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

in € 000	2009	2008
Current taxes	- 4,357	- 5,929
Deferred taxes	1,057	66
	- 3,300	**- 5,863**

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 € 23,000 (previous year: € 198,000) 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: 29.0%). The tax rates for our foreign activities range from 0.0% to 41.0% as last year. In the year under review deferred taxes amounting to € 147,000 (previous year: € 0) were carried without an effect on earnings.

We have written down € 1,192,000 (previous year: € 2,210,000) for deferred tax assets on tax loss carryforwards because we do 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 € 7,071,000 (previous year: € 6,788,000). 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 2009, nor in 2008.

Cumulated deferred tax assets and liabilities as of 31 December 2009 broke down as follows compared to the year before.

in € 000	31/12/2009	31/12/2008
Gross deferred tax assets		
Tax loss carryforwards	1,880	2,210
Intangible assets	145	0
Property, plant & equipment assets	92	60
Other financial assets	1	1
Inventories	1,278	930
Receivables and other assets	56	451
Accrued items	3	0
Long-term interest-bearing financial debts	534	0
Other long-term liabilities	129	0
Long-term provisions	2,819	3,039
Short-term interest-bearing financial debts	58	0
Other short-term liabilities and debts	711	1,946
Short-term provisions	313	156
Net of value adjustments	- 1,192	- 2,210
Gross total deferred tax assets	**6,827**	**6,583**
Less netting out	- 4,371	- 5,348
Total deferred tax assets acc. to balance sheet	**2,456**	**1,235**
Gross deferred tax liabilities		
Intangible assets	3,560	2,765
Property, plant & equipment assets	1,671	1,646
Financial assets	1	0
Other financial assets	25	444
Investment property	318	330
Inventories	3	19
Receivables and other assets	148	3
Cash and cash equivalents	0	0
Short-term interest-bearing financial debts	0	0
Other short-term liabilities and debts	6	144
Short-term provisions	382	1,564
Total gross deferred tax liabilities	**6,114**	**6,915**
Less netting out	- 4,371	- 5,348
Total deferred tax liabilites acc. to balance sheet	**1,743**	**1,567**
Net balance of deferred taxes	**713**	**- 332**

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: 29.0%). Pre-tax earnings before discontinued activities amounted to € 8,890,000 (previous year: € 18,475,000 including discontinued activities).

in € 000	2009	2008
Forecast tax expense	**- 2,578**	**- 5,358**
Taxation differences between domestic and foreign operations	146	178
Non-tax-deductible expenses	- 350	- 452
Tax-free income	56	148
Changes in write-downs on deferred taxes	126	- 766
Utilisation of tax loss carryforwards	23	198
Taxes for prior years	- 718	285
Other	- 5	- 96
Actual tax expense	**- 3,300**	**- 5,863**
Tax expense shown in the consolidated income statement	- 3,300	- 5,863

A total of € 147,000 (previous year: € 0) of the deferred taxes recognized in the balance sheet increased the equity, without influence on the income statement. Tax effects on income and expense directly recognized in equity are as follows:

in € 000	31/12/2009			31/12/2008		
	Earnings before income taxes	Income taxes	Earnings after income taxes	Earnings before income taxes	Income taxes	Earnings after income taxes
Currency translation differences	2,905	0	2,905	- 3,002	0	- 3,002
Cash flow hedges	- 569	147	- 422	0	0	0
Income and expense directly recognized in equity	2,336	147	2,483	- 3,002	0	- 3,002

17 Earnings per share

	2009	2008
Net earnings for the year without minority interests (in € 000)	5,332	12,020
Number of shares (weighted average)	5,923,709	5,923,709
Earnings per share in €	**0.90**	**2.03**

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 years.

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 2008 or 2009.

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 2009 has been made.

R. STAHL distributed an ordinary dividend of € 0.90 per share to its shareholders in fiscal 2009.

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 pre-tax interest rates of 9.40% to 9.98%. Goodwill of € 6.5 million (previous year: € 4.0 million) has been allocated to the following cash-generating units: Tranberg AS (Norway) € 3.1 million (previous year: € 2.5 million), STAHL-Syberg AS (Norway) € 1.7 million (previous year: € 1.5 million), OOO R. STAHL (Russian Federation) € 0.7 million (previous year: € 0 million), R. STAHL Ltd. (Canada) € 0.9 million (previous year: € 0 million) and others € 0.1 million (previous year: € 0 million). Changes of goodwill compared to the previous year are mainly due to the exchange rates, as the Norwegian Krone has been revalued on the balance sheet date and also due to an addition from two acquisitions.

Impairment tests according to the discounted cash flow method led to fair values above the carrying amounts. No amortization is thus required. Cash flows after a period of five years are extrapolated unaltered with a growth rate of 1%.

Planned gross profit margins

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.

Price increase in material and personnel costs

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.

Capital costs

Capital costs are calculated from the weighted average cost of equity and external capital before taxes. Beta factor for calculation of equity costs is determined from capital market data and the capital structure of companies comparable to R. STAHL. Borrowing costs are calculated on the basis of quasi-safe government bonds and an additional mark-up, derived from the rating of comparable companies. Sensitivity analyses showed that from today's point of view there is no requirement for impairment of goodwill even if we would assume that the planned EBIT as of plan year 2010 would fall by 10% or if the capital costs would rise by another 0.5 percentage points.

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 property, plant & equipment 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 € 8,935,000 (previous year: € 5,111,000).

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. Consolidated fixed assets and the list of equity interests are a constituent part of the notes to the consolidated financial statements.

Other financial assets

Our financial assets totalling € 120,000 (previous year: € 108,000) comprise other equity interest and securities. Last year other loans were included, amounting to € 9,000.

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

Other long-term assets

Other long-term assets comprise receivables and other assets as well as deferred items totalling € 2.110,000 (previous year: € 1,622,000). Total other long-term assets comprise a restricted amount of € 1,862,000 (previous year: € 1,544,000) which serves as collateral for obligations arising from partial retirement contracts.

Long-term »other assets« comprise derivative financial instruments amounting to € 86,000 (previous year: € 0).

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 recognized 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 € 1,982,000 (previous year: € 2,448,000).

Rental income from the real estate held as a financial investment has been recognized in the income statement in the amount of € 1,424,000 (previous year: € 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 (previous year:approx. 11.5 million).

The position furthermore includes a special purpose entity for a lease object at a book value of € 6,990,000 (previous year: € 7,199,000). Due to a change in circumstances, non-scheduled depreciation of € 450,000 was recognized in the past year. 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	31/12/2009	31/12/2008
Raw materials, consumables, and supplies	14,413	15,761
Unfinished goods and unfinished services	9,105	8,801
Finished goods and merchandise	9,457	10,544
Prepayments made	25	106
	33,000	**35,212**

In the year under review, we recognized € 5,902,000 (previous year: € 4,403,000) in scheduled inventory impairments for slow-moving products.

Last year, non-scheduled write-downs 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	31/12/2009		31/12/2008	
	Total	Thereof due within one year	Total	Thereof due within one year
Trade receivables	38,388	38,388	36,263	36,263
Income tax claims	1,704	1,704	1,357	1,357
Other receivables	4,575	2,637	4,747	3,153
Other financial assets	498	412	732	732
	45,165	**43,141**	**43,099**	**41,505**

Of the capitalised total, € 43,141,000 (previous year: € 41,505,000) are due within one year, the remainder totalling € 2,024,000 (previous year: € 1,594,000) is recognized under other long-term assets. In addition to the above items, we also recognized € 86,000 (previous year: € 28,000) of capitalised long-term deferred items under long-term assets.

We recognized € 2,254,000 (previous year: € 1,655,000) of impairments on our trade receivables.

Our other short-term financial assets include derivative financial instruments in the amount of € 90,000 (previous year: € 384,000).

24 Prepaid expenses

Of total prepaid expenses, € 732,000 (previous year: € 885,000) are due within one year; € 86,000 (previous year: € 28,000) 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	**31/12/2009**	**31/12/2008**
Cash on hand	452	511
Cheques	253	0
Credit balances with banks, payable on demand	21,633	17,349
Credit balances with banks, originally payable at 3 months' notice	168	16,275
	22,506	**34,135**

26 Equity

The statement of changes in equity 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. The Executive Board 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, the Executive Board 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. The Executive Board 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 reserves

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 remaining non-earnings-impacting adjustments arising from the restated opening balance sheet according to IFRS as of 1 January 2004 and equity since 1 January 2004 less dividends to shareholders are recognized here.

Cumulated other equity

This position comprises the differences from non-earnings-impacting currency translation of subsidiaries' financial statements from 1 January 2004 forward and the changes of unrealized gains and losses from cash flow hedges. For detailed information please see item statement of changes in equity.

Deduction for treasury stock

The Annual General Meeting (AGM) held on 19 June 2009 resolved to authorise R. STAHL AG's Executive Board to purchase R. STAHL stock up to 10% of the company's share capital by 19 December 2010. The AGM, furthermore, authorised the Executive Board 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 the Executive Board 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 the 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 Engineering & Manufacturing SDN.BHD, Selangor/Malaysia and OOO R. STAHL, Moscow/Russian Federation.

Additional disclosures concerning capital management

R. STAHL group's capital management objectives are to ensure the company's continued existence, realise adequate return 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 4.4% (previous year: 8.4%).

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

in € 000	31/12/2009	31/12/2008
Equity net of minority interests	**72,926**	**76,766**
Long-term interest-bearing loans	7,846	4,512
Short-term interest-bearing loans	7,105	6,254
Interest-bearing debt	**14,951**	**10,766**
Total capital	**87,877**	**87,532**
Equity ratio to capital management (in %)	**83.0**	**87.7**

As of the 2009 balance sheet date, our equity ratio to capital management decreased to 83.0%.

Due to acquisition of shares in R. STAHL Norge AS, Oslo (Norway) equity decreased because of difference offsetting. The building in the Netherlands has been financed with a long-term loan.

Provisions

27 Pension provisions

Provisions for pensions and similar obligations include the following items:

in € 000	31/12/2009	31/12/2008
Long-term pension provisions	48,011	46,138
Short-term pension provisions	2,342	2,320
	50,353	**48,458**

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 € 4.0 million (previous year: € 3.8 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 2009 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	
	2009	2008	2009	2008
Calculatory interest rate	5.80	6.00	3.80–4.40	4.30–4.70
Salary trend	3.00	3.00	4.00–4.25	4.50
Pension trend	2.00	2.00	1.50–4.00	2.00–4.25
Forecast return on assets	–	–	5.60–5.80	5.75–6.30

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	**31/12/2009**	**31/12/2008**	**31/12/2007**	**31/12/2006**
Present values of provision-based pension claims	49,107	46,554	48,779	50,054
Present values of fund-financed pension claims	+ 5,501	+ 4,362	+ 5,171	+ 4,681
Defined benefit obligation (DBO)	54,608	50,916	53,950	54,735
Fair value of funds assets	- 3,543	- 2,627	- 3,180	- 2,622
Net obligation	**51,065**	**48,289**	**50,770**	**52,113**
Adjustments due to actuarial profits (+) or losses (-)	- 712	+ 169	- 3,404	- 5,878
Balance sheet value as of 31 December	**50,353**	**48,458**	**47,366**	**46,235**

Domestic group companies accounted for € 48,068,000 (previous year: 46,726,000) of our pension provisions totalling € 50,353,000 (previous year: € 48,458,000). Foreign group companies accounted for € 3,543,000 (previous year: € 2,627,000) of our fund assets.

Benefit obligations developed as follows:

in € 000	**2009**	**2008**
Benefit obligations on 1 January	50,916	53,950
+ Ongoing service-time expense	+ 1,483	+ 1,402
+ Interest expense	+ 2,908	+ 2,818
+/- Actuarial profits (+) and losses (-)	+ 1,126	- 3,142
+/- Settlements	0	- 115
- Benefit paid	- 2,678	- 2,562
+ Changes in exchange rate	+ 853	- 1,435
= Benefit obligations on 31 December	**54,608**	**50,916**

Reconciliation to fair value of pension fund assets was as follows:

in € 000	2009	2008
Fund assets on 1 January	2,627	3,180
+ Expected income from fund assets	+ 191	+ 191
+/- Actuarial profits (+) and losses (-)	+ 89	- 385
+ Employer's pension contributions	+ 202	+ 506
- Pension payments made	- 91	- 239
+/- Foreign exchange rate changes	+ 525	- 626
= Fund assets on 31 December	**3,543**	**2,627**

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	31/12/2009	31/12/2008
Shares	7.1%	6.0%
Fixed interest-bearing securities	69.4%	72.6%
Real estate	16.8%	17.1%
Other	6.7%	4.3%
Total	**100.0%**	**100.0%**

In fiscal 2009, we spent € 4,200,000 (previous year: € 4,072,000) on pension obligations. The breakdown is as follows:

in € 000	2009	2008
Ongoing service-time expense	1,483	1,402
+ Interest expense	+ 2,908	+ 2,818
- Forecast income from fund assets	- 191	- 191
+/- Actuarial profits (+) and losses (-)	0	+ 43
= Pension obligation expense	**4,200**	**4,072**

Actual income from fund assets amounted to € 171,000 (previous year: € 167,000).

28 Other provisions

Other provisions involved in particular the following items:

in € 000	31/12/2009		31/12/2008	
	Total	Thereof due within one year	Total	Thereof due within one year
Personnel provisions	2,691	1,010	2,977	740
Litigation risks	100	100	145	145
Tax provisions	815	815	933	933
Other provisions	3,933	3,933	4,825	4,825
	7,539	**5,858**	**8,880**	**6,643**

Of the total amount expensed, € 5,858,000 (previous year: € 6,643,000) are due within one year. The remainder of € 1,681,000 (previous year: € 2,237,000) mostly pertains to personnel provisions (partial retirement and anniversary obligations) that are recognized under long-term liabilities as other long-term provisions.

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

in € 000	31/12/2009	31/12/2008
Short-term pension provisions	2,342	2,320
Other short-term provisions	5,858	6,643
	8,200	**8,963**

Other short and long-term provisions developed as follows:

in € 000	01/01/ 2009	Currency change	Allo- cation	With- drawals	Write- back	31/12/ 2009
Personnel provisions	2,977	0	570	- 856	0	2,691
Litigation risks	145	0	0	- 45	0	100
Tax provisions	933	111	734	- 810	- 153	815
Other	4,825	- 4	2,113	- 2,669	- 332	3,933
	8,880	**107**	**3,417**	**- 4,380**	**- 485**	**7,539**

in € 000	01/01/ 2008	Currency change	Allo- cation	With- drawals	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 debts position exclusively pertains to liabilities to banks in the amount of € 14,951,000 (previous year: € 10,766,000).

Of the expensed total, € 7,105,000 (previous year: € 6,254,000) are due within one year and the remaining € 7,846,000 (previous year: € 4,512,000) are shown as »interest-bearing debts« under long-term liabilities.

As of 31 December 2009, interest-bearing loans had the following maturities:

in € 000	31/12/2009	31/12/2008
Maturities of interest-bearing loans		
– Up to one year	7,105	6,254
– One to five years	5,721	4,512
– More than five years	2,125	0
= Short and long-term interest-bearing loans	**14,951**	**10,766**

Liabilities to banks with residual maturities of more than one year amounted to € 7,846,000 (previous year: € 4,512,000) and pertain to three loans with the following features:

	31/12/2009	31/12/2008	Maturity	Interest rate
	in € 000	*in € 000*		*in %*
1. Loan	1,749	1,957	31/12/2012	6.20
2. Loan	1,844	2,555	31/12/2012	5.58
3. Loan	4,253	0	01/04/2016	5.03
	7,846	**4,512**		

30 Other liabilities

The other liabilities position comprises the following items:

in € 000	31/12/2009		31/12/2008	
	Total	Thereof due within one year	Total	Thereof due within one year
Prepayments received	1,257	1,257	511	511
Trade liabilities	9,472	9,472	13,213	13,213
Purchase price liabilities	1,117	244	0	0
Income tax liabilities	2,182	2,182	3,384	3,384
Other short-term liabilities	3,426	3,261	2,913	2,913
Deferred liabilities	9,984	9,984	10,634	10,634
Other financial liabilities	760	253	205	205
	28,198	**26,653**	**30,860**	**30,860**

Of the expensed total, € 26,653,000 (previous year: € 30,860,000) are due within one year and the remaining € 1,545,000 (previous year: € 0) are shown under »other long-term liabilities«.

On 31 December 2009 position long-term »other financial liabilities« comprises market values of derivative financial instruments amounting to € 507,000 (previous year: € 0).

As of 31 December 2009 the short-term »other financial liabilities« contain market values of derivative financial instruments amounting to € 67,000 (previous year: € 131,000)

Deferred liabilities break down as follows:

in € 000	31/12/2009		31/12/2008	
	Total	Thereof due within one year	Total	Thereof due within one year
Employer's liability insurance premiums	422	422	365	365
Bonuses	2,138	2,138	3,650	3,650
Holiday entitlement	1,480	1,480	2,275	2,275
Time unit credits	907	907	1,208	1,208
Missing supplier invoices	219	219	421	421
Other deferred liabilities	4,818	4,818	2,715	2,715
	9,984	**9,984**	**10,634**	**10,634**

Additional disclosures on liabilities

There were no liabilities with residual maturities of more than five years as of year-end 2009 and 2008.

In the year under review we did not provide collateral for our liabilities (previous year: € 294,000). In addition, liabilities of € 10,917,000 (previous year: € 7,265,000) 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	31/12/2009	31/12/2008
Sureties	23	3
Guarantees	370	0
Discounted bills of exchange	0	0
Other obligations	36	4
	429	**7**

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	31/12/2009	31/12/2008
Up to one year	3,397	3,787
More than one up to five years	9,787	11,224
More than five years	18,002	21,542
	31,186	**36,553**

In the year under review, our income statement shows € 6,511,000 (previous year: € 6,319,000) 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 anticipated transactions, we use derivative financial instruments. We only use derivative financial instruments to hedge underlying existing, pending and planned transactions.

Currency risks are mainly due to exchange rate fluctuations of the US dollar, of the British pound, the Canadian dollar, Swiss franc and the Swedish krona for bank balances, receivables, liabilities and debts as well as from pending transactions and anticipated cash flows.

To hedge currency risks derivative financial instruments for the currencies US dollar, Canadian dollar and Swiss franc were held on 31 December 2009.

The maturities of these currency 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.

R. STAHL group borrows capital to finance investments and to cover short-term liquidity requirements. Objective is limitation of interest payable for these credits. For limitation and hedging of risks arising from fluctuations of the general market interest rates the group principally uses derivative financial instruments. We only use derivative financial instruments to hedge existing and planned leverage.

Interest-rate risks mainly result from varying market interest rates.

For hedging of interest-rate risks a payer swap for fixing of interest expenses for an existing leverage and an interest rate option for limiting of interest expenses for planned loans were held on 31 December 2009.

Maturities of interest derivatives are normally related to the duration of the loan agreements.

Conditions, the persons responsible, financial reporting and control mechanisms for financial instruments are defined uniformly throughout the group. Part of this is a clear separation of functions between trade and settlement.

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

When the prerequisites for hedge balancing according to IAS 39 are fulfilled, changes of the fair value of derivative financial instruments, deemed effective, are initially recognized directly in equity, taking deferred taxes into account. Alternatively, changes of market value of derivative financial instruments in the period under review are recognized in the income statement.

Derivative financial instruments are fully recognized as assets or liabilities under other financial assets or other financial liabilities at their corresponding fair values.

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

in € 000	Nominal volume		Fair value	
	31/12/2009	**31/12/2008**	**31/12/2009**	**31/12/2008**
Positive fair values				
Currency derivatives, qualified as cash flow hedges	0	0	0	0
Currency derivatives without hedging relationship	2,015	3,428	90	384
Interest derivatives, qualified as cash flow hedges	0	0	0	0
Interest derivatives without hedging relationship	5,000	0	86	0
	7,015	**3,428**	**176**	**384**
Negative fair values				
Currency derivatives, qualified as cash flow hedges	2,258	0	62	0
Currency derivatives without hedging relationship	1,842	11,375	5	131
Interest derivatives, qualified as cash flow hedges	4,625	0	507	0
Interest derivatives without hedging relationship	0	0	0	0
	8,725	**11,375**	**574**	**131**

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 debt- or 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 value adjustments.

The maximum default risk is mostly defined by the book values of financial assets as recognized 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:

in € 000	Gross book value 31/12/2009	Neither overdue nor value-adjusted	Overdue but not value-adjusted	Value adjustments
Trade receivables	40,642 (37,918)	29,542 (24,910)	8,846 (11,353)	2,254 (1,655)

The figures in brackets represent the 2008 values.

R. STAHL group regularly monitors its trading partners and debtors. All receivables that are neither overdue nor value-adjusted 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 value-adjusted:

in € 000	Overdue but not value-adjusted 31/12/2009	Up to 30 days overdue	30 to 90 days overdue	More than 90 days overdue
Trade receivables	8,846 (11,353)	3,334 (5,166)	3,420 (4,184)	2,092 (2,003)

The figures in brackets represent the 2008 values.

The vast majority of financial assets that are overdue but have not been value-adjusted 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	**2009**	**2008**
As of 1 January	**1,655**	**1,599**
Currency differences	+ 16	+ 52
Utilization	- 67	- 5
Reversal	- 134	- 285
Addition	+ 784	+ 294
As of 31 December	**2,254**	**1,655**

Liquidity risk

To ensure that R. STAHL is always able to pay its bills and has the necessary financial flexibility for business operations, we regularly prepare 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 31/12/2009	Residual maturity of up to 1 year	Residual maturity of 1 to 5 years	Residual maturity of more than 5 years
Interest-bearing loans	14,951	7,105	5,721	2,125
	(10,766)	(6,254)	(4,512)	(0)
Trade liabilities	9,472	9,472	0	0
	(13,213)	(13,213)	(0)	(0)
Purchase price liabilities	1,117	244	873	0
	(0)	(0)	(0)	(0)
Other financial debts	186	186	0	0
	(74)	(74)	(0)	(0)
Derivative financial debts				
Forward exchange transactions				
– without hedging relationship	5	5	0	0
	(131)	(131)	(0)	(0)
– with hedging relationship	62	62	0	0
	(0)	(0)	(0)	(0)
Interest derivatives				
– with hedging relationship	507	0	0	507
	(0)	(0)	(0)	(0)
	26,300	**17,074**	**6,594**	**2,632**
	(24,184)	**(19,672)**	**(4,512)**	**(0)**

The figures in brackets represent the values as of 31 December 2008.

Liquidity risk is negligible. R. STAHL has extensive unused long-term credit lines with different banks. In fiscal year 2009 we fixed credit lines amounting to about € 35 million for three years with four principal banks. Two banks providing a credit volume of € 15 million in all impose the obligation that the group's equity ratio is at least 30% (financial covenants).

Market price risks

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

Currency risks

R. STAHL group's exposure to currency 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, British pounds, Canadian dollars, Swiss francs and Swedish kronas.

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

Interest-rate risks

R. STAHL group has a solid financing structure with a low interest-bearing share of outside capital. Negative effects from varying interest rates are minor risks for R. STAHL group. Nevertheless, the group safeguards against existing or expected interest-rate risks with interest rate swaps and interest rate caps. The company uses the hedging instruments basically in relation with the duration of the loan agreements and safeguards the interest rates of long-term existing and planned loans in the long run as well.

Price risks

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 2009 and 31 December 2008, R. STAHL group had no material financial instruments in its portfolio that are subject to other price risks.

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 recognized 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 currency derivatives 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 analysis.
– Foreign exchange rate-related changes in the market values of currency derivatives that are in an effective cash flow hedge relation for hedging payment fluctuations resulting from exchange rate movements pursuant to IAS 39 have impact on the equity and are thus included in our equity-related sensitivity analysis.

If the euro had appreciated 10% relative to all currencies relevant to our operating activities as at 31 December 2009, our earnings before income tax would have been higher by € 338,000 (as at 31 December 2008: € 822,000) and the direct unrealized profits from financial instruments would have been higher by € 209.000 (as at 31 December 2008: € 0), unrealized losses would have been lower.

If the euro had devalued 10% relative to all currencies relevant to our operating activities as at 31 December 2009, our earnings before income tax would have been lower by € 401,000 (as at 31 December 2008: € 1,011,000) and the direct unrealized profits from financial instruments would have been lower by € 255.000 (as at 31 December 2008: € 0), unrealized losses would have been higher.

The following assumptions are the basis for the interest rate sensitivity analyses:

– Changes in market interest rates of primary financial instruments with a fixed interest rate only have an effect on earnings when they are calculated at their fair value. So all financial instruments carried at amortized cost, with a fixed interest rate, are not subject to interest-rate risk pursuant to IFRS 7.
– Changes in market interest rates affect the interest income of the original financial instruments with a variable interest rate if the interest payment of these financial instruments is not intended as basic transaction within cash flow hedges against interest changes, and are thus included in the result-related sensitivity calculations.
– Changes in market interest rates of interest derivatives that are not included in a hedging relationship pursuant to IAS 39 have an effect on earnings (valuation from the adjustment of financial assets to the fair value) and are thus included in the result-related sensitivity analyses.
– Changes in market interest rates of interest derivatives that are intended as hedging instruments within a cash flow hedge for hedging of interest-rate related payment fluctuations have an effect on the equity and are thus included in the equity-related sensitivity analysis.

If the market interest rate level had been higher by 100 basis points on 31 December 2009, earnings before income taxes would have been higher by € 217,000 (as at 31 December 2008: € 259,000) and the direct unrealized losses from financial instruments would have been lower by € 304,000 (as at 31 December 2008: € 0).

If the market interest rate level had been lower by 100 basis points on 31 December 2009, earnings before income taxes would have been lower by € 178,000 (as at 31 December 2008: € 259,000) and the direct unrealized losses from financial instruments would have been higher by € 143,000 (as at 31 December 2008: € 0).

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 31/12/2009	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	**120**	0	12	108	0	120
Other long-term assets	**2,110**	86	76	1,862	86	2,110
Short-term assets						
Trade receivables	**38,388**	0	38,388	0	0	38,388
Other receivables and financial assets	**3,781**	90	322	0	3,369	3,781
Cash and cash equivalents	**22,506**	0	22,506	0	0	22,506
Long-term debts						
Interest-bearing loans	**7,846**	0	7,846	0	0	7,846
Other liabilities	**1,545**	507	873	0	165	1,545
Short-term debts						
Trade liabilities	**9,472**	0	9,472	0	0	9,472
Interest-bearing loans	**7,105**	0	7,105	0	0	7,105
Other liabilities	**5,015**	67	430	0	4,518	5,015
Thereof aggregated acc. to IAS 39						
Loans and receivables	**61,304**	0	61,304			61,304
At fair value through profit or loss	**176**	176	0			176
Held-to-maturity investments	**0**	0	0			0
Liabilities measured at amortised cost	**25,726**	0	25,726			25,726
Liabilities at fair value through profit or loss	**5**	5	0			5
Liabilities at fair value without effect on operating result	**569**	569	0			569

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 financial assets	**108**	0	26	82	0	108
Other long-term 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 debts						
Interest-bearing loans	**4,512**	0	4,512	0	0	4,512
Other liabilities	**0**	0	0	0	0	0
Short-term debts						
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	74	0	3,424	3,629
Thereof aggregated acc. to IAS 39						
Loans and receivables	**70,772**	0	70,772			70,772
At fair value through profit or loss	**384**	384	0			384
Held-to-maturity investments	**0**	0	0			0
Liabilities measured at amortised cost	**24,053**	0	24,053			24,053
Liabilities at fair value through profit or loss	**131**	131	0			131

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 € 176,000 (previous year: € 384,000). We recognized negative fair values of € 574,000 (previous year: € 131,000).

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 debts 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.

In order to present the reliability of the valuation of financial instruments at fair value in a comparable manner, IFRS introduced a fair-value-hierarchy with the following three steps:

– valuation on the basis of exchange price or market price for identical assets or liabilities (step 1)
– valuation on the basis of exchange price or market price for similar instruments or on the basis of assessment models that are based on market observable input parameters (step 2)
– valuation on the basis of assessment models with significant input parameters that are not observable on the market (step 3)

The derivative financial instruments evaluated at fair value in R. STAHL group are solely rated according to the fair value hierarchy step 2.

In fiscal year 2009 no reclassification between the different fair value hierarchies has taken place.

The following total proceeds and total expenses arose from the valuation at fair value of the derivative financial instruments step 2 held on 31 December 2009:

in € 000	**2009**
Recognized in the income statement	
Derivatives in a hedging relationship	- 249
Recognized in equity	
Derivatives in a hedging relationship	- 569

In the year under review no amount has been taken from the equity and recognized in the period result. There was no ineffectiveness that would have to be recognized in the income statement.

Net result according to valuation categories is as follows:

in € 000	From interests	From subsequent measurement			Net result
		Fair value	Currency translation	Value adjustment	
Loans and receivables	343	0	- 888	- 649	**- 1,194**
	(999)	(0)	(- 966)	(- 35)	**(- 2)**
Assets and liabilities at fair value through profit or loss	0	-249	0	0	**- 249**
	(0)	(- 843)	(0)	(0)	**(- 843)**
Liabilities measured at amortised cost	- 1,127	0	285	0	**- 842**
	(- 1,191)	(0)	(- 591)	(0)	**(- 1,782)**
2009	**- 784**	**- 249**	**- 603**	**- 649**	**- 2,285**
2008	**(- 192)**	**(- 843)**	**(- 1,557)**	**(- 35)**	**(- 2,627)**

Figures of fiscal year 2008 are shown in brackets.

D. Other disclosures

34 Executive bodies

Members of the Supervisory Board

Hans-Volker Stahl, Dipl.-Kfm., resident of Starnberg, Chairman

– Asset trustee, private asset management

Hermann Eisele, Dr. Ing., resident of Vaihingen/Enz, Vice Chairman

– Former member of the Management Board of Robert Bosch GmbH
– Chairman of the Supervisory Board of REM AG

Heike Dannenbauer, Magister Artium (M.A.), resident of Empfingen

– Stage manager of Apollo Theater Produktionsgesellschaft mbH

Heinz Grund, resident of Braunsbach[1)]

– Agricultural technician/mechanic

Dieter Heppner, resident of Kupferzell[1)]

– State-qualified electrical technician

Eberhard Knoblauch Dipl.-Kfm., resident of Böblingen

– Former CEO of Hewlett-Packard GmbH

Josef Kurth, Dipl.-Volkswirt, resident of Öhringen

– Former Managing Director of Berner GmbH

Peter Leischner, Dipl.-Kfm., resident of Frankfurt

– Director, Head of Treasury Management of Gutmark, Radtke & Company AG

Monika Weidmann, resident of Künzelsau[1)]

– Technical draftsperson

Members of the Executive Board

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

Peter Völker, Dr.-Ing., resident of Künzelsau (Executive Board member responsible for Sales, Marketing and Development)

Compensation report

Total Executive Board compensation

The compensation system for our Executive Board members is regulated in their respective employment contracts. The contracts stipulate an Executive Board member compensation consisting of a fixed salary and a performance-based bonus. The performance-dependent bonus is limited to at most 80% of the fixed compensation. For fiscal 2009, the Executive Board members received the following total compensation:

in € 000	Fixed compensation	Performance-based bonus	Compensation in kind	Total
Total Executive Board compensation				
Martin Schomaker	296	69	31	**396**
Dr. Peter Völker	217	69	11	**297**

1) *Staff representative*

From October 2009 until January 2010 the members of the Executive Board waived 5.0% of their fixed compensation.

In the previous year, the Executive Board members received total compensation of € 499,000 and € 405,000.

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.

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 € 225,000 (previous year: € 226,000) and variable compensation totalling € 120,000 (previous year: € 184,000).

in € 000 Supervisory Board	Fixed compensation	Committee compensation	5% compensation waiver in 2009	Variable compensation	Total
Hans-Volker Stahl	36.0	21.90	- 0.7	24.0	81.20
Dr. Hermann Eisele	18.0	3.65	- 0.3	12.0	33.35
Heike Dannenbauer [1)]	18.0	0.00	- 0.2	6.0	23.80
Heinz Grund	18.0	3.65	- 0.3	12.0	33.35
Dieter Heppner [1)]	18.0	3.65	- 0.3	6.0	27.35
Eberhard Knoblauch	18.0	11.00	- 0.4	12.0	40.60
Josef Kurth	18.0	3.65	- 0.3	12.0	33.35
Peter Leischner [1)]	18.0	0.00	- 0.2	6.0	23.80
Monika Weidmann	18.0	0.00	- 0.2	12.0	29.80
Ernst Kern [1)]	0.0	0.00	0.0	6.0	6.00
Günter Müller [1)]	0.0	0.00	0.0	6.0	6.00
Gerold Schmid [1)]	0.0	0.00	0.0	6.0	6.00
Total	**180.0**	**47.50**	**- 2.9**	**120.0**	**344.60**

1) In June 2009 variable compensation for fiscal 2008 has been paid in equal shares to the new members of the Supervisory Board (Dannenbauer, Heppner and Leischner) and to the members that retired with AGM on 27/06/2008 (Kern, Müller and Schmid).

From October 2009 until January 2010 the members of the Supervisory Board waived 5.0% of their fixed compensation and of their committee compensation.

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

Total compensation of former Executive Board members and former Managing Directors

R. STAHL paid to former members of the Executive Board as well as former Directors and their survivors support totalling € 335,000 (previous year: € 330,000).

We have accrued pension provisions for former members of the Executive Board as well as former Directors and their survivors in full for a total of € 3,465,000 (previous year: € 3,574,000) as of 31 December 2009.

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

As of the balance sheet date, Executive Board members held 18,360 shares of R. STAHL AG and Supervisory Board members held 401,340 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 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 Executive or Supervisory Boards of R. STAHL AG or another key management position.

In fiscal 2009, the disclosure requirements of IAS 24 only affected R. STAHL group in respect to business relations with members of the Executive Board. With company Tranberg Systems AS, Vejle (Denmark), deconsolidated on 19 November 2009, in which R. STAHL group still holds 48% of shares on the balance sheet date, no essential, notifiable transactions have been carried out in the period from 19 November to 31 December 2009.

Pension provisions for Executive Board members and their survivors have been accrued in full and amounted as of 31 December 2009 to € 1,775,000 (previous year: € 1,375,000). The fund allocation in the year under review came to € 371,000 (previous year: € 241,000).

We have made all disclosures pursuant to Article 160, paragraph 1, sub-sec. 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 may be viewed on our website (www.stahl.de under Investor Relations/Corporate Governance) at any time. Moreover, our 2009 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 published consolidated balance sheet.

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

in € 000	**2009**	**2008**
Interest received	343	998
Interest paid	- 1,127	- 1,129
Dividends received	3	6
Income tax refunds/credits	1,357	3,310
Income tax payments	- 7,610	- 8,231

Inflow and outflow of funds from investment activities contains € 1,651,000 payment for the acquisition of consolidated companies. Furthermore € 23,000 outflow from the sale of a consolidated company (€ 31,000 deposits less disposed of cash amounting to € 54,000) are recognized in this position. Inflow and outflow from financing activities comprises € 7,939,000 payments for minorities. € 7,682,000 of this amount has been paid to acquire the remaining shares in R. STAHL Norge AS, Oslo (Norway). In regard to information on the cash flows please refer to section 4. of the notes to the consolidated financial statements.

F. Notes to the segment report

Pursuant to IRFS 8 external segment reporting is done on the basis of the intra-group organisation and management structures and the internal financial reporting to key decision-makers. In R. STAHL group the Executive Board is responsible for evaluation and control of business success and is regarded as the top management body pursuant to IFRS 8

R. STAHL group develops, manufactures, assembles and distributes devices and systems for measuring, controlling, distribution of energy, securing and lighting in explosion-hazardous environments. Organizationally R. STAHL AG serves as holding for the different subsidiaries. Identically, internal reporting structure is based on the legally independent group companies. Internally the group is managed with these individual legal units.

Key performance indicator for R. STAHL group is EBT. Internal reporting corresponds to external IFRS-reporting. So reconciliation is not required. Furthermore, the Executive Board regularly supervises the following financial and economical parameters sales revenues, order intake and order backlog.

Cumulatively, the group is managed pursuant to the following parameters:

in € 000	**2009**	**2008**
Order backlog	42,584	39,035
Order intake	208,101	223,589
Sales revenues	202,595	221,150
Total operating performance	203,801	221,577
Other operating income	4,350	5,645
Material costs	- 68,715	- 72,969
Personnel costs	- 78,857	- 77,084
Depreciation of tangible and intangible assets	- 9,140	- 8,993
Other operating expenses	- 38,854	- 46,697
Earnings before financial result and income taxes	**12,585**	**21,479**
Interest income	343	998
Interest payable	- 4,035	- 4,009
Other financial results	- 3	7
Financial results	**- 3,695**	**- 3,004**
Earnings before income taxes	**8,890**	**18,475**
Segment assets	171,635	176,110
Segment liabilities	98,044	94,647
Annual average number of employees	1,397	1,320

in € 000	2009	2008
Associated companies		
Shares in associated companies	0	0
Earnings from associated companies	0	0
Long-term assets		
Book value of long-term assets	71,730	64,000
Additions to long-term assets	15,063	14,079

The following table provides a breakdown by region:

in € 000	Central	Americas	Asia/ Pacific	Total
Sales revenues from sales to external customers	147,592	22,605	32,398	202,595
	(169,240)	(18,088)	(33,822)	(221,150)
Book value of long-term assets	67,360	4,006	364	71,730
	(62,971)	(804)	(225)	(64,000)
Additions to long-term assets	11,264	3,510	289	15,063
	(13,672)	(194)	(213)	(14,079)

The figures in brackets refer to the prior-year values for 2008. Regional break-down shows the sales revenues on the basis of customer's locations. Assets of R. STAHL group are assigned according to the location of the respective subsidiary that carries this asset in the balance sheet. Pursuant to IFRS 8.33 the assets comprise all long-term group assets with the exception of the financial instruments and the deferred tax assets.

Segment assets equate the total assets less deferred tax assets and income tax claims. Segment liabilities equate the total liabilities less deferred tax liabilities, income tax payables and provisions for taxation.

In the year under review and in the year before we did not realize sales revenues amounting to more than 10% of the total sales revenue with an individual external customer.

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	**2009**	**2008**
Financial statement audits	202	207
Other certification and valuation services	0	0
Tax consultancy services	0	0
Other services	27	128
	229	**335**

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

Other important events subsequent to the balance sheet date did not occur.

Waldenburg, 29 March 2010

R. STAHL Aktiengesellschaft
Executive 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 income statement, group total annual result, balance sheet, cash flow and equity statement and notes, as well as the consolidated management report for the fiscal year from 1 January to 31 December 2009. 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, 30 March 2010

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, 29 March 2010

R. STAHL Aktiengesellschaft

Martin Schomaker	Dr. Peter Völker
Chief Executive Officer	*Managing Board Member*

Disclosure of equity investments as of 31 December 2009

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, Dusseldorf	F; c	0.00
Supera Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Künzelsau KG, Dusseldorf	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
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 (Hongkong) Co., Limited, Hongkong (China)	F; c	100.00
R. STAHL Ex-Proof (Shanghai) Co. Ltd., Shanghai (China)	F; c	100.00
Tranberg Systems AS, Vejle (Denmark)	I; n.c.	48.00
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
R. STAHL Engineering & Manufacturing SDN.BHD., Selangor (Malaysia)	F; c	87.00
Electromach B.V., Hengelo (The Netherlands)	F; c	100.00
E.M. STAHL B.V., Hengelo (The Netherlands)	I; n.c.	100.00
R. STAHL Norge AS, Oslo (Norway)	F; c	100.00
STAHL-Syberg AS, Oslo (Norway)	F; c	100.00
Tranberg AS, Stavanger (Norway)	F; c	100.00
OOO R. STAHL, Moscow (Russian Federation)	F; c	60.00
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 2009

in € 000	2009	2008
1. Sales revenue	**13,585**	**12,127**
2. Other own work capitalised	11	97
3. Other operating income	2,484	1,982
	16,080	**14,206**
4. Cost of materials		
Cost of raw materials, consumables and supplies and for purchased goods	**15**	**11**
5. Personnel costs		
a) Wages and salaries	5,886	6,186
b) Social insurance contributions and pension	2,164	2,030
	8,050	**8,216**
6. Depreciation, amortization and impairment of intangible non-current assets and tangible fixed assets	2,532	2,062
7. Other operating expense	6,396	8,636
	-913	**-4,719**
8. Investment income	5,117	4,684
9. Income from profit/loss transfer agreements	130	11,492
10. Other interest and similar income	203	567
11. Depreciation on financial assets and current-asset securities	1,044	2,207
12. Interest and similar expense	552	478
	3,854	**14,058**
13. Income/expense from ordinary business activity	**2,941**	**9,339**
14. Taxes on income	692	1,567
15. Other taxes	80	24
16. Net profit for the year	**2,169**	**7,748**
17. Profit carry-forward	35,274	32,641
18. Withdrawal from reserve for treasury shares	91	217
19. Balance sheet profit	**37,534**	**40,606**

Balance sheet

as of 31 December

in € 000	2009	2008
ASSETS		
A. Non-current assets		
I. Intangible assets		
1. Industrial property and similar rights	4,086	4,350
2. Prepayments made	20	19
	4,106	**4,369**
II. Tangible fixed assets		
1. Properties and buildings, including buildings on third-party properties	6,162	5,267
2. Technical equipment and machinery	41	47
3. Other plants as well as operating and office equipment	356	485
4. Prepayments made	4	293
	6,563	**6,092**
III. Financial assets		
1. Equity interests in affiliated companies	51,754	40,416
2. Equity investments	36	74
3. Loans to companies in which equity interests are held	4,207	3,741
	55,997	**44,231**
B. Current assets		
I. Receivables and other assets		
1. Trade receivables	0	34
2. Receivables from affiliated companies	7,877	11,445
3. Other assets	2,411	2,570
	10,288	**14,049**
II. Securities		
1. Treasury shares	5,288	5,380
2. Other securities	29	12
	5,317	**5,392**
III. Liquid assets	**2,040**	**16,596**
C. Prepaid expenses and deferred income	**159**	**166**
	84,470	**90,895**

in € 000	2009	2008
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	5,288	5,379
2. Other profit reserves	1,679	1,679
IV. Balance sheet profit	**37,534**	**40,606**
	66,084	**69,247**
B. Provisions		
1. Pension profits	11,410	11,477
2. Tax provisions	1,219	1,567
3. Other provisions	1,858	3,098
	14,487	**16,142**
C. Liabilities		
1. Liabilities to banks	0	79
2. Trade liabilities	340	1,517
3. Liabilities to affiliated companies	3,291	2,754
4. Liabilities to companies in which equity interests are held	10	10
5. Other liabilities	258	1,146
	3,899	**5,506**
	84,470	**90,895**

Locations and addresses of R. STAHL Technologies

Europe

Germany

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Financial calendar 2010

Financial press conference in Stuttgart, Germany	**23 April 2010**
DVFA analyst conference in Frankfurt, Germany	**23 April 2010**
Interim report as of 31 March 2010	**19 May 2010**
Annual General Meeting in Neuenstein, Germany	**18 June 2010**
Interim report as of 30 June 2010	**9 August 2010**
Interim report as of 30 September 2010	**8 November 2010**

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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.

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Key figures

in € 000	2009	2008	2007	2006	2005
Sales revenue	202,595	221,150	211,616	167,056	150,154
Germany	52,682	57,991	59,020	59,280	47,109
Central excl. Germany	94,910	111,249	105,050	80,825[2]	78,365[2]
Americas	22,605	18,088	14,368	10,793	9,498
Asia/Pacific	32,398	33,822	33,178	16,158[2]	15,182[2]
Foreign share in %	74	74	72	65	69
Order intake	208,101	223,589	220,078	172,139	153,845
Germany	50,463	63,156	59,856	60,423	48,072
Central excl. Germany	99,421	108,435	112,852	82,897[2]	79,798[2]
Americas	24,182	19,210	14,917	11,455	9,931
Asia/Pacific	34,035	32,788	32,453	17,364[2]	16,044[2]
Order backlog	42,584	39,035	38,480	29,999	17,204
EBIT	12,585	21,479	26,934	18,500	9,300
EBT	8,890	18,475	24,604	16,503	5,080
Year's net profit	5,590	12,612	16,182	12,853	32,592
Earnings per share in € (total)	0.90	2.03	2.65	2.13	5.43
Total dividend	2,369[1]	5,331	6,516	5,331	4,739
Dividend per share in €	0.40[1]	0.90	1.10	0.90	0.80
Capex on tangible and intangible assets	12,515	14,080	13,887	8,941	5,145
Depreciation & amortisation on tangible and intangible assets	9,140	8,993	8,794	6,913	7,395
EBIT margin (in % of sales)	6.2	9.7	12.7	11.1	6.2
EBT margin (in % of sales)	4.4	8.4	11.6	9.9	3.4
Sales per employee	145	168	173	140	137
Employees, yearly average (without apprentices)	1,397	1,320	1,222	1,194	1,096
Employees (as of 31 Dec. without apprentices)	1,404	1,369	1,274	1,210	1,106

[1] *proposal to the Annual General Meeting*

[2] *before adjustment of sales-structure*

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