Annual Report 2013

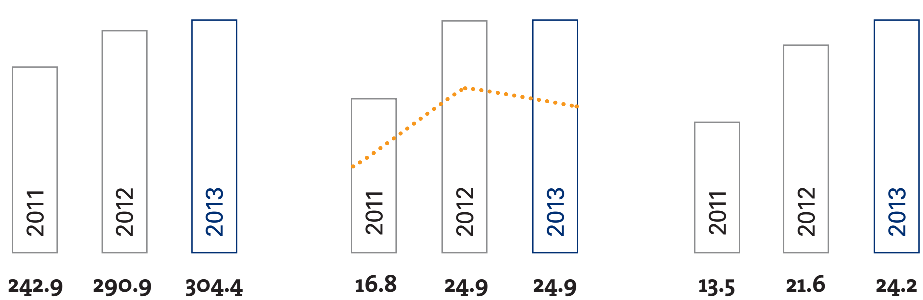
SAFETY.
OUR BUSINESS

STAHL

SALES BY INDUSTRY
2013

38%		Oil & Gas
30%		Chemical Industry
14%		Pharmaceutical Industry
10%		Shipbuilding
8%		Other

- Record investments: we’re expanding capacity around the world to meet demand.
- Growth course continued – we raised revenue by 4.6%.
- Stable earnings at prior-year level.
- We expect further revenue growth in 2014. The development of earnings in 2014 will still be slowed by our investment programme.



REVENUE (EUR million) EARNINGS CAPEX (EUR million)

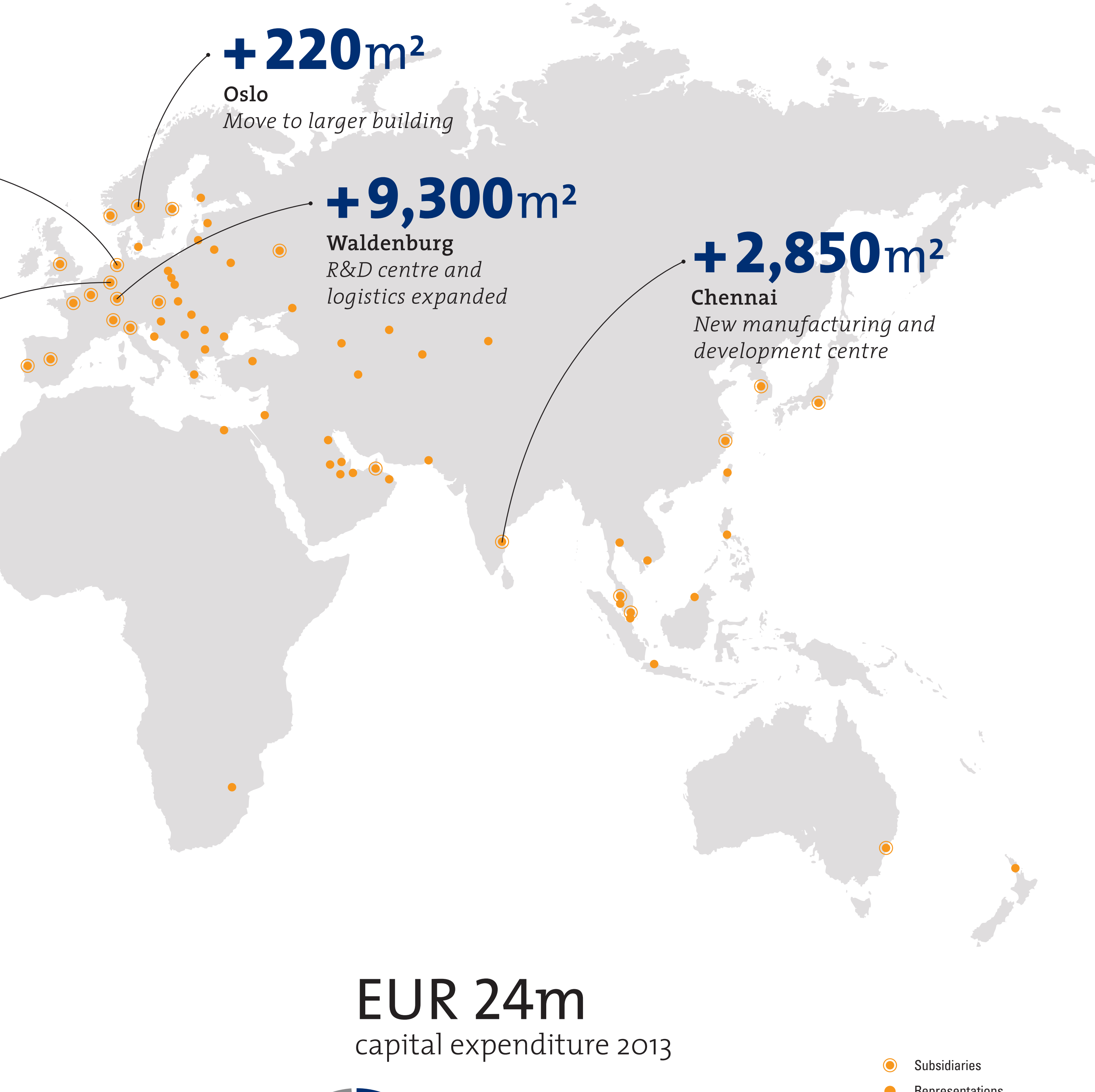
EBIT margin (%)
EBIT (EUR million)

As a leading supplier, R. STAHL guarantees absolute reliability and quality when it comes to safety and explosion protection. Our international organization offers system solutions and products around the world with the same high objective: performance excellence for **satisfied customers.**

CONTENTS

INTERNATIONAL GROWTH

2013 was dominated by international expansion activities for R. STAHL: we initiated numerous construction projects – with the aim of expanding our production capacity, raising the efficiency of our manufacturing facilities and securing our technological lead.



EUR 24m
capital expenditure 2013

BREAKDOWN OF CAPITAL EXPENDITURE

38%	Securing technological lead
12%	Growing market share
10%	Expanding systems business
10%	Raising efficiency
30%	Maintenance

Dear shareholders,

We continued to drive our company's growth in fiscal year 2013. Despite a challenging economic environment in certain regions, we almost achieved our revenue forecast and even surpassed our earnings target. Compared to the previous year, we increased our order intake by 2.4% to EUR 304.1 million. Bolstered by a major project pipeline in the previous year and selective price increases implemented during the reporting period, we were able to raise revenues by 4.6% to EUR 304.4 million. In 2013, we continued to drive the optimization of our internal processes around the world. Our efficiency drive was curbed, however, by change measures implemented by individual subsidiaries as well as by currency effects. The announcement of the US Federal Reserve to change its monetary policy led to instability on the currency markets and sparked economic problems in several emerging nations. The strong depreciation of certain currencies also impacted our business. Our earnings before interest and taxes (EBIT) remained unchanged from the previous year at EUR 24.9 million.

The R. STAHL team worked hard to achieve our targets and was tireless in its efforts to develop, cost, market and design our products and services – in order to turn new market projects into orders for R. STAHL. Our production teams also displayed great commitment in processing the resulting projects reliably and efficiently. We recorded success with both major project orders and complex systems solutions, as well as with our high-quality standard products. Our sales staff visited customers in Norway, Dubai, Canada and Australia as well as in Bolivia, Korea, India and Kazakhstan. We introduced measures to increase the speed of delivery for our standard products. At the same time, we were increasingly able to serve our international customers locally, ensuring faster response times. Our customers around the world are demanding shorter delivery times and greater flexibility. In addition to our production processes, we have therefore also optimized the interface between engineering and sales, guaranteeing smoother processes through our Customer Service Centers. In the field of system solutions, we are the global market leader in explosion protection. By combining our products with third-party components, engineering and consulting services, as well as certifications according to international and local standards, we can offer our customers a significant added value. We constantly strive to secure our technological edge and offer our customers solutions tailored to their specific needs.

»2013 was a year of expansion – we increased capacity so that we can respond faster and better to customer requests.«

Our expansion projects were a major topic in 2013. We expanded our international manufacturing network and production capacities in order to handle the increasing order volume. In the Netherlands, we made targeted investments in our systems business – and thus in the excellent engineering skills and many years of expertise of our experts there. We relocated our facilities in Houston and Oslo to larger premises in order to process the numerous customer requests for high-quality explosion protection. In Chennai, we expanded our production facility to ensure a more targeted response to country-specific customer requests. With 5,800m² of floor space, our Indian subsidiary manufactures for both the Asian and international markets. Our customers demand the highest standards of quality and reliability around the world, as our products and systems are critical for the safety of their facilities and staff. We take this responsibility very seriously and therefore guarantee uniform quality standards worldwide.

In 2013, we worked hard in the field of basic research and the development of new products. We modified our structures and placed a stronger focus on research and development activities. To give our experts more space for new ideas, we are currently expanding our main base in Waldenburg with the addition of a development centre. In November 2013, our Vice President Technology, Prof. Dr. Thorsten Arnhold, was elected Chairman of the international standards committee IECEx. We regard the appointment as confirmation of our expertise and quality orientation. Strong demand for our innovative operating and monitoring systems underlines our technological orientation. In 2013, we already took the first steps to expand our subsidiaries in Cologne, R. STAHL HMI Systems GmbH and R. STAHL Camera Systems GmbH. At their new location, our HMI and camera specialists will continue their successful course with the development of new products and technological innovations.

Which course will R. STAHL take in the years ahead? We have put both speed and efficiency on our agenda. In order to generate further growth, we are carefully studying the wishes of our customers. Driven by our desire to offer the best customer service in our industry, we will continue to work relentlessly on the reduction of delivery times. In addition to improving and accelerating internal processes, this also involves stocking highly popular standard products at our European Distribution Center. We aim to generate additional growth and revenues with products and system solutions tailored to the specific requirements of our customers. This growth is to be achieved efficiently and with the inclusion of all regions in which R. STAHL operates. Our investments in the expansion of facilities with a high degree of specialization and in growth markets will enhance our operational excellence and enable us to tap opportunities around the world. With the aid of globally introduced systems, our international teams collaborate successfully on major projects to provide our customers with globally networked solutions from a single source. In order to organize our work more efficiently, we have optimized interfaces, accelerated production steps and made our processes more transparent.

We are full of confidence for the future: in the emerging markets of Southeast Asia, the economy is growing steadily stronger. Business in the Middle East has still not peaked and we see further potential in the American market. Our large installed base in Germany and Europe provides an excellent basis for maintenance and repeat orders, offering a solid foundation for our business. We expect single-digit revenue growth in our fiscal year 2014. Although the sovereign debt crisis in Europe has largely been overcome and there are numerous projects in Asia and America for us to bid for, growth is being held back in certain regions by the ongoing economic instability and political uncertainty.

The strong performance of our share underlines the trust which shareholders have placed in our business model and decisions. The capital market has recognized our potential and knows that we will continue to pursue our objective of sustainable growth. In 2013, we had the opportunity to explain our development and future plans in a constant dialogue with our investors. We also received valuable input from our shareholders and would like to take this opportunity to thank them. For years now, we have been offering our shareholders an attractive dividend amounting to 40–50% of our net profit for the year. Together with the Supervisory Board, we will propose a dividend per share of EUR 1.00 at the Annual General Meeting on 23 May 2014.

Without the dedication and numerous ideas of our employees and executives worldwide, it would not have been possible to achieve growth of almost 5% in the challenging environment we faced in 2013. We would therefore like to express our sincere gratitude. We would also like to thank our customers and business partners for the cooperation we enjoyed throughout the year. Moreover, we thank the members of our Supervisory Board for their constructive criticism and expert advice as well as you, dear shareholders, for the trust you placed in us.

With best regards

M. Schomaker

Martin Schomaker
Chief Executive Officer

Bernd Marx
Chief Financial Officer

»We put speed and efficiency on the agenda.«

F. L. T. R.: C. HERMANOWSKI, B. MARX, M. SCHOMAKER, K. JÄGER, J. PEAURT

TARGETS 2014

- We want to achieve further growth and strengthen our market position!
- We aim to reduce lead times and respond faster to enquiries – an added value for our customers.
- We will continue our global expansion programme and create more capacity at our manufacturing facilities.
- We will secure our technological lead by investing in basic research and a new development centre.

Martin Schomaker
joined R. STAHL in 1991 after holding various positions in IT and accounts. He held several management positions before being appointed to the Executive Board in 1995 and becoming Chief Executive Officer in 2002.

Bernd Marx
joined R. STAHL in 2004 and was appointed Chief Financial Officer in 2013. He has extensive commercial and financial expertise, as well as experience in operational management and the M&A business.

Klaus Jäger
Head of Human Resources. He has been with R. STAHL since 1 February 2006 and is an acclaimed expert on all HR issues.

Jonathan Peaurt
R. STAHL's Head of Sales and Marketing can look back on more than 30 years of sales experience, including a spell as Managing Director of our UK subsidiary.

Clife Hermanowski
Head of Production and Technology at R. STAHL. He has been working in explosion protection for over 30 years and has international experience from working abroad in Asia.

Ladies and Gentlemen,

Financial year 2013 was dominated by our expansion projects around the world. The company once again succeeded in increasing sales during the reporting period. We believe that the motivation of our employees is one of the main guarantees for the Group's steady growth. They placed their skills and experience in the service of the company and contributed strongly to the positive development of the R. STAHL Group. The Executive Board successfully steered the company along the growth course it has charted. Meanwhile, the Supervisory Board was always at its side to offer advice.

Supervisory Board procedures

Throughout the reporting period, the Supervisory Board performed with great diligence the duties assigned to it by law, the Articles of Association and its own rules of procedure. For the success of the R. STAHL Group, trusting cooperation between the Supervisory Board and Executive Board is essential. The Executive Board maintains a constant dialogue with the Supervisory Board and informs it on all significant company events. It monitors the work of the Executive Board on the basis of regular oral and written reports and accompanies it in an advisory capacity. The members of the Supervisory Board were informed at least once a month about the Group's key performance indicators (KPIs). Furthermore, the Chairman of the Supervisory Board was in contact with the Executive Board on a weekly basis – more frequently if necessary – to exchange information. The Supervisory Board and Executive Board discussed important decisions about the development of the Group and dealt in detail with key strategic questions. The Executive Board also explained those exceptional events that were of particular importance for the Group. Insofar as decisions of the Executive Board required the approval of the Supervisory Board, these issues were dealt with accordingly.

Those recommendations of the German Corporate Governance Code which we regard as applicable have all been implemented. Any deviations are explained in our Declaration of Compliance, which is published in this Annual Report on page 16 and in its latest version on our website in the Investor Relations section. Our Corporate Governance Statement, issued jointly with the Executive Board, is also available on the R. STAHL website.

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

The Supervisory Board met six times in 2013. All members were present at each meeting – including those of the committees – except for the excused absence of one member for health reasons on one occasion.

Focus areas of the Supervisory Board meetings

Five of the six Supervisory Board meetings are held on a regular basis every year and each has its specific focus topics. In addition, a constituent meeting was held.

The current operational situation of the company is always discussed intensively at the plenary meetings. Investment projects as well as major projects are submitted to the Supervisory Board. The Executive Board explains any deviations from the target figures in detail. Possibilities for the further development of the Group are a further regular subject of detailed discussion.

At the February meeting, the Supervisory Board deals with the preliminary financial statements for the past year as well as the company's risk management system before deciding on its approval of the annual financial statements at the following meeting in April. In addition, the members of the Supervisory Board prepare for the Annual General Meeting. The main focus of the May meeting is an in-depth analysis of business development, which also plays an important role at the September meeting. In addition, discussions focus on the Group's future strategic direction. At the final meeting of the year in December, the Executive Board submits its planning for the coming year and gives an outlook of the company's medium-term development. The Supervisory Board reviews the planning documents and assists the Board in an advisory capacity.

Work of the committees

The Audit Committee comprises the Chair, Mrs Waltraud Hertreiter and the Deputy Chair, Mr Peter Leischner, as well as Mr Heinz Grund and Mr Hans-Volker Stahl. The Committee held three meetings in the reporting period. The independence and specialist expertise of its members is regularly examined. In accordance with the rules of procedure, the Audit Committee is mandated and authorized to deal in particular with matters such as accounting, risk management and compliance, the necessary independence of the auditors, the issuing of the audit mandate to the auditors, the determination of audit focal points and the fee agreement. It prepares the corresponding decisions of the Supervisory Board and makes recommendations for resolutions.

The members of the Administration Committee are Mr Hans-Volker Stahl (Chair), Mrs Heike Dannenbauer (Deputy Chair), Mr Klaus Erker and Mr Rudolf Meier. In accordance with the rules of procedure, the Administration Committee prepares the compensation decisions of the full Supervisory Board as well as proposals for the respective total remuneration of the Executive Board members. Furthermore, the Administration Committee is mandated and authorized to regulate the service contracts with members of the Executive Board on behalf of the Supervisory Board, taking into account the respective decisions taken by the Supervisory Board.

The Supervisory Board was regularly informed about the work of the committees.

Auditing of the annual financial statements and consolidated financial statements

As in the previous year, the annual financial statements of the parent company R. STAHL AG were prepared in accordance with the regulations of the German Commercial Code (HGB), while the consolidated financial statements of R. STAHL AG were prepared according to International Financial Reporting Standards (IFRS). The proposal for the election of the auditors was based on the recommendation of the Audit Committee. It had issued the audit mandate to the auditing firm Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Germany, based on the resolution of the Annual General Meeting 2013. In accordance with the rules of Section 319a HGB, a different auditor took over audit responsibility beginning with the annual financial statements for 2013. After auditing the annual financial statements and management report of R. STAHL AG as well as the consolidated financial statements and the consolidated management report, the chief auditor certified each without qualification.

The chief auditor confirmed that the consolidated financial statements comply with IFRS as mandated for EU companies and the supplementary provisions applicable under commercial law as set forth in Article 315a (1) HGB. The annual financial statements, the consolidated financial statements and the management reports were presented to all members of the Supervisory Board.

The Audit Committee discussed the financial statements and audit reports in great detail with the auditors. At its balance sheet meeting, the Supervisory Board subsequently dealt with all issues relating to the audit of the financial statements. The Audit Committee reported to all members of the Supervisory Board on its findings. The chief auditor was present during the meeting and was on hand to discuss any issues with the Supervisory Board. The Supervisory Board concurred with the audit findings and raised no objections to the annual and consolidated financial statements and the management reports. It approved 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.

The Supervisory Board dealt in detail with the dividend proposal of the Executive Board. After careful consideration and discussion, the proposal was approved.

HANS-VOLKER STAHL
Chairman of the Supervisory Board

Executive bodies

Prior to the scheduled election of all Supervisory Board members held in 2013, Mr Josef Kurth informed the Supervisory Board that he would no longer be standing for re-election. We would like to take this opportunity to thank him once again for his commitment and contribution to the company's positive development. The Annual General Meeting 2013 elected Mr Heiko Stallbörger as a new member of the Supervisory Board and re-elected the existing shareholder representatives on the Supervisory Board. Among the worker representatives, Mrs Monika Weidmann and Mr Christoph Carle left the Supervisory Board. We would also like to thank them for their constructive contributions to the Supervisory Board's work. They were succeeded by the Works Council Chair, Mr Klaus Erker, and Mr Nikolaus Simeonidis (both of R. STAHL Schaltgeräte GmbH). The members of the Supervisory Board participated in expert panel discussions and seminars on the rights and obligations of the Executive Board and the Supervisory Board and thus met the requirements regarding continuous training. Of particular note was the certification of Mr Heiko Stallbörger as a qualified supervisory board, as issued by Deutsche Börse.

The Executive Board of R. STAHL AG consists of two members. The long-serving Chief Executive Officer, Martin Schomaker, is responsible for Sales/Marketing, Technology/Production, Quality Management, Product Management and Human Resources. Mr Bernd Marx has been Chief Financial Officer since 1 January 2013. In addition to the Finance division, he is also responsible for IT, Legal and Compliance, Investor Relations and M&A.

The Supervisory Board would also like to thank the company's shareholders for their trust and all employees and the Executive Board for their commitment over the past year.

Hans-Volker Stahl
Chairman of the Supervisory Board

R. STAHL SHARE

RECORD RALLY ON THE GERMAN STOCK EXCHANGE – SHARE INDICES AT AN ALL-TIME HIGH

Following an excellent stock market year in 2012, share prices once again exceeded all expectations in 2013. Despite the uncertainties surrounding political risks and the further development of the sovereign debt crisis in the Euro zone, the DAX grew by 25.5% over the year to reach a year-high of nearly 9,600 points on 27 December and closed on 30 December at 9,552. The SDAX performed even better with growth of 29.3% to 6,789 points. In addition to the expansionary monetary policy pursued by central banks, share prices were boosted by the recovery of Europe's crisis states and the price falls of key commodities, such as gold.

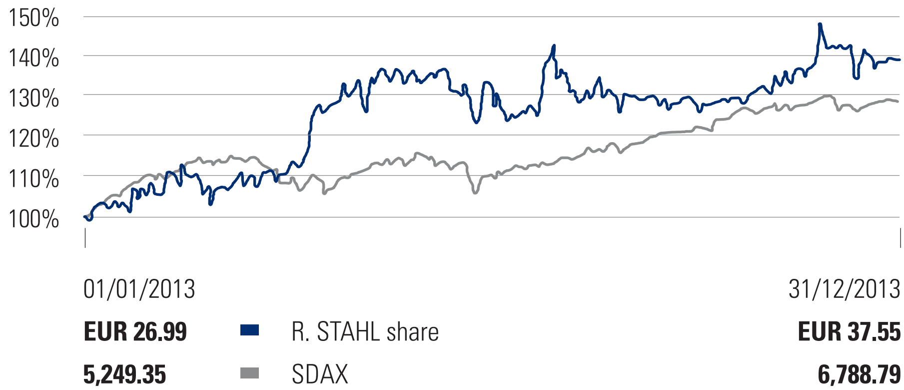
After starting the year at EUR 26.99, falling to a year-low of EUR 26.75 on 2 January and continuing with a rather modest performance in the first three months, the R. STAHL share rapidly gained momentum in the second quarter of 2013 – triggered by the publication of very good annual results for 2012. The share reached its year-high of EUR 39.91 on 27 November. On the last trading day, the share closed at EUR 37.55 – surpassing its year-end 2012 price by 39.1%. The R. STAHL share thus performed significantly better than the benchmark SDAX index.

MAINTAINING OUR DIALOGUE WITH THE CAPITAL MARKET

We aim to achieve the central objective of our Investor Relations activities – presenting the R. STAHL Group to the capital market in an authentic manner and thus enabling an adequate valuation of the company – with the aid of our open and timely communication with analysts and investors.

In 2013, we once again participated in various capital market conferences and held national and international roadshows, where we experienced strong interest from analysts and investors. We were able to satisfy their growing need for information with numerous presentations and individual discussions. Factory tours at our headquarters in Waldenburg gave investors an insight into our production processes and helped them understand our business model more fully. We also published press releases and financial reports, which were made available to all interested parties in the Investor Relations section of our website (www.stahl.de) together with other information about the R. STAHL share. In addition to regular written information, we also introduced conference calls on the annual and quarterly financial statements in 2013. The Executive Board of R. STAHL uses this opportunity to present the market situation and development of business, as well as to answer questions from analysts and investors – a service that is becoming increasingly popular.

Price development of R. STAHL share[1)]



Key figures of R. STAHL share (all stock exchanges) [1)]

EUR	2013	2012
Earnings per share	2.59	2.43
Equity per share	15.52	14.50
Dividend per share	1.00[2)]	1.00
P/E ratio	15.45	11.11
Dividend yield at year-end price (%)	2.7[2)]	3.7
Number of shares (thousands)	6,440	6,440
Market capitalization on 31 December (EUR million)	241,82	173,82
Free float (%)	41	41
Daily trading volume (average number of shares)	4,238	2,674
Year-low (2 January 2013)	26.75	22.15
Year-high (27 November 2013)	39.91	28.94
Year-end price	37.55	26.99

Security ID	A1PHBB
ISIN	DE000A1PHBB5
Stock market ID	RSL2 (Bloomberg), RSL2.DE (Reuters)
Trading segment	Regulated market/Prime Standard
Indices	CDAX, Classic All Share, DAXPLUS FAMILY, DAXsector All Industrial, DAXsector Industrial, DAXsubsector All Industrial Machinery, DAXsubsector Industrial Machinery, Prime All Share
Stock markets	XETRA, Frankfurt, Stuttgart, Düsseldorf, Munich, Berlin-Bremen, Hamburg

[1)] All share prices are the respective closing prices. [2)] proposal to the Annual General Meeting

CORPORATE GOVERNANCE

SUPERVISORY BOARD AND EXECUTIVE BOARD PROCEDURES

Executive Board

The Executive Board consists of the Chief Executive Officer, Martin Schomaker, and the Chief Financial Officer, Bernd Marx. As of 31 December 2013, Mr Schomaker held 0.28% of voting capital.

In accordance with legal requirements, Executive Board compensation is disclosed in the Notes to the Consolidated Financial Statements. The figures are broken down into fixed and variable components for each Executive Board member.

R. STAHL AG does not have stock option plans or other securities-based incentive systems, neither for the Executive Board and other senior staff, 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 members – of which four are from the founding family – represent the shareholders.

R. STAHL supplies customers around the world. This international orientation is also reflected in the composition of the Supervisory Board, several of whose members have international experience. As there are two female members, the quota of women on the Supervisory Board is 22.22% at present. There are no conflicts of interests among the current members of the Supervisory Board. Before new members are recommended for the Supervisory Board, great care is taken to ensure that they too are not exposed to any conflicts of interests.

In order to optimize the performance of its duties, the Supervisory Board has formed two standing committees whose members have the requisite skills and expertise: the Audit Committee and the Administration Committee.

At the end of fiscal year 2013, the members of the Supervisory Board held 6.35% of the voting capital. The Remuneration Report presents the fixed and performance-based compensation for each member of the Supervisory Board.

ANNUAL GENERAL MEETING

Each common share of R. STAHL AG carries one vote. Shareholders who are recorded in the share register and who have notified the company of their attendance pursuant to the conditions set forth in law and in the company's Articles of Association may participate in the Annual General Meeting.

The 20th Annual General Meeting 2013 was held in the town hall of Neuenstein on 17 May 2013. 65.61% of voting capital was represented and all nine agenda items were adopted with clear majorities. The detailed results are published on our website.

ACCOUNTING AND AUDITORS

The consolidated financial statements of R. STAHL AG as at 31 December 2013 were prepared in accordance with International Financial Reporting Standards (IFRS), while the annual financial statements of R. STAHL AG for fiscal year 2013 were prepared according to the accounting regulations set forth in the German Commercial Code (HGB).

The Annual General Meeting of 17 May 2013 appointed Ebner Stolz GmbH & Co. KG Wirtschafsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, as auditors for the fiscal year ending 31 December 2013.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE (VERSION DATED 13 MAY 2013)

Waldenburg, February 2014

The Executive Board and Supervisory Board of R. STAHL AG, Waldenburg, declare compliance with the German Corporate Governance Code (GCGC) as amended on 13 May 2013 and will continue to comply with it in the coming fiscal year, albeit with the following exceptions:

3.8 Paragraph 2, Sentence 2

A […] deductible [of at least 10% of the loss up to at least the amount of one and a half times the fixed annual compensation] shall be agreed upon in any D&O policy for the Supervisory Board.

D&O insurance for the members of the Supervisory Board provides for a deductible in the form of a fixed amount. A difference in treatment between the Executive Board and the Supervisory Board in regard to the amount of deductibles is objectively justified from the company's perspective due to the differing functions. The legislature has accepted such a differentiation, as it has not provided similar rules for members of the Supervisory Board as those regarding deductibles for members of the Executive Board.

4.1.5

When filling managerial positions in the enterprise the Management Board shall take diversity into consideration and, in particular, aim for an appropriate consideration of women.

When filling executive positions, R. STAHL focuses on the qualifications, professional expertise and experience of the respective employees.

4.2.2 Paragraph 2, Sentence 3

The Supervisory Board shall consider the relationship between the compensation of the Management Board and that of senior management and the staff overall, particularly in terms of its development over time. The Supervisory Board shall determine how senior managers and the relevant staff are to be differentiated.

With the introduction of the German Management Board Compensation Act in 2009, the Supervisory Board already considered aspects of vertical comparability when examining the appropriateness of Executive Board remuneration and will continue to do so when reviewing future compensation decisions in the spirit of this new recommendation. However, the Supervisory Board does not believe this recommendation gives cause to alter existing service contracts or to reach an agreement on such a contract amendment. In addition to its obligations regarding Executive Board remuneration arising from Section 87 (1) of the German Stock Corporation Act (AktG), the Supervisory Board will naturally continue to observe the recommendation in 4.2.2. (1) Sentence 2 (last half-sentence) to regularly review the Executive Board compensation system.

4.2.3 Paragraph 2, Sentence 4

The amount of compensation shall be capped, both overall and for individual compensation components.

The fixed remuneration of Executive Board members is by definition limited in its amount. The performance-based bonus is capped at a percentage of the fixed remuneration amount. Despite the necessary calculation of percent into euros, we believe this percentage limit is comparable to a monetary cap. Moreover, the scope of benefits based on the non-cash compensation elements detailed in the remuneration report is contractually agreed, as are the rights and contributions of the pension plan. The Supervisory Board sees no reason to also agree caps for these compensation components with members of the Executive Board.

4.2.3 Paragraph 3

For pension schemes, the Supervisory Board shall establish the level of provision aimed for in each case – also considering the length of time for which the individual has been a Management Board member – and take into account the resulting annual and long-term expense for the company.

In the case of defined contribution plans for individual members of the Executive Board, there is no "level of provision aimed for" as only the contribution amount is guaranteed and not the amount of later performance when benefits become due.

4.2.5 Paragraph 3

In addition, for financial years starting after 31 December 2013, and for each Management Board member, the compensation report shall present:

- *the benefits granted for the year under review including the fringe benefits, and including the maximum and minimum achievable compensation for variable compensation components;*
- *the allocation of fixed compensation, short-term variable compensation and long-term variable compensation in/for the year under review, broken down into the relevant reference years;*
- *for pension provisions and other benefits, the service cost in/for the year under review.*

The model tables provided in the appendix shall be used to present this information.

Insofar as those elements of the Executive Board remuneration system mentioned here in the Code are agreed in the service contract and are thus already present, they are presented both in tables and in the text of the company's remuneration report. The payment amounts – including past payments – are stated. Similarly, the components of the respective pension plans, including the provision amounts and additions during the reporting year, are described as are the personnel and interest expenses with the respective amounts.

The Executive Board remuneration system consists of only a few, easily traceable elements. The Management Board and Supervisory Board therefore believe that the model tables attached to the Code are not a suitable means of presenting the remuneration system in a simpler, more understandable and transparent manner. The company will therefore maintain the proven format of its remuneration report and not use the recommended model tables, also for fiscal years beginning after 31 December 2013.

5.1.2 Paragraph 2, Sentence 3

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

An age limit for members of the Executive Board was not and is not specified. When filling executive positions, R. STAHL focuses on the qualifications, professional expertise and experience of the respective Executive Board members.

5.3.3

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

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

5.4.1 Paragraph 2

The Supervisory Board shall specify concrete objectives regarding its composition which […] take into account […] an age limit to be specified for the members of the Supervisory Board […]. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation.

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

The Supervisory Board has not set quota targets regarding the proportional representation of women. Women already account for one third of the shareholder representatives.

5.4.3 Sentence 3

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

Election of the chairman of the Supervisory Board is the responsibility of the Supervisory Board itself as it is in the best position to assess the suitability of the candidates. Especially against this background, the company believes that prior announcement of the candidates for the Supervisory Board chair is not appropriate.

5.4.6 Paragraph 2, Sentence 2

If members of the Supervisory Board are promised performance-related compensation, it shall be oriented toward sustainable growth of the enterprise.

The current variable remuneration, last amended by the Annual General Meeting on 27 June 2008, is based on the amount of the dividend paid as far as it exceeds 20% of the capital stock per share. It is limited to twice the amount of the fixed annual remuneration. Thus the effective variable remuneration does not meet with the criterion "sustainability" in the sense of this recommendation. With regard to aligning variable remuneration with shareholder interests, however, the Supervisory Board believes that variable remuneration in its present form is still adequate.

6.3

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

Shareholdings of individual members of the executive bodies in excess of 1% of the company's outstanding shares issued was not and is not disclosed.

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

7.1.2 Sentence 4

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

Our annual financial statements for fiscal year 2012 were published before the statutory deadline. Key data on the past fiscal year were made publicly accessible substantially earlier – at the beginning of March 2013. We will proceed similarly in the case of our annual financial statements for fiscal year 2013.

First key data concerning the completed quarters are normally already published four weeks after the end of the period under review – should they differ essentially from market expectations.

7.1.4 Sentence 3

[The list of third party companies] … shall include: name and headquarters of the comł pany, the amount of the shareholding, the amount of equity and the operating result of the past financial year.

Our list of third party companies stated and states the respective names, headquarters, shareholdings and amount of equity in the last fiscal year.

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

INVESTING IN OUR FUTURE

R. STAHL already is the world's leading supplier of electronic products and systems for explosion protection with subsidiaries in 24 countries and 1,853 employees. We aim to build on this position and are investing around the world in our future growth.

EUR 24m
capital expenditure 2013

BREAKDOWN OF CAPITAL EXPENDITURE

- 38% Securing technological lead
- 12% Growing market share
- 10% Expanding systems business
- 10% Raising efficiency
- 30% Maintenance

EXPANDING OUR SYSTEMS BUSINESS

There is a growing demand for complex systems solutions. We are expanding our capacities accordingly.

R. STAHL is the No. 1 supplier on the global market for complex systems solutions – we can offer our customers extensive know-how in the field of explosion protection. As projects become increasingly complex, the demand for integrated solutions has grown strongly in recent years – in order to benefit from this trend, we have once again expanded our systems business capacities. At the Dutch site of our specialists for customized solutions in Hengelo, 60% of production is dedicated to systems solutions for our international clients.

In 2013, we built two new halls in Hengelo with around 2,350m² of production space – thus almost doubling the available capacity. Production began in the new halls in early 2014. During the construction and fitting of the two new halls, we attached great importance to sustainability and energy efficiency. With an investment of EUR 2.5 million, this construction project underlines our commitment to the systems business – the expansion of capacity at our Dutch subsidiary has laid the foundation for the further growth of R. STAHL in this field.

By combining our own and third-party products with services to create systems solutions, we can offer customers an added value – such as the complete energy supply package for potentially explosive environments we delivered for a 1,818km gas pipeline from Uzbekistan to China. We combined solar modules with control boxes and not only provided holistic engineering but also the complete documentation and certification.

SECURING OUR TECHNOLOGICAL LEAD

R. STAHL has been setting standards for 137 years – with technical innovations.

R. STAHL has a long tradition of combining cutting-edge technologies with excellent engineering skills and reliable quality – our products meet the highest technological requirements. To ensure it stays that way, our experts in the Technology division conduct basic R&D to develop tomorrow's explosion-protected products. We actively shape current standards in our industry as a member of numerous international committees and maintain partnerships with universities around the world to complement our own development efforts and expand our know-how. Our customers can rest assured that R. STAHL products and solutions reliably meet the highest safety standards while being both modern and sustainable – we invest approximately 5% of our revenues in R&D to ensure it stays this way.

October saw the beginning of construction on our new 3,790m² R&D centre, including laboratory, at the Group's main site. We aim to drive our growth with new products – focusing on the development of plastic enclosures and automation technology. Due to go into operation in late 2014, the new building will also include a training centre.

CAPTURING MARKET SHARE

IECEx standard spreading globally and enlarging R. STAHL's market volume.

For several years now, there has been a growing trend towards the certification of electrical equipment in potentially explosive environments (Ex areas) according to the standards of the IECEx system – an area in which we are the acclaimed experts. Markets which were long dominated by the American NEC standard, such as the Middle East or Canada, are now increasingly turning to IEC technology, driven above all by a desire to raise efficiency. As of 2013, the US Coast Guard now also accepts IEC certifications for mobile platforms under foreign flag – a further step for R. STAHL in its endeavours to capture new market segments in America, where previously the NEC standard alone had been decisive for explosion protection projects. With the aim of increasing our local market share, we have expanded our subsidiary in the USA: at the new manufacturing facility in south-west Houston with a production space of over 2,500m², we have created the necessary capacity to drive our expansion.

We enjoyed dynamic growth in Germany and the rest of Europe in 2013 – above all in the North Sea region. As a consequence, our Norwegian subsidiary is also expanding its capacity, making work processes more efficient and reducing lead times so we can maintain our high level of service for the attractive Norwegian market.

No. 1
in systems business,
No. 2 world-wide

OVERALL
MARKET SHARE

14% R. STAHL

EXPANDING OUR GROWTH DRIVERS

We are expanding capacities to leverage the success of individual product areas.

In recent years, the demand for explosion-protected light fittings has grown strongly – modern LED technology has led to the introduction of many new products. In order to fully exploit this increased market volume, we began expansion work on our Weimar facility in September 2013: investments of EUR 1.5 million have been earmarked for an extension to the 720m² Lighting Development Center due to open in summer 2014.

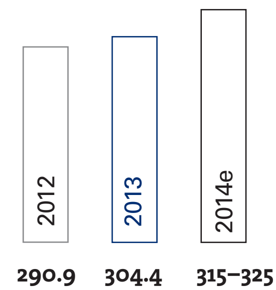
We are also benefiting from significant growth trends in the field of operator-interface systems and camera technology, as produced by our Cologne-based subsidiaries R. STAHL HMI Systems GmbH and R. STAHL Camera Systems GmbH. We therefore decided to build a joint development and production centre for these companies with the aim of exploiting the current potential: in 2013, we acquired a suitable site in an attractive industrial park in Cologne, where our new building will give staff the space to generate innovative ideas and implement specific customer requirements.

ENHANCING OUR EFFICIENCY

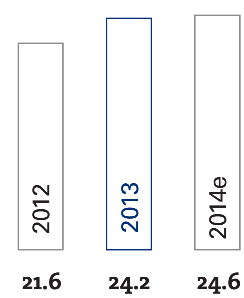
By investing in efficiency enhancements we are laying the foundation for improved profit margins.

As part of a major efficiency drive, we already began analysing production and customer service processes at our headquarters in Waldenburg in 2012 – and as a result set up a Customer Service Center to optimize the interfaces between sales and engineering.

In 2013, we extended this efficiency drive to our international subsidiaries: one major step, for example, was the construction of a new facility in India with a production space of 5,000m². Our three existing Indian factories were merged to create a single new production and development site, resulting in significant process benefits. Manufacturing at our Indian subsidiary is organized according to best-in-class lean management principles with a standardized quality system and an excellently equipped development laboratory. We therefore meet the highest international requirements and operate at the same high standard of safety in India as at all other R. STAHL manufacturing sites. The new plant has enabled us to raise local efficiency and not only expanded our production capacity but also the portfolio of products manufactured there.



REVENUE (EUR million)



CAPEX (EUR million)

+19,000
square metres

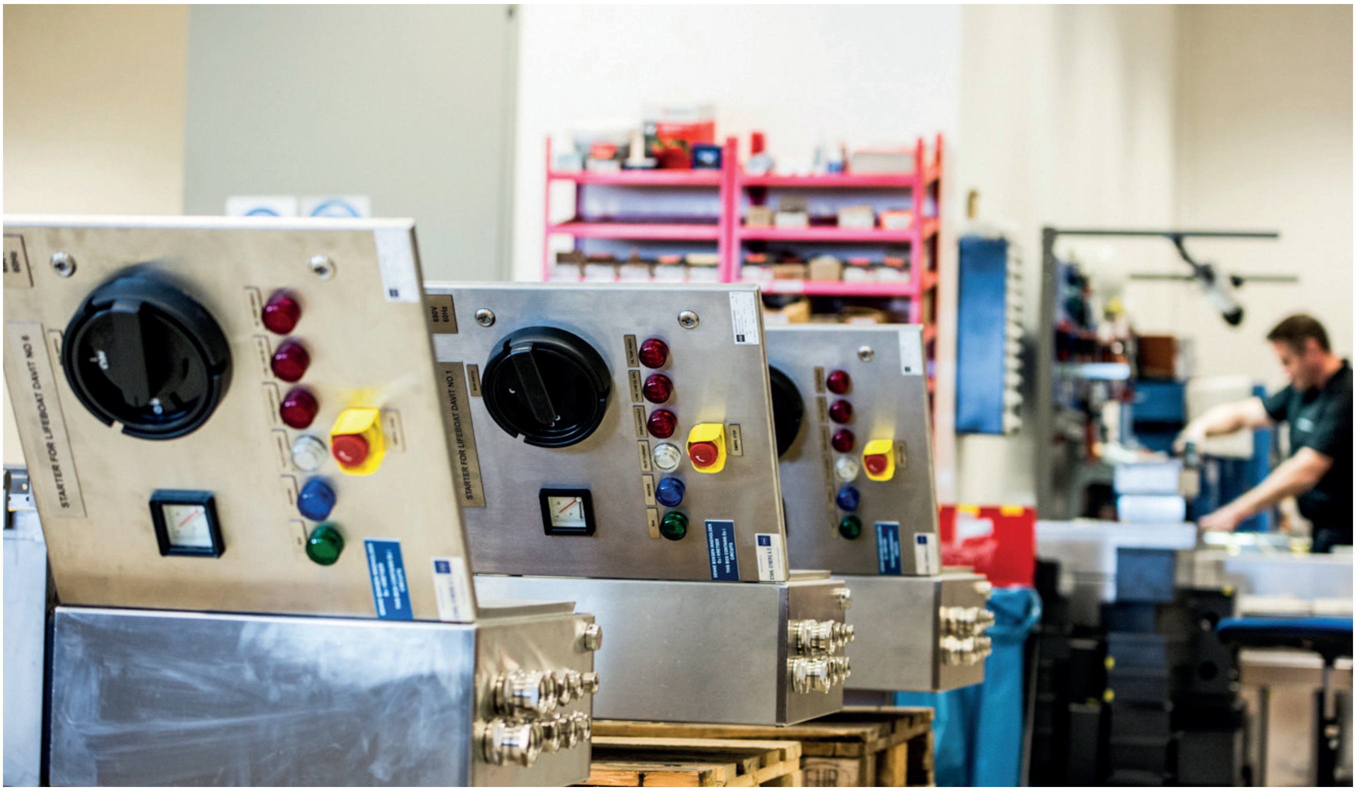
PRODUCTION SITE FLOOR SPACE (000 m²)

new floor space


CLIENT INDUSTRIES
38% Oil & Gas
30% Chemical Industry
14% Pharmaceutical Industry
10% Shipbuilding
8% Other

WE MAKE EXPLOSION PROTECTION

Our products and systems ensure the safety of man, machine and environment in hazardous environments. We offer our customers reliable and innovative solutions tailored to their individual needs.



INTEGRATED EXPLOSION PROTECTION

Prevent creation of explosions

Prevent ignition of explosions

Limit effects of explosions

AND THIS IS HOW IT WORKS

Integrated explosion protection is at the heart of our work.

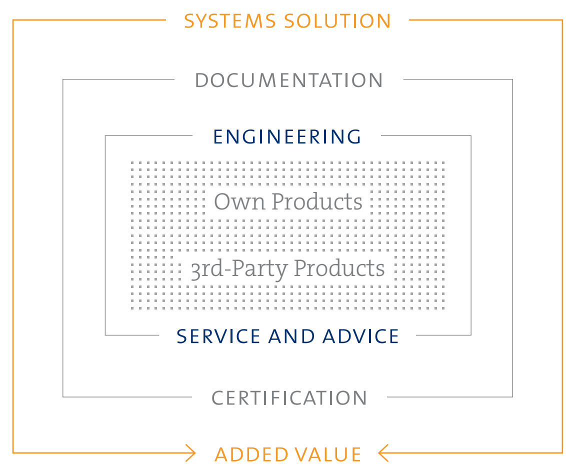
Gases, vapours, mists and dusts escape during production processes in the chemical and petrochemical industries, oil and gas production, and a number of other industries. If they mix with oxygen in the air, this creates an explosive atmosphere and any ignition by electric devices can result in severe harm to human life and property. R. STAHL's products and systems solutions are designed to protect people, machines and the environment from such explosions.

The first stage of integrated explosion protection is to prevent the creation of an explosive atmosphere. If this cannot be completely guaranteed, measures must be taken to prevent the ignition of the atmosphere. If this is also impossible to avoid completely, the effects of an explosion must be limited to an acceptable extent.

SYSTEM FOR SAFETY

R. STAHL is the global market leader for complex systems solutions.

Over the years, R. STAHL has evolved from being a supplier of individual components to becoming a partner for complex systems: we offer our clients customized solutions which not only include our own and third-party products, but also services such as engineering, planning and software – in other words, complete packages or systems for a complex range of tasks. The specifications are defined in advance by the customer with the aid of process descriptions and functional diagrams. We then design systems solutions which perfectly match the customer's specific needs.



EXPLOSION PROTECTION

FUNCTIONS

- Switching/Distributing
- Installing
- Operating/Monitoring
- Lighting
- Signalling/Alarming
- Automating

INDUSTRIES

- Oil & Gas
- Chemical Industry
- Pharmaceutical Industry
- Shipbuilding
- Other

EXPLOSIVES

- Gases
- Vapours
- Dusts
- Mists

CONTINENTS

- Europe
- Americas
- Asia/Pacific

INDIVIDUAL SOLUTIONS FOR OUR CUSTOMERS

R. STAHL: partner from planning to maintenance

Our systems expertise enables us to accompany our customers from the initial planning stage to the lifelong maintenance of their equipment – and we are on site around the world to tend to the needs of everyone involved in the project.

With the aid of international networking and good cooperation within the Group, we can leverage the advantages offered by individual sites and ensure fast and excellent service for our customers.

Example project: Gullfaks

One example is the Gullfaks oilfield off the Norwegian coast which is being exploited by three platforms: the Norwegian energy corporation Statoil launched production of oil and gas here between 1986 and 1989. In 2007, Statoil commissioned a Norwegian EPC (Engineering, Procurement, Construction) to renew the oil and gas platforms Gullfaks A, B and C.

As a competent partner for explosion protection, R. STAHL was already directly involved with the EPC during the early FEED phase (Front End Engineering and Design) of the project when the technical design criteria are determined.

PROCESS CHAIN

Our ability to not only meet the customer's specific technical requirements but also ensure time-critical implementation on operational equipment enabled us to be specified. In close contact with the EPC, we provided support and also advice throughout the successful project.

Success with customer focus

In 2012, Statoil awarded the contract for the renewal of the special-purpose part of the Gullfaks B platform to a Norwegian EPC. Due to our specific products we won the bid for power distribution in hazardous areas – a successful project thanks to our highly specific systems expertise.

Due to its close proximity to both the EPC provider and the operator, our Norwegian subsidiary handled communications and technical clarification with the customer, while production and engineering was carried out at R. STAHL's base in Waldenburg and our Dutch subsidiary supplied components.

FINANCIAL INFORMATION

of R. Stahl Aktiengesellschaft, Waldenburg, for fiscal year 2013

GROUP MANAGEMENT REPORT

of R. Stahl Aktiengesellschaft, Waldenburg, for fiscal year 2013

BASIC PRINCIPLES OF THE GROUP

BUSINESS MODEL OF THE GROUP

Company portrait

Gases, vapours, mists and dusts escape during production processes in the chemical and petrochemical industries, oil and gas production, and a number of other industries. If they mix with oxygen in the air, this creates an explosive atmosphere and any ignition can result in severe harm to human life and property. R. STAHL's products and systems solutions are designed to protect people, machines and the environment from such explosions.

A key success factor of the R. STAHL Group is its expertise in supplying systems solutions: by combining our innovative solutions – comprising customized and technologically pioneering products – with engineering and consulting services, we can respond individually to the specific needs of our clients. This strict alignment with customer needs, the high quality of our solutions and our acclaimed expertise in certification questions enables us to achieve a high level of customer satisfaction.

R. STAHL has been focusing exclusively on explosion protection since 2006 and has grown steadily ever since – also with the aid of several smaller acquisitions.

Group structure and organization

The parent company of the R. STAHL Group is R. Stahl Aktiengesellschaft (in the following R. STAHL AG). It is subject to German law and governed by the two-tier system of Executive Board and Supervisory Board. The Executive Board has two members: as Chief Executive Officer, Mr Martin Schomaker is responsible for Sales/Marketing, Operations, Quality Management, Product Management and Human Resources. In addition to the Finance division, Mr Bernd Marx is also responsible for IT, Legal and Compliance, Investor Relations and M&A. The Supervisory Board consists of nine members and has both a controlling and advisory function. Its main tasks include the adoption of the annual financial statements and the appointment and dismissal of members of the Executive Board. Detailed information on corporate governance and the cooperation between Executive Board and Supervisory Board are provided in the Report of the Supervisory Board on page 8 and in the Corporate Governance Report on page 14.

In 2013, R. STAHL was represented by subsidiaries in 24 countries and had a further 60 representations around the world. All corporate functions are pooled at our headquarters in Waldenburg, Germany. As of 31 December 2013, R. STAHL AG employed around 1,850 people and generated revenue of EUR 304.4 million.

The parent company sets the main strategy for its subsidiaries and performs controlling functions for the Group. In addition, it provides corporate services and advice for the subsidiaries. An overview of the Group's sites can be found on page 176.

Locations

In addition to its numerous sales companies, R. STAHL has seven manufacturing sites. The main factory is R. STAHL Schaltgeräte GmbH, which produces the majority of our product range and is also located in Waldenburg. The Weimar plant manufactures mostly light fittings for use in Ex areas, while our subsidiaries in Cologne, R. STAHL HMI Systems GmbH and R. STAHL Camera Systems GmbH, are specialists for operator-interface systems. We have two further manufacturing facilities in Europe: Electromach B.V. is our Dutch specialist for explosion-protected large control panels and our newest subsidiary Tranberg AS specializes in products for the shipbuilding industry and the oil and gas industry. In North America, we are represented by our own manufacturing plant in Houston, USA. Our production site in Chennai, India, benefits from Asia's economic growth – which is why we have expanded capacity there to serve the Asian market with more locally manufactured products tailored to regional characteristics. Thanks to its expansion in India, R. STAHL is well positioned in the Asian market and capable of tapping the growing potential.

In order to link our international network more closely, we have set up our European Distribution Center (EDC) – we store selected standard products here to shorten delivery times. Standard products that are manufactured in India are held in stock at the EDC to enable rapid delivery of goods. The EDC not only benefits our external customers, but also our subsidiaries – for example, with simplified import processes and lower inventory levels.

Products and services

At our international manufacturing facilities, we collaborate with our customers to create tailor-made solutions for their projects around the world. Our broad portfolio of approximately 7,000 standard components can be divided by function: in addition to automation technology, the product range also includes the production of explosion-protected circuits and distribution systems that are configured to customer specifications in our factories. R. STAHL's Installation Technology business comprises the conducting, connecting and distributing of electrical energy. With our innovative HMI and camera systems, we cover customer requirements for operating and monitoring equipment in Ex areas. Moreover, our portfolio comprises a wide range of lighting solutions – from portable lamps to specific emergency lighting systems – as well as signal and alarm devices to ensure the safety of man, machine and the environment.

We create added value for our customers by combining our extensive product range with engineering and consulting services and integrating third-party components into the overall solutions as required. These customized systems solutions offer one-stop shopping for our clients (additional information on our systems business is provided on page 24). In addition, we offer our customers training and seminars on the subject of explosion protection – held by our expert team of trainers.

Market

Explosion protection is becoming an increasingly important topic: a single spark on an oil rig or chemical plant can lead to an explosion with fatal consequences. With the growing integration of electronic devices into everyday processes, the risk of ignition in such hazardous atmospheres increases. Safety technology, and especially explosion protection, is therefore becoming increasingly important and has seen a dynamic development over the past few decades.

The market entry barriers are high: as our products and systems are critical for the safety of a facility, the reputation of suppliers in this industry plays an important role. New competitors must first achieve the necessary standing in our sales markets, requiring great time and effort. A further obstacle are the certification requirements: the considerable administrative effort involved with the documentation of compliance with various explosion protection standards means that customers rarely switch their suppliers in this industry.

There are two main factors which determine market growth in the field of explosion protection technology: firstly, the use of electronic devices requires increasingly strict safety measures to avoid explosions. This has led to the further development of standards and certification requirements in recent years – and R. STAHL has adapted its products to these new standards. Consequently, market regulation acts as both a cost factor and a growth driver for us. In the past few years, markets have been opening for IEC-based technology, with a corresponding gradual displacement of the US-based NEC standard. For us, this development has paved the way to enter new markets, such as Canada and the Middle East.

At the same time, the booming Asian economy has opened up new sales markets for R. STAHL and we have increased our order volume through international expansion. In Korea, for example, there are international EPCs (Engineering, Procurement, Construction) which we supply directly via our sales company in Seoul.

Economic and legal conditions

The development of the R. STAHL Group was once again strongly influenced by external factors in 2013: exchange rates, for example, had a significant impact on our business – whereas the USD/EUR exchange rate was still at 1.32 on 31 December 2012, the euro gained ground over the year and rose to USD 1.38 on 31 December 2013. This development was mainly due to the expansionary monetary policy of the US Federal Reserve. After the Fed's chairman at the time Ben Bernanke announced in May that monthly bond purchases of USD 85 million would be cut, but then failed to deliver, the dollar exchange rate rose. Its development also influenced the exchange rate of the euro against other currencies, such as the Brazilian real. Due to the R. STAHL Group's international alignment, we were increasingly impacted by these effects – our global business with both subsidiaries and third-party companies was exposed to a greater foreign exchange risk. As a consequence, we have expanded our currency management activities in recent months and set a higher hedging ratio for our monthly exposure.

When it comes to safety, regulation laid down by a higher authority has always played an important role – our industry is therefore heavily dependent on the corresponding explosion protection standards. The acceptance of various standards in different markets affects our order situation. This means, for example, that the opening of markets which were formerly dominated by the American NEC standard presents additional sales opportunities for R. STAHL.

Personnel

R. STAHL employed around 1,850 people at the end of 2013. We pursue a strict strategy of "promoting from within" in order to stimulate and nurture the internal development of our employees. One of our focus areas in 2013 was therefore the creation of an internal skills database: by consolidating personnel data and holding numerous interviews with employees, we were able to collect information on education, experience and other skills, such as languages. We successfully utilized this skills database in the past year, especially for internal job placements. It also helps us to develop our employees more precisely and to identify specific opportunities for further development on the basis of their profiles.

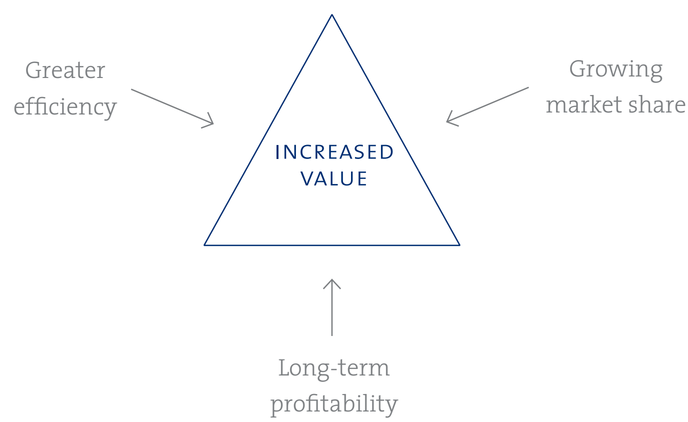
In the reporting period, our employees participated in numerous internal and external training courses and seminars. Of particular note were the training courses for air cargo security at our Waldenburg facility: according to EU regulations, official approval as a known consignor is mandatory for the shipping of goods by air without additional security checks. Otherwise, safety checks must first be carried out – resulting in additional costs and time delays for the respective company. More than half of all employees at our headquarters successfully completed the training, enabling us to receive this important certification with a significant impact on costs.

In 2013, 30 young people successfully completed their apprenticeships – seven of them with distinction. With 33 new hires, we will continue to expand our high training level in order to raise the competitiveness and appeal of R. STAHL as an employer. As the unemployment rate in our region, the Hohenlohe district, is only 2.9% it is important for us to retain skilled staff right from the start and to inspire them to work for R. STAHL.

As an internationally operating company, we place great emphasis on encouraging employees to work in intercultural teams even during their apprenticeships. To this end, 37 apprentices, students and interns were able to gather practical experience at one of our subsidiaries in twelve countries. We also succeeded in improving diversity at our company: in the reporting period, the percentage of women in technical professions amounted to 32%.

OBJECTIVES AND STRATEGIES

Our strategy is long-term and focused on increasing the value of the entire R. STAHL Group. In order to realize this overriding objective in our operations, we have broken it down into three dimensions: firstly, we want to expand our **market share** in the coming years and continue to serve our customers as a reliable partner for explosion protection. As well as raising revenue, we aim to gradually enhance our **efficiency** by improving internal processes. Sustainability is also inseparably linked with raising our enterprise value: we aim to achieve sustainable growth in order to ensure the **long-term profitability** of R. STAHL.



Growing market share

We want to increase our market share by expanding in three dimensions:

1) We want to achieve growth at our manufacturing facilities around the world. Some of our factories, such as our subsidiaries in Weimar and the USA, have already relocated to larger buildings. We are investing heavily in the expansion of our production capacities in order to handle future order potential.

2) We aim to expand our installed base so that we can develop our high-margin business with follow-up orders and maintenance contracts. As we already have a large customer base in Europe, we plan to drive our after-market business especially in Asia and America.

3) In addition to organic growth, we are also planning to develop our business by acquiring other companies or divisions. With the aid of acquisitions, we intend to expand our regional presence or enlarge our product portfolio. We attach particular importance to leveraging synergies and utilising resources in the most profitable way in order to benefit as much as possible from our external growth.

Greater efficiency

R. STAHL constantly strives to raise its efficiency: in 2012, we already successfully initiated an optimization drive at our headquarters in Waldenburg and in 2013 we drove our efficiency programme in the field of production, engineering and sales. Above all, we were able to reduce interface problems between functional areas and exploit existing synergies. Moreover, we transferred the adopted measures to processes at our subsidiaries – in India, for example, we now work with the same high quality standards as in Germany.

Our Regional Sales Managers promote efficient sales and service structures and can respond quickly to customer enquiries. By implementing performance indicators which focus more on the profitability of a project, we aim to establish more personal responsibility at sales level. In Asia and America in particular, we see the potential for additional business – we have therefore increased the motivation of our sales teams to win these orders.

Long-term profitability

We aim for sustainable and profitable growth and the long-term success of R. STAHL. In order to reach our profitability goals, we have initiated measures that will bear fruit in the coming years – it is therefore essential that we continually develop our processes. A key factor is that we can fulfil customer needs and market requirements at any time and that we introduce the necessary measures throughout the Group. In 2013, for example, we also introduced our Customer Relationship Management (CRM) system at our Brazilian subsidiary – it allows our employees in South America to improve their data management so they can analyze customer requests swiftly and precisely. We believe the system will help us expand our long-term customer relationships and thus achieve sustainable and profitable growth.

MANAGEMENT SYSTEM

We measure the degree of our target achievement by using performance indicators. The Executive Board bases its decisions for steering the Group primarily on financial ratios, but also utilizes non-financial indicators. In addition to past values, our assessments are based on budget figures and the resulting analysis of any deviation between actual and targeted figures. This enables us to continuously monitor the probability of budget compliance while also recognising trends in our early warning indicators which enable us to react to market changes.

Financial and non-financial indicators

Our management system comprises both strategic and operational variables. By ensuring a stable financial structure, we can guarantee the continued independence of the Group – we therefore aim to maintain an appropriate equity ratio.

The key performance indicators (KPIs) for our operating business are revenue growth and the EBIT margin. The development of sales revenues reflects the Group's growth.

Compared to the previous year, we have changed from the previously used key performance indicator EBT (earnings before taxes) to EBIT (earnings before interest and taxes). It reflects the Group's operating performance more accurately, thus increasing the transparency of communication with our IR stakeholders. We use the EBIT margin to monitor the relationship between revenues and earnings – and thus measure the profitability of the R. STAHL Group as a whole and that of our subsidiaries. Each of our Group companies submits a monthly income statement and a statement of financial position, which we use to prepare the Group's consolidated figures. In this way, we can control both the individual companies and the overall performance of the Group.

EUR million	2011	2012	2013	2014 Forecast
Sales	243	291	304	315 – 325
EBIT	17	25	25	24 – 26
EBIT margin (%)	6.9	8.6	8.2	7.4 – 8.3

Sustainable and profitable growth is only possible, however, if non-financial factors are also considered – we therefore use delivery reliability as a further KPI. This is important for us as it has a direct impact on the satisfaction of our customers. However, delivery reliability does not form part of our management report. Delivery reliability – i.e. the number of deliveries made on time as a ratio of total deliveries – shows the extent to which we meet our original delivery deadlines. If this figure falls, we swiftly identify the causes and initiate improvement processes

PLANNING PROCESS

We always include forecasts on the global economic situation and specific sector developments when planning the expected development of our individual subsidiaries and the Group. In September, the Group companies begin preparing their budgets for the next three years, whereby they take account of strategic objectives set by chief corporate management. The process is accompanied throughout by our Group Controlling division. At the annual budget meeting at corporate headquarters in November, the respective Managing Directors present their budgets to the Executive Board. The figures are then consolidated for the Group and adopted by the Executive Board and Supervisory Board in December.

Group Controlling conducts monthly deviation analyses and discusses the current status with the Executive Board. Management also includes the development of order intake in its discussions, enabling it to react quickly to any market changes. In order to draw specific conclusions from these order intake figures, our sales team are asked to provide their assessment of potential customer projects.

RESEARCH AND DEVELOPMENT

Our reorganization of research and development activities in 2012 led to numerous positive results in the reporting period: the newly created Technology division successfully translated its first results from basic development work into the mass production of new products. By focusing on the efficient development of new products, our serial product development departments were able to significantly shorten the duration of development projects and improve the quality of their development results. This is also reflected in our patent activities: R. STAHL applied for 60% more patents than in the previous year.

At the same time, we established a stable network with renowned research institutions, including departments of the Technical University of Dresden, the Ernst-Abbe University of Jena as well as various Fraunhofer Institutes. As a result, R. STAHL can benefit from the expertise of its partners in relevant leading-edge technologies through joint research projects. In combination with the company's own know-how, this may lead to pioneering new solutions for electrical explosion protection. Moreover, these close ties with universities help us attract young engineers to the company.

The development of light fittings and signalling equipment was relocated from Waldenburg to Weimar in order to integrate production and sales more closely and ultimately achieve greater market proximity. In addition to conventional products, the majority of our lamps and signalling devices are now also available in LED technology. Our development division in Chennai (India) completed a number of product developments specifically for the Asian markets in 2013. We successfully combined the technical expertise of the parent company with the market proximity of our Indian subsidiary in order to cement R. STAHL's technological lead also in Asia. We expect a further boost to innovation activities from our investment in the construction of two new development centres in Waldenburg and Weimar.

In the field of automation technology, the year's highlights included the launch of the remote I/O system IS1+ – as an interface between sensors in Ex areas and the control room, this product ensures trouble-free digital communication in hazardous areas.

Total expenses of EUR 15.7 million (previous year: EUR 15.1 million) were recognized for research and development in the reporting period. With capitalized development costs of EUR 4.4 million (previous year: EUR 3.8 million), the capitalization ratio stood at 28.0% (previous year: 25.2%). Depreciation of development costs amounted to EUR 1.8 million (previous year: EUR 1.3 million).

ECONOMIC REPORT

GENERAL CONDITIONS

Macroeconomic conditions

In the first six months of 2013, global economic growth was still suffering from weak demand in the emerging markets, the repercussions of the Euro crisis, a subdued investment climate due to government austerity measures, and the US budget dispute and strict spending restrictions. The climate improved noticeably, however, in the second half of the year: in the emerging economies, increased export demand from the developed nations helped drive growth, while domestic demand remained weak. In Europe, the economy slowly pulled out of recession and into the recovery phase – despite a significant disparity in pace between individual countries. Confidence in the European economy slowly began to return – a trend which also benefitted R. STAHL. In the Middle East, political unrest in Egypt and the crisis in Syria continued to cause instability and the economy failed to gain momentum in 2013. All in all, global gross domestic product grew by 3%.

The euro exchange rate, which grew strongly against the US dollar, hampered Europe's exporting nations. This effect fuelled fears that the Fed might gradually reduce its bond purchases. The loose monetary policy of the US Federal Reserve led to uncertainty in the financial markets.

Sector-specific conditions

According to the German Electrical and Electronic Manufacturers' Association (ZVEI), German companies recorded a 2.6% increase in new orders in 2013 compared to the previous year, while sales revenues in the industry fell by 2.2% due to declining demand in Europe.

In the first half of the year, the price of a barrel of Brent oil fell sharply from USD 111.15 (as of 28 December 2012) to below the USD 100 mark at times. In the following half, however, oil prices steadied at between USD 105 and USD 110 as a result of firmer demand from China and concerns about the reliability of Libyan supplies.

Our client industries displayed a more stable development in 2013. Against the backdrop of rising energy demand, the oil and gas industry made good progress viewed globally, but with clear regional differences: demand for enhanced infrastructure is strong in the USA, the Middle East, Russia and North Africa. In the Middle East, however, political tensions slowed growth. Energy corporations in northern Europe invested in existing facilities, whereby particular emphasis was placed on new technologies to reduce their running costs. The use of fracking technology to exploit gas reserves led to a significant decline in gas prices in North America, prompting energy corporations to delay or completely abandon projects. The American market offers growth potential for R. STAHL through the opening of the Gulf of Mexico for installations with explosion protection according to the IEC standard.

Although demand was dampened somewhat by the cost-cutting programmes of chemical companies, growth in the chemical and pharmaceutical industry remained stable. Driven by the efficiency requirements of its end customers, growth was mainly noticeable in South America, the Middle East and parts of Europe and Africa.

Demand for special ships, such as floating liquefied natural gas (FLNG) and floating production storage and offloading (FPSO) units is particularly strong in the Asia-Pacific region.

BUSINESS DEVELOPMENT

The economic situation in some of our sales markets, such as Southern Europe, as well as falling gas prices in North America, led to more subdued demand in 2013. However, strong demand from countries such as Norway compensated for the decline in demand for Ex products in other regions. All in all, we increased our sales revenues year on year by 4.6%.

Internal optimization measures

In 2013, we once again optimized our internal processes, whereby we placed special emphasis on reducing lead times. To this end, we improved our production processes and made the interfaces between sales and engineering more efficient. These restructuring efforts have already enabled us to achieve sustainable improvements in the delivery speed of numerous products. Our main focus is on satisfying customer demand for greater flexibility and speed.

In addition to the efficiency of our processes, we have also increased capacities at our manufacturing facilities. As part of our expansion programme, we expanded existing production space or relocated entirely to new buildings. We are therefore well equipped to handle growing volumes and complex orders with the aid of modern technology.

External market conditions

In North America, the hydraulic fractioning (or fracking) method of exploiting gas and oil deposits bound in rock layers was used increasingly in 2013. As a result of this fracking trend, gas prices in North America have fallen significantly. This has led to energy companies postponing their investment plans with a resulting decline in demand for our products from Canada.

There has been a positive effect, however, from the opening of new markets for the European explosion protection standard IECEx: as of 2013, mobile platforms in the Gulf of Mexico under foreign flags are certified according to IECEx. This will enable us to enter new markets and also bid for projects on the American continent.

Comparison of actual and forecast business performance

In 2013, R. STAHL almost reached its target of generating sales between EUR 305.0 million and EUR 315.0 million. On publication of our half-yearly figures, we already indicated that we expected to reach the lower end of the forecast range. Signs of a much weaker financial year in overseas markets led us to reconsider our sales forecast. As the delivery of certain orders was shifted to the next financial year, we fell slightly short of our forecast of EUR 304.4 million at year-end.

EUR million	Result 2012	Forecast April 2013	Forecast August 2013	**Result 2013**
Sales	291	305 – 315	305	**304**
EBT	21	21 – 23	21	**21**
Capital expenditure	22	23	23	**24**

In terms of earnings, however, our EBT of EUR 21.3 million – still reported as a KPI in 2013 – was within the forecast range. We also downgraded this forecast at the end of the second quarter due to the development of sales and the impact of currency effects. Thanks to more intensive currency management and more efficient internal processes, we ultimately succeeded in surpassing our earnings forecast by year-end – despite lower revenues.

Against a backdrop of numerous expansion projects, we earmarked EUR 23.0 million for capital expenditure in 2013. The expansion of our manufacturing facility in the Netherlands was completed on schedule in 2013 and we also finished construction work on our manufacturing facility in India. In addition, our investments included the purchase of a plot of land in Cologne. All in all, capital expenditure of EUR 24.2 million was slightly above our forecast.

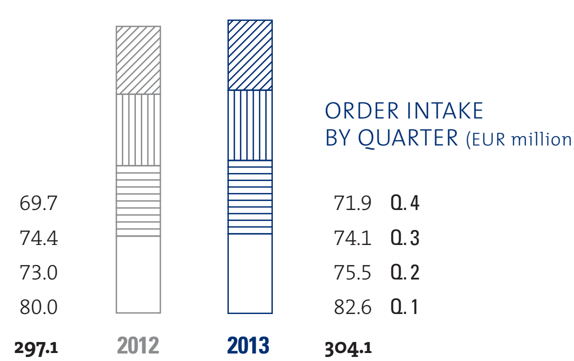
EARNINGS POSITION

R. STAHL AG continued its expansion in 2013 – albeit at a slightly slower pace. In a challenging economic environment, we made good progress and achieved organic growth. Our combination of a broad product portfolio, in-depth know-how and many years of experience in explosion protection helped us attract and retain our customers. R. STAHL's systems solutions combine top-quality products with expert consulting, solution-oriented engineering and certification – enabling us to meet the specific requirements of our customers.

Order intake up 2.4%

At EUR 304.1 million, order intake was up 2.4% in 2013 (previous year: EUR 297.1 million), whereby the bulk of orders were received from the oil and gas industry. In terms of new investments, however, the market was largely dominated by restraint. In Germany and Europe in particular, we benefited greatly from our large installed base.

The high order intake in the first quarter decreased somewhat during the year. However, with the exception of the third quarter, orders were always above the respective prior-year figures. The lowest order intake level was in the fourth quarter as a result of the late cyclical nature of our business. Whereas capital expenditure in other industries was already gathering pace again in the second half of 2013, we will not feel this upward trend until the first half of 2014 – with a delay of about six to eight months. Order intake is expected to pick up again in the first quarter of 2014 with a corresponding delay in revenue growth.



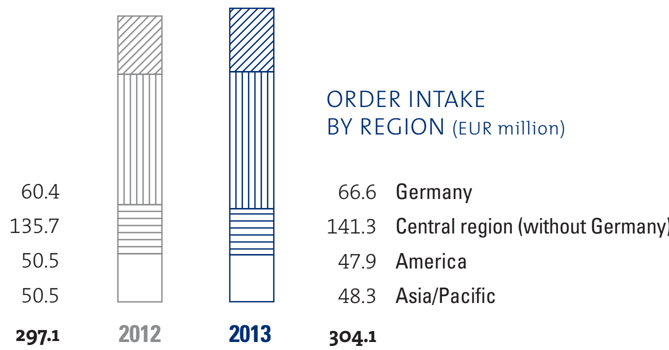
In **Germany**, the government's austerity policy and budget restraint slowed economic growth. Nevertheless, we raised order intake on our domestic market by 10.3% to EUR 66.6 million thanks above all to our large installed base.

Although demand in southern Europe was weak in the first half of the year due to the Euro crisis, the core countries of the Euro zone recovered somewhat in the second half of the year – a fact which also benefited R. STAHL. In northern and western Europe, we won numerous projects. The oil and gas market in the North Sea region made strong progress and strengthened our order intake in this region. All in all, order intake increased in the **central region** by 4.1% to reach EUR 141.3 million.

In 2013, demand in North America was strongly influenced by falling gas prices, due in particular to the exploitation of gas reserves using the fracking process. This dampened demand above all in Canada. The trend has led energy companies to postpone their investment projects, thus shortening our order pipeline in Canada. In the USA, however, the order situation was good – even though the market is dominated by the American NEC standard for Ex products and we are not involved in plants built in the USA. Our focus is on serving customers that export their products. At our Brazilian subsidiary, the restructuring measures initiated in 2012 are now bearing fruit – despite a weaker economy in 2013. The South American continent is an interesting sales market for us, although demand was dampened in 2013 by economic uncertainties. Nevertheless, we won some attractive contracts, such as for an onshore gas plant in Bolivia. Overall, there was a slight decrease in order volume from the **Americas** of 5.1% to EUR 47.9 million.

Demand from the **Asia/Pacific** region fell short of expectations in 2013. Despite weaker economic growth in Asia, this market is important for us as many internationally active EPCs are located here. We have therefore strengthened our sales activities in the region – especially in South Korea, where we see great potential following its emergence in recent years as a centre of the offshore industry. Demand for Ex products in Australia cooled somewhat in 2013, due mainly to investment cutbacks in the oil and gas industry. However, we are currently working on a major project for an Australian natural gas exploration and production company. In the Middle East, we also successfully positioned R. STAHL's products. Our order volume in the Asia/Pacific region decreased year on year by 4.3% to EUR 48.3 million.

Total order backlog at the end of 2013 amounted to EUR 66.0 million and was thus 6.6% below the prior-year figure.



Sales benefit from strong order intake of previous year

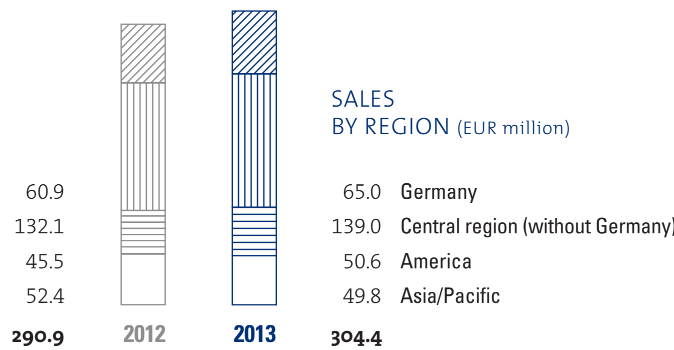
In the first half of 2013, sales revenues exceeded the prior-year figure by 9.2% – due mainly to the strong order intake of the previous year. In the further course of the year, and especially in the second half, sales slowed initially before peaking in the fourth quarter when we delivered and invoiced numerous projects. By the end of the year, consolidated revenue had grown 4.6% to EUR 304.4 million. This figure includes exchange rate effects of EUR 7.6 million – adjusted for these effects, the growth in revenue amounted to 7.3%.

The geographical distribution of sales reflects the internationality of the R. STAHL Group: in 2013, foreign sales accounted for 78.7% of the total. In our domestic market of **Germany,** we outperformed the market with sales growth of 6.7% to EUR 65.0 million.

As in previous years, **Europe (with Africa)** was our most important region in terms of sales. Its positive development was driven by strong business in the North Sea region, our large installed base and our good reputation. This more than offset restrained demand in southern Europe. Sales revenues in this region climbed by 5.2% to EUR 139.0 million in 2013.

We generated 16.6% of consolidated revenue on the American continent. Sales of EUR 50.6 million were up 11.1% on the previous year. It was particularly gratifying to see that the efforts of the IECEx committee for the harmonization of explosion protection standards are also bearing fruit in **America**. The US Coast Guard, for example, now accepts IECEx certification for rigs operating under foreign flags. This enables us to offer products for projects in the Gulf of Mexico.

In the **Asia/Pacific** region, we generated sales revenues of EUR 49.8 million. Due to the 4.7% decline in demand, this corresponded to a share of just 16.4% of consolidated revenue (previous year: 18.0%). We do not compete with local low-cost providers in Asia, but cooperate with international EPCs that handle projects around the world. We participate in the dynamic market of the Middle East, for example by delivering local operator stations for a petrochemical company in Saudi Arabia. We also successfully placed our innovative camera systems on the Arab market as part of a natural gas project.



Earnings impacted by high capital expenditure and currency effects

Earnings before interest and taxes (EBIT) remained stable at EUR 24.9 million in the reporting period. As a proportion of sales revenue, the EBIT margin in 2013 reached 8.2% (previous year: 8.6%).

Earnings before taxes (EBT) amounted to EUR 21.3 million, or 0.9% more than in the previous year. This resulted in an EBT margin of 7.0% (previous year: 7.3%).

Targeted price increases and process optimization measures strengthened our earnings. In addition to productivity gains in manufacturing, we also enhanced the efficiency of our quotation and order processing. Our Customer Service Center has optimized the interface between sales and engineering. This has not only improved our internal processes, but also our interaction with customers. We can now respond more quickly to individual requirements and quote shorter delivery times. Currency effects had a negative impact on earnings: the development of the euro against the US dollar and other currencies of relevance to R. STAHL slowed earnings growth, as did the expansion projects at our manufacturing facilities.

At EUR 7.3 million, other operating income was down 7.3% on the prior-year figure. This was mainly due to the reversal of earn-out liabilities with effect on profit or loss totalling EUR 2.3 million in 2012. By contrast, other operating income increased year on year from the reversal of provisions amounting to EUR 1.2 million. The major share of this amount resulted from the reversal of short-term warranty obligations, as suitable measures meant that expenses did not need to be fully utilized.

EUR million	2012	2013	Change
EBIT	24.9	24.9	- 0.2%
Currency effects	- 0.6	+ 2.7	
Adjusted EBIT	24.3	27.6	+ 13.4%

Despite the rise in sales volume, we managed to reduce material expenses to EUR 105.3 million (previous year: EUR 105.4 million) with the aid of sustainable cost management and the enhancement of internal manufacturing processes. As a result, the cost of materials ratio based on total performance fell from 35.3% in the previous year to 33.9% in the reporting period.

R. STAHL's personnel expenses rose by 5.9% to EUR 111.1 million in 2013. Its share of total performance thus increased from 35.2% to 35.8% – a development due primarily to our global expansion programme. The creation of additional floor space at our international manufacturing facilities, e.g. in the Netherlands, was accompanied by an increase in manpower and thus increased personnel expenses.

Depreciation rose by 2.0% to EUR 12.0 million (previous year: EUR 11.8 million) due to the purchase and modernization of plant and machinery at our manufacturing facilities. In the previous year, we recognized an impairment charge on property of EUR 0.7 million. There were no impairment charges in the reporting period. Depreciation and amortization accounted for 3.9% of total performance (previous year: 4.0%).

Other operating expenses increased by 9.6% year on year to EUR 64.6 million (previous year: EUR 59.0 million). Losses from foreign currency translation and the market valuation of derivatives (EUR +4.0 million) accounted for the major share of this total. Due to the Fed's loose monetary policy, the euro rose against the US dollar. The resulting exchange rate effects had a net negative effect on earnings of EUR 2.7 million in 2013, compared to a positive effect from exchange rates of EUR 0.6 million in 2012. Adjusted for these currency-related special items, operating income improved by 13.4% in 2013.

In addition to the expenses from currency losses, expenses for temporary staff also rose by EUR 1.1 million. Rental expenses increased by EUR 0.8 million as we moved to larger buildings in both Houston and Norway. The ratio of other operating expenses to total performance was slightly up on the previous year at 20.8% (previous year: 19.8%).

Interest income of EUR 0.3 million (previous year: EUR 0.1 million) and interest expenses of EUR 3.8 million (previous year: EUR 3.9 million) resulted in a net interest result of EUR -3.6 million (previous year: EUR -3.8 million). This figure includes net interest expenses for pension obligations of EUR 2.6 million (previous year: EUR 2.8 million).

In the reporting period, income taxes amounted to EUR 5.9 million. Our tax rate fell and helped raise net profit after taxes by 8.0% to EUR 15.4 million. Earnings per share amounted to EUR 2.59 (previous year: EUR 2.43), corresponding to an increase of 6.6%.

FINANCIAL POSITION

Principles and objectives of our financial management

The primary objective of our financial management is to ensure the sound financial position of the R. STAHL Group. The centralized management of financial transactions by R. STAHL AG guarantees a standard approach towards banks and equity providers and ensures a coherent financial risk management system.

The task of financial management is to ensure the necessary funds are available for the business operations of the Group's companies. Moreover, we ensure that the funds required for investment projects are available. To this end, we have established monthly rolling liquidity planning. This includes the funds required for activities of our individual subsidiaries, which we cover by means of internal Group loans or external bank loans. As part of our cash management system, we carefully manage the Group's credit, interest rate and currency risks. We hedge against such risks by using standard derivative financial instruments based exclusively on the hedged item.

Financial analysis

R. STAHL manages the Group's funding requirements centrally from its headquarters in Waldenburg. External finance is provided by bank loans. We have established a cash pooling system for R. STAHL and our German subsidiaries: we use the surplus liquidity of individual Group companies to balance the funding requirements of other subsidiaries. In this way we can limit the amount of external loans and thus reduce our interest expense. If external funds are necessary, our foreign subsidiaries use credit lines of local banks for which the parent company provides a guarantee.

In order to secure our financial capability, we took out deposit base loans with fixed interest rates of EUR 5 million each with two of our principal banks in the previous year. They have a term of five years and interest rates of 2.45% and 2.9% p.a., respectively. No financial covenants were arranged. In addition, we have bilateral agreements with our five principal banks regarding the granting of credit lines with a total volume of EUR 50 million and a term up to mid-2015. This option enables us to utilize the current attractive interest rates and improve the maturity profile of our financial liabilities. As a result, the expansion of our global business activities has a solid financial foundation.

R. STAHL applied IAS 19 rev. (2011) “Employee Benefits” for the first time in 2013 and has adjusted prior-year figures in accordance with IAS 8. The main amendments to IAS 19 relate to the accounting of defined benefit obligations. Pension liabilities are recognized in the statement of financial position using the remeasurement approach at the present value of obligations net of plan assets, thereby resulting in changes in accounting for pension obligations. Increases and decreases in the present value of defined benefit obligations resulted in actuarial losses due to changes in the calculation parameters. As a result of the interest rate change from 5.2% in 2011 to 3.6% as of 31 December 2012, the present value of future pension obligations increased by EUR 16.8 million to EUR 80.5 million. As the corridor method was still used in 2012, this change in interest rates does not affect the statement of financial position according to the old regulation and is disclosed under actuarial losses. Following the replacement of the corridor method for actuarial gains and losses, these are now recognized in equity under consideration of deferred taxes – this effect reduced our equity by EUR 13.8 million as of 31 December 2012 and affected the equity ratio. Under the old regulation, equity amounted to EUR 99.7 million and the equity ratio was 44.3%. Application of the new regulation results in equity of EUR 85.9 million and an equity ratio of 37.4% at year-end 2012. As of 31 December 2013, equity amounted to EUR 91.9 million and the equity ratio stood at 37.1%. Thanks to this healthy equity position, there is little dependence on external debt.

R. STAHL has a sound balance sheet profile: non-current assets of EUR 109.7 million (previous year: EUR 100.4 million) as of 31 December 2013 were covered by equity (EUR 91.9 million) and non-current liabilities of EUR 90.2 million (previous year: EUR 88.6 million). Our cash and cash equivalents of EUR 25.0 million (previous year: EUR 17.6 million) exceeded current interest-bearing financial liabilities of EUR 15.5 million (previous year: EUR 6.8 million) by 61.0%. R. STAHL attaches great importance to a sustainable financial policy based on a diversified maturity portfolio.

Statement of cash flows

At the end of the previous year, we had cash and cash equivalents of EUR 17.6 million. In 2013, we generated a consolidated net profit of EUR 15.4 million (previous year: EUR 14.3 million) which led to an increase in cash flow. Depreciation and amortization reached EUR 12.0 million in 2013 (previous year: EUR 11.8 million), and other effects, such as changes in the long-term provisions, rose from EUR -1.1 million to EUR 6.0 million in 2013.

In the reporting period, working capital was higher than in 2012 at EUR 6.1 million (previous year: EUR 4.1 million). This is partly due to our increased order volumes and partly to the stocking of standard products in order to quote shorter delivery times. All in all, we increased cash flow from operating activities from EUR 20.9 million to EUR 27.4 million.

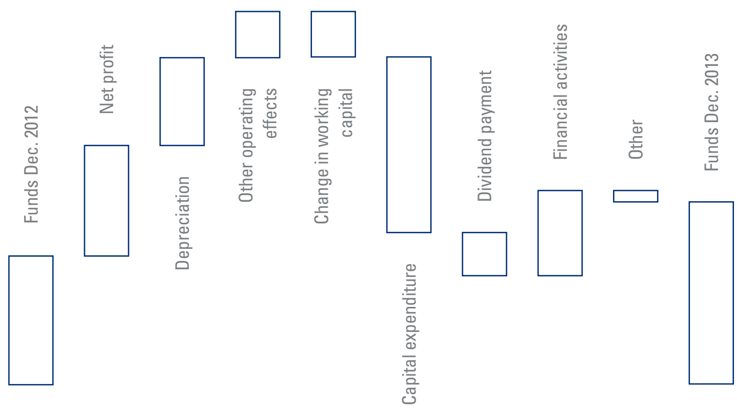
Due to our global investment activities, cash flow from investing activities increased from EUR 21.6 million to EUR 24.2 million. These funds were used for expansion measures, e.g. at our manufacturing facilities in India and the Netherlands, as well as for modernizing our plant and machinery. For example, we built a new milling and laser centre for our Indian subsidiary to make manufacturing processes more efficient and secure our global quality standard. Furthermore, we made investments in IT equipment, software and tools.

We financed our capital expenditure from operating activities. Our free cash flow rose to EUR 3.2 million, compared to EUR -0.7 million in the previous year.

The Annual General Meeting 2013 approved a dividend payment of EUR 1.00 per share. The resulting cash outflow of EUR 5.9 million reduced our liquidity. As in the previous year, we used EUR 0.5 million to redeem non-current interest-bearing debt. We took advantage of attractive interest rates in the reporting period and took out both short- and long-term loans amounting to EUR 12.2 million (previous year: EUR 7.9 million) with our principal banks. All in all, we received funds of EUR 5.7 million (previous year: EUR 3.2 million) in 2013.

At the end of the reporting period, we had cash and cash equivalents of EUR 25.0 million (previous year: EUR 17.6 million).

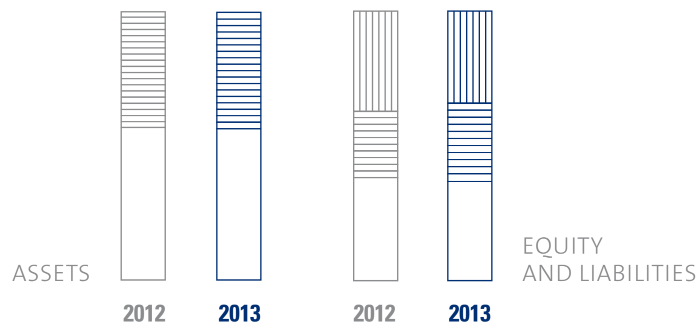
CASH FLOW 2013



Rating

We did not commission any credit ratings from external rating agencies. From regular discussions with our principal banks we can conclude that R. STAHL is within the stable investment grade range. Our good credit rating is confirmed by the positive cooperation with our investors.

BALANCE SHEET STRUCTURE (%)



	2012	2013		2012	2013	
Long-term assets	43.7	44.3		38.6	36.5	Long-term liabilities
Short-term assets	56.3	55.7		24.0	26.4	Short-term liabilities
				37.4	37.1	Equity

ASSET POSITION

New standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Interpretations Committee (IFRIC) were mandatory for the first time in fiscal year 2013, resulting in changes to certain balance sheet items of R. STAHL. In order to aid comparability, the prior-year figures stated in this report have been adjusted accordingly. The Notes to the Consolidated Financial Statements are to be found on page 94 et seq..

At the end of 2013, total assets amounted to EUR 247.6 million and had thus increased – starting from the previous year's total of EUR 229.6 million – by 7.8%. In the past reporting period, the main increases were property, plant and equipment, as well as cash and cash equivalents. On the liabilities side, the main increases were non-current and current financial liabilities.

Development of assets

As of 31 December 2013, non-current assets amounted to EUR 109.7 million – an increase of EUR 9.3 million or 9.2%. Their share of total assets was therefore 44.3% (previous year: 43.7%). Among the intangible assets, our capitalized development costs increased on balance by 17.0%, due mainly to our development activities in Waldenburg and Cologne. As the lead factory, R. STAHL Schaltgeräte GmbH drove the launch of new products, while R. STAHL HMI Systems GmbH in Cologne continued its development of innovative operating systems. The increase in non-current assets was mostly due, however, to our investment activities around the world. The carrying value of our land and buildings grew by 17.9%. This figure includes expansion activities in the Netherlands and India, as well as the purchase of land in Cologne for EUR 1.5 million for the construction of a new production and development centre for our Cologne subsidiaries. The carrying value of plant and machinery increased by 15.0%. Capital expenditure in this field focused mainly on our lead factory in Waldenburg, as well as our manufacturing facilities in India, the Netherlands, Norway and the USA. In these countries, we expanded our capacities and as a result purchased further plant and machinery. At our production facility in Chennai, India, for example, we installed equipment which allows us to use the principles of modern flow techniques, thus ensuring efficient work processes.

Our current assets amounted to EUR 137.8 million at year-end (previous year: EUR 129.2 million). This increase of 6.7% brought the respective share of total assets to 55.7%. As some orders were not ready for delivery until 2014, there was a year-on-year increase in finished and unfinished goods to EUR 2.0 million as of the balance sheet date. A further reason for the increase is our goal of reducing delivery times, which not only requires the optimization of offer preparation and manufacturing processes but also the stocking of frequently ordered standard products. This enables us to respond more swiftly to customer enquiries and gives us an advantage over the competition. As of 31 December 2013, our inventories of raw materials and supplies were slightly up on the previous year. All in all, inventories rose by 6.0%, from EUR 45.9 million to EUR 48.6 million. Despite an increase in sales revenues of 4.6%, we were able to reduce trade receivables by EUR 2.8 million. On balance, accounts receivable and other assets fell slightly by 2.1% to EUR 62.9 million. The increase in current assets was mainly due to the growth of cash and cash equivalents. As of 31 December 2013, cash and cash equivalents of EUR 25.0 million were EUR 7.4 million higher than in the previous year.

Development of shareholders' equity and liabilities

As of 31 December 2013, shareholders' equity of the R. STAHL Group amounted to EUR 91.9 million (previous year: EUR 85.9 million) – an increase of 7.0%. Compared to the Consolidated Financial Statements 2012, R. STAHL applied the amendments of IAS 19 for the first time in the reporting period. These concern actuarial gains and losses for defined benefit pension plans. To aid comparability, the prior-year figures have been adjusted in this report and are no longer identical with those stated in the Annual Report 2012. Equity was reduced by the payment of a dividend of EUR 5.9 million in the reporting period. This was opposed by an increase in our net profit for the year. R. STAHL holds 516,291 treasury shares. These treasury shares are deducted from equity at their acquisition cost of EUR 5.6 million. With an equity ratio of 37.1%, R. STAHL boasts a solid financial foundation.

Non-current liabilities increased by 1.8% to EUR 90.2 million in the reporting period (previous year: EUR 88.6 million) to reach 36.5% of total assets. In order to finance our expansion activities in Weimar, Cologne and the Netherlands, we took out additional long-term loans, thereby increasing our interest-bearing financial liabilities by EUR 2.9 million. At the same time, our pension provisions declined for two reasons: firstly, because of the increase in the interest rate from 3.6% to 3.7% and secondly due to the change in the assumed retirement age from 63 to 64 years. In close cooperation with external assessors, we analyzed the conditions which determine our pension provisions and set the corresponding assumptions.

At year-end, our current liabilities amounted to EUR 65.4 million (previous year: EUR 55.1 million). As a consequence, their share of total assets rose to 26.4%. The increase is mainly due to the rise in short-term interest-bearing debt. In order to finance our business operations, we utilized our credit lines to take out low-interest loans – thus increasing our financial liabilities by EUR 8.7 million. Driven by our increased order backlog, trade payables also rose by EUR 2.0 million. There was a similar increase in other current liabilities (EUR +0.6 million) and accrued liabilities (EUR +0.8 million). By contrast, there was a decline in prepayments received (EUR -0.6 million), tax liabilities (EUR -0.8 million) and short-term provisions (EUR -0.5 million).

All in all, the business of the R. STAHL Group is based on a sound financial profile. In combination with the low-interest loans extended by our principal banks, our strong equity position represents the basis for the Group's further development.

EXECUTIVE BOARD'S OVERALL ASSESSMENT OF THE ECONOMIC SITUATION

We are satisfied with the development of R. STAHL AG in the reporting period. Thanks to our large installed base, we were able to increase sales strongly in our domestic market, but were unable to match our high prior-year figures in overseas regions: the low gas price in Canada and subdued investment climate in Asia both dampened demand. Our consolidated revenues grew by 4.6% to EUR 304.4 million. Our optimization of internal processes and selective price increases had a positive impact on earnings. There was an opposing effect, however, from currency effects, and as a result EBIT of EUR 24.9 million was largely unchanged from the previous year.

For R. STAHL, 2013 was dominated by global expansion projects driven by our primary objective of achieving further profitable growth. In the past fiscal year, we took the necessary steps to expand our manufacturing capacity. Our investment activities affected cash flow. As planned, we increased our borrowing and utilized low interest rates to finance our expansion projects.

The expansion of capacity at our manufacturing sites also led to an increase in total assets. With an equity ratio of 37.1%, however, R. STAHL still boasts a solid financial foundation which enables us to think long term and base our decisions on sustainable growth.

SUSTAINABILITY

We attach particular importance to combining our business activities with the criteria of sustainability. As an expert for explosion protection, the safety of man, machine and the environment forms the basis of our business and thus for our success. Our internal processes and actions should therefore always be in line with environmental, human and social concerns. Treating our environment with respect is just as important to us as the good relationships we enjoy with our stakeholders.

Ecological responsibility

Climate change is one of the greatest global challenges of our time – for all states. It is therefore becoming increasingly important for companies, especially in the manufacturing industry, to view their processes under ecological aspects – also for R. STAHL.

Explosions on an offshore oil rig or at a chemical plant can have far-reaching consequences and cause massive damage to the ecosystem. With our products and services, we help the operators of such plant to ensure safety in Ex areas and thus prevent environmental damage. We take this responsibility very seriously and always develop our products and systems under the aspect of maximum safety.

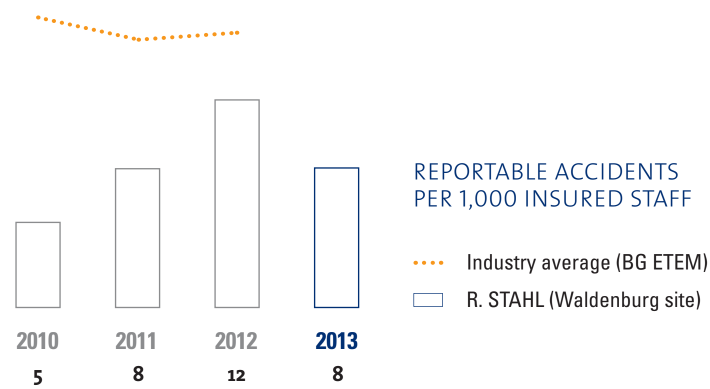
Environmental protection is not only an important issue with regard to our customers, but also for our own facilities where we pay great attention to ecological issues. For the construction of new buildings and extensions, such as the additional manufacturing facility in India, as well as the modernization of buildings, we place great emphasis on sustainability and energy-saving design. A prime example is our Dutch subsidiary, which constructed two new halls according to the GPR (Green Performance of Real Estate) standard. This standard ensures energy-efficient and sustainable construction methods with an additional focus on health aspects for the end users.

	2011	2012	**2013**
CO_2 emissions (t)	2,465	2,677	**2,446**

At the same time, we are working hard to reduce our CO_2 emissions. In the medium term, we aim to collect energy consumption data for all our sites – at present, we have detailed and audited data for our headquarters in Waldenburg. Due to the purchase of numerous additional machines, our CO_2 emissions increased here in 2012. In the reporting period, we therefore initiated efficiency measures to reduce our energy consumption and optimized the measurement, control and ventilation systems in our halls. The heating and ventilation systems now generate more heat at lower energy consumption levels, which enabled us to significantly reduce CO_2 emissions in 2013.

Social responsibility

Safety not only has top priority in the field of explosion protection, but also in the everyday work environment – the safety of our employees is of particular importance for us, which is why we constantly strive to improve our health and safety measures. Basic safety training for new employees is just as important to us as continuous safety inspections. Our aim is to keep reducing the number of accidents at work. In November 2013, the Health & Safety Management System of R. STAHL Schaltgeräte GmbH was once again audited by the employers' liability insurance association Energie Textil Elektro Medienerzeugnisse (BG ETEM).



During the audit, special emphasis was placed on the implementation of occupational safety and health (OSH) measures in everyday activities, also at management level. At our main base in Waldenburg alone, we managed to reduce the number of reportable accidents per 1,000 insured staff by 31.7% compared to the previous year. In comparison to the industry average measured by BG ETEM, R. STAHL has a very low accident ratio (source: BG ETEM Annual Report 2012, p. 55). In recent years we have noted an increased interest of our customers in OSH – our good results in this area show them how seriously we take this issue.

It is important for us to secure R. STAHL's reputation as an attractive employer. Moreover, it is necessary to preserve the occupational health of our existing employees. On our annual Health Day in 2013, we offered staff a range of health services, such as nutritional advice and sports coaching. The aim is to retain and promote their satisfaction and performance for the future. For this reason, we offer our employees flexible working time models and thus enable them to achieve an ideal balance of family and professional life.

Corporate responsibility

It is particularly important for us to give back part of our success to society, especially to young people. Education already begins in early childhood: we therefore raise awareness among children and young people for technology – and especially explosion protection – during our Inventor Days in Waldenburg. The R. STAHL team once again displayed great commitment in 2013 and passed on some of our know-how to interested young people.

But we not only support children in our domestic market: in 2013, we took the first steps towards founding a non-profit organization aimed at helping people – especially children and adolescents – in deprived areas. The first project will be to provide aid for a children's home in India. Over the past few months, we have taken great care to locate a suitable institution. Both the Executive Board and other employees of the R. STAHL Group have already visited the children's home near Chennai and were impressed by the quality of care and education provided. Our goal is to sustainably improve the living conditions of the 25 or so children aged two to 17 living there and to contribute towards their livelihood and education. In addition, we want to show the young people opportunities for their future – including the possibility of an internship or a job at R. STAHL (P) Ltd. located just 30km away. At our Indian subsidiary, the young people will receive comprehensive training aimed at building their long-term knowledge. The official registration of this non-profit organization will take place in 2014, so that we can start with the social project in the current year.

DECLARATION ON COMPANY MANAGEMENT

Since fiscal year 2009, all German stock companies are required by Section 289a HGB (German Commercial Code) to make a declaration in regard to company management. Our declaration has been made publicly available on the corporate website www.stahl.de under Investor Relations/Corporate Governance and is also printed in the annual report.

ADDITIONAL INFORMATION PURSUANT TO SECTION 315 (4) HGB

Capital structure

On 31 December 2013, the subscribed capital of R. STAHL AG amounted to EUR 16,500,000.00, consisting of 6,440,000 no-par value registered shares. Theoretically, therefore, one share corresponds to EUR 2.56 of the capital stock.

Members of the Stahl and Zaiser families have 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. With a notification according to Section 21 (1) German Securities Trade Act (WpHG) dated 10 July 2006, the members of the consortium stated that they held more than 25% of the voting rights in R. STAHL AG.

According to this notification, the total number of voting rights attributable to the individual members of the consortium according to Sections 21,22 WpHG amounts to a value between 36.02% and 38.35% of the voting shares. The total number of voting rights attributable to the consortium may have changed in the meantime, without the requirement of a new notification pursuant to WpHG.

Shareholder rights and obligations

Every shareholder has economic and administrative rights.

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

An administrative right is 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 no-par value share grants one voting right at the Annual General Meeting. The Annual General Meeting elects the members of the Supervisory Board representing the investors and the auditor, it decides on the approval of the actions of the Executive Board and Supervisory Board, on amendments to the Articles of Association 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 are 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 a simple majority of the votes cast, if no other majorities are compulsorily prescribed by law. If the election outcome is a tie, a new debate is only held if the majority of the Supervisory Board so decides. Otherwise, voting has to be repeated immediately. Should another tie occur in this new voting on the same issue, the Chairman of the Supervisory Board has two votes according to Section 12 (6) of the Articles of Association.

Statutory regulations and provisions in the Articles of Association on the appointment and dismissal of members of the Executive Board and on the amendment of the Articles

The appointment and dismissal of Executive Board members are governed by Sections 84 and 85 AktG. This specifies that members of the Executive Board are to be appointed by the Supervisory Board for a maximum of five years. Reappointment for another five years is possible.

Additionally, Section 6 of the Articles 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 the service 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 buying back shares

Information on the powers of the Executive Board to issue or to buy back shares is given in the Notes to the Consolidated Financial Statements under item “21. Equity”.

Significant agreements which take effect in the event of a change of control following a takeover bid

R. STAHL AG has not made any significant agreements which take effect in the event of a change of control due to a takeover bid. No compensation payments have been granted to the Executive Board members and employees in the event of a takeover bid.

Remuneration system for the Supervisory Board and Executive Board

The main features of the remuneration system for the Supervisory Board and Executive Board are disclosed in the Notes to the Consolidated Financial Statements under “29. Executive bodies of R. STAHL AG” and are a constituent part of the Group Management Report.

SUBSEQUENT EVENTS

Up to the editorial deadline there were no major events after the end of the reporting period which had or may have a material effect on Group’s financial position and performance.

RISK REPORT

Risk management system

The risk management system, included in the operational and organizational structure of the R. STAHL Group, is an integral part of our business processes and corporate decisions for all companies and central functions.

It includes the entirety of the installed IT systems, processes, activities, instructions and rules of conduct that are implemented in all our companies world-wide as applicable standards and it is subject to a constant process of improvement and further development. Part of the risk management system especially is a group-wide **risk reporting** on the basis of the law on control and transparency in businesses (KonTraG), a uniform **planning and controlling process** and the internal monitoring system consisting of the **internal controlling system** with guidelines that are applicable across the Group and **internal auditing**. Furthermore, a **compliance management system** supplements the risk management system. The entirety of the implemented systems makes it possible for the company's management to identify risks at an early stage to be able to take countermeasures in time. The effectiveness and efficiency of the risk management system is continuously checked and enhanced and also examined by the auditor in accordance with statutory requirements.

In addition, unforeseeable events that have an influence on markets, processes, systems and the financial position and performance are simulated. These may include, for example, conflicts in critical regions of the world or targeted attacks on computer networks (cyber attacks). Their possible effects on the R. STAHL Group are determined and action plans derived where necessary. These simulations are presented to the Supervisory Board and discussed accordingly – enabling swifter and more efficient reactions in the event that such events actually occur.

Risk reporting (early warning system)

In the reporting period, the existing database for risk reporting was replaced by a new and improved system. In this connection, there is also a link to the budget and forecast values.

Risk assessment is conducted for a one-year planning period. Reporting in the Management Report refers to one year.

Existing risk reporting is based on a risk catalogue divided into eight main risk categories (macro environment, market/competition, supporting processes, strategy, performance-related risks, personnel, financial risks and compliance). The risk managers in the subsidiaries and the division managers of the corporate divisions ("risk owners") are included in this early warning system and report risks once a quarter. The collected information is entered and processed in a central data base. Our risk management officer prepares a risk report for each company which describes, besides the risks themselves, also the potential risk value, its probability of occurrence and the action plan to avoid or reduce the risk.

Risk assessment

As part of the risk reporting process, both the gross and the net risk of the respective reporting units are stated. The gross risk describes the maximum loss potential without consideration of hedging and risk reduction measures. The residual risk after counter-measures is the net risk.

To determine which risks pose a threat to the company's continued existence, risks are classified according to their estimated probability of occurrence and the extent of their damage. The scales used to measure these two indicators at individual company level are shown in the tables below.

Probability of occurrence	Description
0 to 10%	very unlikely
11 to 20%	unlikely
21 to 50%	possible
51 to 90%	likely
91 to 100%	very likely

According to this classification, a very unlikely risk is defined as an event that occurs only in exceptional circumstances. A very likely risk is an event whose occurrence can almost certainly be expected within a specified period.

Extent of damage	Definition of effects
Insignificant	insignificant negative impact on operations, financial position and performance
Low	low negative impact on operations, financial position and performance
Medium	some negative impact on operations, financial position and performance
High	high negative impact on operations, financial position and performance and cash flows
Critical	significant/damaging negative impact on operations, financial position and performance

According to their estimated probability of occurrence and their impact on operations, financial position and performance, risks are aggregated at Group level and classified as "high", "medium" or "low".

This classification is based on the following value intervals:

Low < EUR 1.5 million

Medium EUR 1.5 million to EUR 5.0 million

High > EUR 5.0 million

The following table shows the classification based on the individual risk areas.

Risk area	Probability of occurrence	Extent of damage (net)
Macro environment	medium	high
Market/competition	medium	medium
Supporting processes	low	medium
Strategy	low	medium
Performance-related risks	low	medium
Personnel	low	low
Financial risks	medium	medium
Compliance	low	medium

Significant risks to the company and in particular those which pose a threat to the company's continued existence must be submitted at an early stage to management (Executive Board/Group management). The quarterly evaluation of risks serves as a basis for management to react swiftly to critical situations and take the appropriate counter-measures. Furthermore, a summary of all risks of the Group companies – in which all reported and assessed risks are aggregated – is prepared in order to determine the overall risk for the Group. In addition, the companies are obliged to inform management without delay about time-critical or significant risks.

Planning and controlling process

Group Controlling staff are the contacts for business topics within our globally operating company. They offer support for those colleagues responsible for these tasks in the subsidiaries with questions concerning accounting, business data and evaluation. Group Controlling provides various IT systems to collect and evaluate business data, whereby the focus of activities lies on providing support for our subsidiaries. The financial position and performance of the companies is analysed via monthly reporting, while special attention is paid to budget compliance. Once a quarter, Controlling prepares a forecast review.

Internal control system

A further essential component of the R. STAHL Group's risk management system is the internal control system which includes all basic principles, procedures and measures (regulations) that have been introduced by management to ensure

- the effectiveness and efficiency of business operations,
- the correctness and reliability of internal and external reporting, and
- compliance with group-wide guidelines and standards, as well as the relevant statutory regulations.

The internal control system for accounting includes all regulations, measures and processes that are required to guarantee the effectiveness, reliability and safety of the accounting process as well as the preparation of consolidated financial statements and the financial statements of the subsidiaries. In addition to compliance with statutory regulations, it also ensures the safeguarding of company assets.

The key instruments for controlling the accounting process are:

- the group-wide standards applicable for financial and administrative areas,
- the Group's IFRS accounting guidelines,

- the clear separation of functions and assignment of responsibilities,
- the use of uniform ERP systems and standard software,
- detailed authorization schemes.

These measures and processes are constantly monitored by the staff responsible for these tasks in the Group companies and by the Group's Internal Audit division.

Internal audit

The Internal Audit division provides independent and objective auditing and advisory services aimed at creating added value and improving business processes. It helps the organization achieve its objectives by evaluating the effectiveness and efficiency of the internal management and monitoring processes with a systematic and targeted approach and thus helps to improve them. Internal Audit reports directly to the CEO of R. STAHL AG. Audits are held on the basis of the risk-oriented audit plan that is prepared annually. Internal Audit is an essential component of R. STAHL AG's corporate governance and checks adherence to internal rules and compliance regulations.

Compliance Management System, Code of Conduct (COC)

We have installed a Compliance Management System whose aim is to avoid violations of anti-corruption, anti-trust or data protection laws and prevent business crimes. Our compliance organization reports directly to the Executive Board; the Compliance Officer is integrated into business processes as well as reporting and controlling. Compliance is part of our company culture and is a self-evident component of our daily activities.

Group's risk situation

Macro environment

The **geopolitical environmen**t is becoming increasingly unpredictable. What began as unrest in Kiev in autumn 2013, had already become a conflict over the Crimea between the USA, Europe and Russia by March 2014. We see a similar escalation of crisis situations in other regions. Our business is highly dependent on the reliable decisions of companies in the oil, gas, chemical and pharmaceutical industries. These companies postpone decisions based on such developments. This may significantly affect our business volume in certain years.

Market/competition

R. STAHL operates in a dynamic and attractive **market**, our business depends heavily on the investment climate in our client sectors. To counter the increasing **competition** from new providers in the components business, we seek to consolidate our market position by continuously expanding our technological leadership and efficiently shaping our internal processes. Although the entry barriers are higher in our systems business and the risk of competition correspondingly lower, the possibility of new competitors entering the market cannot be ruled out. We respond to market challenges with our excellent know-how and many years of experience – we have positioned ourselves as the expert for high-quality, customized systems solutions. We seek to improve our customer retention as a competent partner for explosion protection by providing improved service and fast response times.

In addition to the pure market risk, there is also the risk that **political and economic events** may affect R. STAHL's business. Thanks to our international diversification, we can react flexibly to regional market trends. With our own production companies in Germany and abroad, we aim to cement our leading market position – also in the emerging markets of Asia and Latin America.

Risks from supporting processes

As our products are essential for the safety of man, machine and the environment, **quality** plays an extremely important role in our business. Product errors may lead to recalls and inflict lasting damage to the reputation of our company. To counter this risk, we continuously enhance our strong quality management system – this not only involves the careful selection of suppliers, but also 100% quality checks for the majority of our products. As quality is so essential to explosion protection, we see an opportunity to distinguish ourselves from the competition with our high quality standards and technological lead.

In addition to the error rate, **delivery times** are crucial for the satisfaction of our customers. To avoid the risk of falling order volumes due to excessively long delivery times, we already introduced measures in 2012 to optimize our logistics processes and continued to pursue them in 2013. This allowed us to reduce lead times significantly. With the move to our extended logistics building, we established standardized work processes which now need to be anchored in our daily processes.

We continue to consider the exclusion of **IT risks** as an essential task for both our strategic and operational planning. The key components of our IT security concept are still the standards of the German Federal Office for Information Security (BSI) and our modern technical equipment. In 2013, activities focused on the modernization of our data centres as part of our emergency preparedness measures, as well as the classification of sensitive information and the respective encryption measures. Generally applicable rules for ensuring IT security, such as ongoing system updates, a critical approach to access rights for IT systems etc. are implemented and observed in all areas of the company. In 2013, audits conducted by external specialists once again confirmed the effectiveness of our internal IT security management system and helped initiate further improvements. There were no violations of the German Federal Data Protection Act (BDSG).

Strategic risks

R. STAHL has grown steadily over the last ten years – even including the global economic crisis of 2008/2009. We have driven our systems business in particular as we believe it differentiates us strongly from our competitors. As a result, R. STAHL has reached the limits of its **capacities** – both in production and order processing. We are therefore currently investing heavily in the expansion of capacity in research and development and manufacturing. Our investment programme extends over several years and will allow accelerated growth in the medium term. In the first few years, however, capacities may not always be fully utilized.

Tapping new markets and industry sectors as well as expanding our existing sales areas may involve risks which cannot be completely assessed in advance. We analyse the risk potential of individual markets and industry sectors in different regions of the world very carefully and take it into consideration for risk assessment. The risks in connection with the company's further development are analyzed with the requisite care.

We still assess the risk of **product and brand piracy** as minor. Continuous improvement of our products and production technologies for core products, our specialist knowledge and our experience prevent R. STAHL products from being reproduced in comparable quality.

In 2013, the representative **commodity markets** for metals (aluminium, copper, steel, nickel) were stable to positive with a slight upward trend for plastic materials. Due to lower prices for metals and exchange rate effects, we were able to purchase raw materials and components at more favourable prices than in the previous year. Excluding unforeseen economic developments due to global or regional crises, we continue to expect no general shortages in supply in 2014. We anticipate an upward correction in the price of commodities, and energy and transport are also likely to be more expensive. All in all, we therefore expect price increases of approximately 1.5% to 2.5%.

Performance-related risks

In 2013, we expanded our international production sites according to schedule, resulting in significantly higher production capacity in the various regions. Orders that were previously handled by our main site in Waldenburg are now increasingly being processed by our international manufacturing facilities. On the one hand, this offers significant customer benefits due to increased speed and the implementation of regional technical specifications. On the other hand, however, it involves the risk of slightly fluctuating **capacity utilization** at our main factory in Waldenburg, where we now focus on the more volatile project business.

Personnel risks

Especially in rural areas, demographic change is leading to **bottlenecks on the labour market**, so that there is a risk, especially in occupational groups with a technical orientation, that we will not be able to find employees to meet our requirements. We therefore work closely with the Goethe Institute in Schwäbisch Hall and the Chamber of Commerce (IHK) in Heilbronn to attract skilled personnel. Furthermore, we are still in competition for qualified executives, and the departure of highly skilled employees may also **lead to a loss of specialist knowledge.** We invest in top quality training to be prepared for future challenges and put a special focus on qualified vocational training for our employees. Education and training play a very important role at R. STAHL – especially with regard to extending our technological lead. These efforts are supported by our cooperation with numerous educational institutions. By offering employment contracts to 24 apprentices and students, we were able to strengthen the company's competitiveness in 2013.

Financial risks

Once again, the main financial risks resulted from fluctuating **exchange rates** in 2013. Like many other internationally operating companies, we are dependent on the exchange rates of major currencies. Our sales revenue is affected by the current weakness of the US dollar. This can lead to competitive disadvantages. We counter these risks by building up production capacity in other currency areas, such as the USA.

In general, a large part of the existing and planned foreign currency volumes are hedged with forward exchange transactions. Exchange rate trends have been marked by high volatility lately and a prognosis of their future development is impossible. As price fluctuations on the financial markets are hardly predictable, there are risks for our business in the long term, which may impact our profitability. Of particular importance to us is the development of the US dollar – which accounts for the major share of our foreign currency volume and also influences the development of other currencies.

As a basic principle, we borrow capital at matching maturities to finance our business activities. Negative effects from varying **interest rates** may present risks which we also hedge with derivative financial instruments, if required. Interest derivatives are used to hedge interest payments for existing loans. The hedging instruments are only used to hedge against risks that arise due to fluctuations of the general market interest rate for the existing procurement of outside capital. Due to the existing financing structure, R. STAHL is not exposed to major interest rate risks.

Generally, the duration of currency and interest hedges is aligned with the underlying transactions. The operational framework, the persons responsible, financial reporting and the control mechanisms for financial instruments are determined uniformly throughout the Group. An essential part of this is a clear separation of functions between trade and settlement.

Due to the continuous supervision of outstanding accounts and consideration of value adjustments, the **credit risk** is low. As we have extensive unused bank credit lines, fixed by contract with several banks, our liquidity risk is low. The credit lines have a term until mid 2015.

R. STAHL uses a Treasury Management System for cash management, liquidity planning and currency management.

A detailed description of the hedging instruments held at the end of the reporting period 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 the items “27. Derivative financial instruments” and “28. Financial risk management”.

Compliance risks

As a listed company based in Germany, R. STAHL AG is subject to German legislation on corporate governance and the requirements of other legal systems. The regulatory environment has intensified significantly in recent years, notably through more rigorous application of certain laws, such as anti-corruption laws in Germany, the USA and the UK (Foreign Corrupt Practices Act or Bribery Act). These regulations are very complex. Any non-compliance with relevant laws and regulations or any accusation of violation brought against our company, whether justified or not, may have a significant negative impact on our reputation, and thus also on our share price and business activities.

It is difficult to make an accurate assessment of the risks due to the large number of relevant legal and regulatory requirements, as well as the equally wide variety of potential infringements. We constantly monitor new legal requirements and new developments in the field of compliance which arise in our industry or the economy. Based on this information and other available sources, we continuously update our compliance rules to ensure as effectively as possible that our employees know and comply with our Code of Conduct. The Group Compliance Officer is responsible for this process and coordinates all activities in this area relating to compliance with laws and regulations.

Despite the existing compliance rules and the internal control systems already in place, the possibility that individuals may intentionally circumvent control mechanisms for their personal gain cannot be ruled out. Although the occurrence of this risk is considered very unlikely, it may negatively impact the reputation of our company, our business, and our financial position and performance.

Overall statement on the risk situation

Thanks to permanent monitoring, analysis and evaluation of the risk situation, as well as risk control with a standard group-wide early warning system, the risk situation of the R. STAHL Group is manageable, calculable and limited, from today’s point of view. At present, we assume that currently and in the near future there will be no essential individual risks which may be classified as existential. Compared to the previous year, the overall risk potential has remained unchanged.

It is still the market that provides the major risks; there is still an intense competition in all market segments. Especially the political situation in North Africa and in the Middle East still has to be regarded as being critical. We furthermore continue to have a close look at the risks on the procurement side.

R. STAHL is a sound company with a balanced capital structure and a mature business model. A healthy financing ensures the continued existence of the Group. In relation to equity and to the annual result, our risk is on a normal business level. R. STAHL’s management, geared towards sustainability, ensures the long-term success and existence of the Group.

OPPORTUNITY AND FORECAST REPORT

OPPORTUNITIES

We continuously monitor market developments and analyze the trends in our client industries. By maintaining a dialogue with our customers, suppliers and partners, we can identify new requirements and discuss their business potential in the course of strategy meetings and discussions with the Executive Board. If it is decided that an opportunity should be pursued, we incorporate it into our strategy, set a corresponding budget depending on its complexity and allocate the necessary resources. At present, we do not assess opportunities to the same extent as risks.

In the field of explosion protection, new business opportunities may arise from product innovations – a recent example is LED technology. As our customers increasingly rely on LED lighting, we have aligned our products in the lighting sector with this trend and secured our technological lead by quickly entering the market and enhancing our innovative edge. We see the opportunity that our customers may adopt the new LED technology even more in future and that we can establish ourselves as a competent partner in this area.

At the same time, opportunities for us are also arising from the opening of new markets for the explosion protection standard IECEx. One driver of this trend is the increasing popularity of the standard in international projects – in the Middle East, for example, IECEx-based technology is already being successfully implemented in large-scale projects. Recently, the IECEx standard was also recognized for oil and gas platforms under a foreign flag in the Gulf of Mexico. In a market previously dominated by the US-based NEC standard, the demand for explosion protection solutions may generate additional sales for us. As the IECEx standard is only considered for new projects in this region, R. STAHL will not feel the corresponding effect until about three years from now.

In addition, we see the opportunity to generate additional growth with systems solutions. In recent years, we have observed increased demand for holistic systems expertise – a market potential we intend to exploit further in future based on our technological lead and specific experience.

A further element of the opportunity portfolio is our cooperation with universities, such as the Ernst-Abbe University of Jena. On the one hand, it gives us access to new scientific findings and on the other hand to the university's talent pool. In this way we can attract skilled employees to R. STAHL – even in times of high employment.

OUTLOOK

Global economic upturn

According to the latest forecasts of the International Monetary Fund (IMF), global growth of around 3.7% is expected in 2014. Experts also forecast a turning point for the Euro zone: the recession is expected to be replaced by a phase of economic recovery with growth of 1.0%. However, current forecasts indicate strongly diverging trends within the European economy: high-debt regions burdened by financial uncertainties will see more moderate growth than countries where confidence in the economy has already returned. Growth of 1.6% is expected in Germany, while economic output in the UK may increase by as much as 2.4% – driven by favourable credit conditions. Expectations that the resumption of oil supplies from Libya may be at a more moderate pace are slowing growth in the Middle East. For 2014, output is initially expected to grow by 3.3% before the region gains further momentum – according to forecasts.

Driven by a resurgent domestic demand, the US economy is expected to reach growth rates of 2.8% in 2014. This is due to the relaxation of the government's fiscal brake. According to forecasts, Canada is also set for growth of 2.2%.

In the emerging nations, the IMF forecasts growth of 5.1% for 2014 – the experts are particularly optimistic about the Indian economy due to further structural measures to promote investment. In China, however, political measures to increase borrowing costs are obstructing further expansion activities. As a consequence, the IMF expects only moderate growth rates of 7.5%. In other regions, such as Russia and Brazil, the IMF's experts predict weak domestic demand due to tighter credit conditions, political uncertainties and bottlenecks.

Upbeat outlook for our client industries

We see significant growth potential for our client industries in 2014: according to projections of the International Energy Agency (IEA), the oil and gas industry will develop positively in the light of stronger economic growth. Increased infrastructure measures will revive the sector's propensity to invest and prompt higher demand. We anticipate moderate growth for the chemical industry, driven by maintenance and follow-up orders as well as some new investment. Our outlook has been confirmed by the forecasts of the American Chemistry Council. Due to rising global population figures and demographic structures, there are good long-term growth prospects for the pharmaceutical industry. In 2014, however, we expect the trend to remain at the prior-year level: based on this stable market, we anticipate maintenance and follow orders but no new major projects. We see growth in 2014 from plant construction, driven by the demand for specialized equipment for the oil and gas industry. The need for specialist ships in the offshore sector will continue to grow in 2014 – especially in arctic environments.

Expected development of order intake and sales revenues

Based on the optimistic expectations of our most important sales industries, we expect a further increase in sales revenues in fiscal year 2014. In 2013, we continued to drive our expansion strategy and have already successfully completed capacity expansion projects at certain facilities. Thanks to our international presence, we will also be involved in major projects worldwide in 2014. However, this upward trend is also subject to risks, such as economic instability and political uncertainties. Projects we were expecting to be awarded in 2013 could not be booked as new orders until 2014. Order intake in the first quarter was high and we expect it to reach between EUR 325 million and EUR 335 million for the year as a whole. Due to delays in our project business, there will also be a corresponding delay in revenue received. As a result of weak order intake in the fourth quarter of 2013, sales revenues in the first quarter of 2014 fell short of expectations and we will not be able to compensate fully for this shortfall over the course of the year. We therefore expect sales for 2014 as a whole to rise to between EUR 315 million and EUR 325 million.

Expected earnings position

2013 was dominated by R. STAHL's global expansion projects. Further investment activities, such as in Cologne, are also planned for 2014. Expanding capacity is essential for our continued growth as we had already reached the limits of our capacity at certain facilities. In the medium term, we expect positive effects from expansion projects: firstly, we have embraced the principles of lean production processes and secondly we have purchased new plant and machinery that promise increased efficiency. Increased capacity is also essential for a sustainable increase in our return. However, it involves additional fixed costs which will initially hamper profitability in certain areas as not all newly created capacity will be fully utilized as soon as it becomes operational. As utilization increases, this will lead to improved profitability. Moreover, we continue to see the risk of a further strengthening of the euro against the US dollar and certain BRIC currencies. Earnings are expected to be improved, however, by our internal optimization processes which will also be effective at our international manufacturing facilities. With this annual report, we are changing one of our KPIs from the previously used EBT (earnings before taxes) to EBIT (earnings before interest and taxes). It reflects the Group's operating performance more accurately, thus improving the transparency of communication with our stakeholders. In total, we expect EBIT of EUR 24 million to EUR 26 million.

Expected financial position

The equity ratio of the R. STAHL Group at year-end amounted to 37.1% – a stable foundation for our further growth. In the years ahead, we aim to maintain a sustainable and stable equity ratio similar to that of the reporting period. In 2014, cash flow will once again be affected by our high level of capital expenditure. Due to the low interest rate level, we will continue to finance our property with the aid of loans. In addition, we can draw on cash and bilateral credit agreements with five principal banks which provide a total volume of EUR 50 million.

Expected investments and acquisitions

We will continue our expansion programme in 2014: in Cologne, we are building a new production and development centre for our subsidiaries R. STAHL HMI Systems GmbH, R. STAHL Camera Systems GmbH and R. STAHL Schaltgeräte GmbH Niederlassung West. We already acquired the necessary land in 2013, the construction work will impact our capital expenditure in 2014. A new development and training centre is currently being built in Waldenburg and is due to be completed in 2014. In addition, we will invest in plant and machinery to modernize our production and bring our IT systems up to date.

We are also aiming for non-organic growth and analyzing potential acquisition targets. The acquisition of a company makes sense to us if it helps expand our product portfolio or regional presence. We will focus primarily on small and medium-sized enterprises.

OVERALL ASSESSMENT

We are satisfied with the results of fiscal year 2013: we continued to pursue the course we have charted for the Group's growth and established a solid foundation for our further expansion. Our task now is to generate the additional volume to utilize our capacity. In our fiscal year 2014, we placed both speed and efficiency high on the agenda. By shortening our delivery times, we are strictly pursuing our objective of offering the best customer service in the industry. With our expansion investments at locations with a high degree of specialization and in growth markets, we will enhance our capabilities even further and take advantage of our opportunities around the world. This growth must also be efficient – which is why we will continue to improve our internal processes and optimize interfaces.

We have been offering our shareholders an attractive dividend for many years now, allowing them to participate in the company's success. This also highlights the fact that stability and continuity are two important pillars of the R. STAHL Group. In fiscal year 2014, we expect sales revenues to lie between EUR 315 million and EUR 325 million with an EBIT result in the range of EUR 24 million to EUR 26 million. We have established ourselves as a competent partner for our customers in the field of explosion protection and laid the foundation for further growth with our expansion activities. Overall, we are optimistic about the future.

Waldenburg, 8 April 2014
R. Stahl Aktiengesellschaft

Executive Board

Martin Schomaker **Bernd Marx**

CONSOLIDATED INCOME STATEMENT

of R. Stahl Aktiengesellschaft, Waldenburg, for the period from 1 January to 31 December 2013

Note	EUR 000	2013	2012
01	Sales revenue	304,383	290,887
	Change in finished and unfinished products	2,730	3,558
02	Other own work capitalized	3,586	3,624
	Total operating performance	**310,699**	**298,069**
03	Other operating income	7,298	7,874
04	Cost of materials	- 105,347	- 105,353
05	Personnel costs	- 111,087	- 104,875
07	Depreciation and amortization	- 12,026	- 11,785
08	Other operating expenses	- 64,642	- 58,987
	Earnings before financial result and income taxes	**24,895**	**24,943**
09	Investment result	3	6
10	Interest result	- 3,587	- 3,820
	a) Interest and similar income	251	114
	b) Interest and similar expenses	- 3,838	- 3,934
	Financial result	**- 3,584**	**- 3,814**
	Earnings before income taxes	**21,311**	**21,129**
11	Income taxes	- 5,893	- 6,852
	Net profit	**15,418**	**14,277**
	Non-controlling interests	87	- 93
	Profit share of R. STAHL	15,331	14,370
12	**Earnings per share (EUR)**	**2.59**	**2.43**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of R. Stahl Aktiengesellschaft, Waldenburg, for the period from 1 January to 31 December 2013

EUR 000	2013	2012*)
Profit for the year	**15,418**	**14,277**
Currency translation differences		
Gains/losses from currency translations of foreign subsidiaries, recognized in equity	- 5,343	510
Deferred taxes on gains/losses from currency translations	0	0
Currency translation differences after taxes	- 5,343	510
Cash flow hedges		
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	347	48
Recognized in profit or loss	- 189	465
Deferred taxes on cash flow hedges	- 44	- 147
Cash flow hedges after taxes	114	366
Other comprehensive income with reclassification to profit for the year	**- 5,229**	**876**
Revaluation of pension obligations		
Actuarial gains/losses from the subsequent measurement of pension obligations, recognized in equity	2,517	- 14,945
Deferred taxes on actuarial gains/losses from the subsequent measurement of pension obligations, recognized in equity	- 725	4,371
Other comprehensive income without reclassification to profit for the year	**1,792**	**- 10,574**
Other comprehensive income (valuation differences recognized directly in equity)	**- 3,437**	**- 9,698**
of which attributable to non-controlling interests	- 24	9
of which attributable to R. STAHL	- 3,413	- 9,707
Total comprehensive income after taxes	**11,981**	**4,579**
Total comprehensive income attributable to non-controlling interests	63	- 84
Total comprehensive income attributable to R. STAHL	11,918	4,663

*) adjusted due to the initial application of IAS 19 rev. (2011)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of R. Stahl Aktiengesellschaft, Waldenburg, as of 31 December 2013

Note	EUR 000	31/12/2013	31/12/2012*)	01/01/2012*)
	ASSETS			
	Non-current assets			
14	Intangible assets	40,242	39,779	39,520
15	Property, plant & equipment	51,861	42,586	33,667
16	Financial assets	133	142	140
16	Other assets	1,200	1,514	1,663
16	Real estate held as a financial investment	7,883	8,052	9,034
11	Deferred taxes	8,394	8,359	3,526
		109,713	**100,432**	**87,550**
	Current assets			
17	Inventories and prepayments made	48,603	45,870	42,343
18	Receivables and other assets	54,902	57,659	47,557
18	Income tax claims	2,307	2,218	1,260
18,19	Other receivables and other assets	7,067	5,824	5,030
20	Cash and cash equivalents	24,966	17,601	15,214
		137,845	**129,172**	**111,404**
	Total assets	**247,558**	**229,604**	**198,954**

*) adjusted due to initial application of IAS 19 rev. (2011)

Note	EUR 000	31/12/2013	31/12/2012*)	01/01/2012*)
	EQUITY AND LIABILITIES			
21	Subscribed capital	16,500	16,500	16,500
21	Capital reserves	522	522	522
21	Revenue reserves	95,677	86,417	76,234
21	Accumulated other comprehensive income	- 15,527	- 12,114	- 2,407
21	Deduction for treasury shares	- 5,596	- 5,596	- 5,596
	Equity without non-controlling interests	**91,576**	**85,729**	**85,253**
21	Non-controlling interests	346	165	280
	Total equity	**91,922**	**85,894**	**85,533**
	Non-current liabilities			
22	Pension provisions	70,273	71,691	55,536
23	Other provisions	1,451	1,572	1,410
24	Interest-bearing financial liabilities	15,667	12,750	3,250
25	Other liabilities	664	692	3,588
11	Deferred taxes	2,163	1,894	1,990
		90,218	**88,599**	**65,774**
	Current liabilities			
22, 23	Provisions	5,296	5,827	4,609
25	Trade payables	16,867	14,843	12,135
24	Interest-bearing financial liabilities	15,505	6,801	8,912
25	Deferred liabilities	14,565	13,735	9,989
25	Income tax liabilities	3,320	4,122	1,761
25	Other liabilities	9,865	9,783	10,241
		65,418	**55,111**	**47,647**
	Total equity and liabilities	**247,558**	**229,604**	**198,954**

*) adjusted due to initial application of IAS 19 rev. (2011)

CONSOLIDATED CASH FLOW STATEMENT

of R. Stahl Aktiengesellschaft, Waldenburg, for the period from 1 January to 31 December 2013

	EUR 000	2013	2012*)
I.	**Operating activities**		
1.	Net profit for the year	15,418	14,277
2.	Depreciation, amortization and impairment of non-current assets	12,026	11,785
3.	Changes in long-term provisions	1,194	1,260
4.	Changes in deferred taxes	- 659	- 761
5.	Other income and expenses without cash flow impact	5,444	- 1,719
6.	Result from the disposal of non-current assets	23	106
7.	**Cash flow**	**33,446**	**24,948**
8.	Changes in short-term provisions	- 506	1,222
9.	Changes in inventories, trade receivables and other non-capex or non-financial assets	- 9,470	- 15,603
10.	Changes in trade payables and other non-capex or non-financial assets	3,918	10,295
11.	**Changes in net current assets**	**- 6,058**	**- 4,086**
12.	**Cash flow from operating activities**	**27,388**	**20,862**
II.	**Investing activities**		
13.	Cash outflow for capex on intangible assets	- 7,521	- 5,400
14.	Cash outflow for capex on property, plant & equipment	- 17,172	- 14,677
15.	Cash inflow from disposals of property, plant & equipment and real estate held as a financial investment	555	370
16.	Cash inflow from disposals of financial assets	0	3
17.	Increase (-)/decrease (+) of current financial assets	- 62	93
18.	Cash outflow for acquisitions net of acquired cash and cash equivalents	0	- 2,000
19.	**Cash flow from investing activities**	**- 24,200**	**- 21,611**
20.	**Free cash flow**	**3,188**	**- 749**

	EUR 000	2013	2012*)
III.	**Financing activities**		
21.	Distribution to shareholders (dividend)	- 5,924	- 4,147
22.	Distribution to/contribution from minority shareholders	- 29	- 71
23.	Increase (+)/decrease (-) in current interest-bearing financial debt	7,323	- 2,093
24.	Cash inflow from non-current interest-bearing financial debt	4,850	10,000
25.	Cash outflow for repayment of non-current interest-bearing financial debt	- 500	- 500
26.	**Cash flow from financing activities**	**5,720**	**3,189**
IV.	**Cash and cash equivalents**		
27.	Changes in cash and cash equivalents	8,908	2,440
28.	Foreign exchange and valuation-related changes in cash and cash equivalents	- 1,543	- 53
29.	Cash and cash equivalents at the beginning of the period	17,601	15,214
30.	**Cash and cash equivalents at the end of the period**	**24,966**	**17,601**
	Composition of cash and cash equivalents		
	Cash and cash equivalents	24,966	17,601

*) adjusted due to initial application of IAS 19 rev. (2011)

The cash flow statement is explained in the Notes to the Consolidated Financial Statements on page 162 et seq..

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of R. Stahl Aktiengesellschaft, Waldenburg, for fiscal year 2013

				Shareholders'
				Accumulated
EUR 000	Subscribed capital	Capital reserves	Revenue reserves	Currency translation
Balance on 1 Jan. 2012 before adjustment	**16,500**	**522**	**76,234**	**1,429**
Adjustment due to initial application of IAS 19 rev. (2011)				
Balance on 1 Jan. 2012 after adjustment	**16,500**	**522**	**76,234**	**1,429**
Profit for the year			14,370	
Accumulated other comprehensive income				501
Total comprehensive income			**14,370**	**501**
Dividend distribution			- 4,147	
Change in non-controlling interests			- 40	
Balance on 31 Dec. 2012 after adjustment	**16,500**	**522**	**86,417**	**1,930**
Balance on 1 Jan. 2013 before adjustment	**16,500**	**522**	**86,417**	**1,930**
Adjustment due to initial application of IAS 19 rev. (2011)				
Balance on 1 Jan. 2013 after adjustment	**16,500**	**522**	**86,417**	**1,930**
Profit for the year			15,331	
Accumulated other comprehensive income				- 5,319
Total comprehensive income			**15,331**	**- 5,319**
Dividend distribution			- 5,924	
Change in non-controlling interests			- 147	
Capital increase non-controlling interests				
Balance on 31 Dec. 2013	**16,500**	**522**	**95,677**	**- 3,389**

equity					Non-controlling interests	Consolidated equity
other comprehensive income			Deduction for treasury shares	Total		Total
Unrealized gains/losses from cash flow hedges	Gains/losses from pensions	Total accumulated other comprehensive income				
- 620	**0**	**809**	**- 5,596**	**88,469**	**280**	**88,749**
	- 3,216	- 3,216		- 3,216		**- 3,216**
- 620	**- 3,216**	**- 2,407**	**- 5,596**	**85,253**	**280**	**85,533**
				14,370	- 93	**14,277**
366	- 10,574	-9,707		- 9,707	9	**- 9,698**
366	**- 10,574**	**-9,707**		**4,663**	**- 84**	**4,579**
				- 4,147	- 51	**- 4,198**
				- 40	20	**- 20**
- 254	**- 13,790**	**- 12,114**	**- 5,596**	**85,729**	**165**	**85,894**
-254	**0**	**1,676**	**- 5,596**	**99,519**	**165**	**99,684**
	- 13,790	- 13,790		- 13,790		**- 13,790**
- 254	**- 13,790**	**- 12,114**	**- 5,596**	**85,729**	**165**	**85,894**
				15,331	87	**15,418**
114	1,792	- 3,413		- 3,413	- 24	**- 3,437**
114	**1,792**	**- 3,413**		**11,918**	**63**	**11,981**
				- 5,924	- 53	**- 5,977**
				- 147	46	**- 101**
				0	125	**125**
- 140	**- 11,998**	**- 15,527**	**- 5,596**	**91,576**	**346**	**91,922**

CHANGES IN FIXED ASSETS OF THE GROUP

of R. Stahl Aktiengesellschaft, Waldenburg, for fiscal year 2013

		Acquisition and manufacturing costs					
	EUR 000	01/01/2013	Currency differences	Additions	Disposals	Reclassi-fication	31/12/2013
I.	**Intangible assets**						
1.	Industrial property and similar rights	24,854	- 239	3,048	- 3,124	198	24,737
2.	Goodwill	13,758	- 899	0	0	0	12,859
3.	Development costs	23,561	- 79	4,381	- 3,159	0	24,704
4.	Prepayments made	627	- 1	59	0	- 219	466
5.	Other intangible assets	11,184	- 1,119	33	0	21	10,119
		73,984	**- 2,337**	**7,521**	**- 6,283**	**0**	**72,885**
II.	**Property, plant & equipment**						
1.	Properties, property-like rights and buildings including buildings on third-party properties	32,262	- 592	4,951	- 493	1,009	37,137
2.	Technical equipment and machinery	25,408	- 569	3,125	- 803	16	27,177
3.	Other plant as well as operating and office equipment	41,123	- 463	6,640	- 2,500	1,273	46,073
4.	Prepayments made and plant under construction	1,624	- 97	2,416	0	- 2,298	1,645
		100,417	**- 1,721**	**17,132**	**- 3,796**	**0**	**112,032**
III.	**Financial assets**						
1.	Other equity interests	117	- 9	0	0	0	108
2.	Other loans	19	0	0	0	0	19
3.	Securities	20	- 2	0	0	0	18
		156	**- 11**	**0**	**0**	**0**	**145**
IV.	**Real estate held as financial investment**	**13,874**	**0**	**40**	**0**	**0**	**13,914**
		188,431	**- 4,069**	**24,693**	**- 10,079**	**0**	**198,976**

Accumulated depreciation					Carrying amounts	
01/01/2013	Currency differences	Additions	Disposals	31/12/2013	**31/12/2013**	**31/12/2012**
18,979	- 128	2,747	- 3,124	18,474	6,263	5,875
285	- 34	0	0	251	12,608	13,473
8,349	- 54	1,771	- 3,159	6,907	17,797	15,212
0	0	0	0	0	466	627
6,592	- 743	1,162	0	7,011	3,108	4,592
34,205	**- 959**	**5,680**	**- 6,283**	**32,643**	**40,242**	**39,779**
8,204	- 11	710	- 133	8,770	28,367	24,058
17,973	- 313	1,749	- 781	18,628	8,549	7,435
31,654	- 254	3,678	- 2,305	32,773	13,300	9,469
0	0	0	0	0	1,645	1,624
57,831	**- 578**	**6,137**	**- 3,219**	**60,171**	**51,861**	**42,586**
0	0	0	0	0	108	117
0	0	0	0	0	19	19
14	- 2	0	0	12	6	6
14	**- 2**	**0**	**0**	**12**	**133**	**142**
5,822	**0**	**209**	**0**	**6,031**	**7,883**	**8,052**
97,872	**- 1,539**	**12,026**	**- 9,502**	**98,857**	**100,119**	**90,559**

CHANGES IN FIXED ASSETS OF THE GROUP

of R. Stahl Aktiengesellschaft, Waldenburg, for fiscal year 2012

	EUR 000	Acquisition and manufacturing costs					
		01/01/2012	Currency differences	Additions	Disposals	Reclassi-fication	31/12/2012
I.	**Intangible assets**						
1.	Industrial property and similar rights	23,487	1	1,366	0	0	24,854
2.	Goodwill	13,420	392	0	- 54	0	13,758
3.	Development costs	19,727	29	3,805	0	0	23,561
4.	Prepayments made	435	- 1	193	0	0	627
5.	Other intangible assets	11,274	363	36	- 489	0	11,184
		68,343	**784**	**5,400**	**- 543**	**0**	**73,984**
II.	**Property, plant & equipment**						
1.	Properties, property-like rights and buildings including buildings on third-party properties	28,095	- 162	1,586	0	2,743	32,262
2.	Technical equipment and machinery	21,941	105	3,789	- 757	330	25,408
3.	Other plant as well as operating and office equipment	36,773	26	4,996	- 958	286	41,123
4.	Prepayments made and plant under construction	728	- 27	4,293	- 11	- 3,359	1,624
		87,537	**- 58**	**14,664**	**- 1,726**	**0**	**100,417**
III.	**Financial assets**						
1.	Other equity interests	113	4	0	0	0	117
2.	Other loans	19	0	0	0	0	19
3.	Securities	21	1	0	- 2	0	20
		153	**5**	**0**	**- 2**	**0**	**156**
IV.	**Real estate held as financial investment**	**13,861**	**0**	**13**	**0**	**0**	**13,874**
		169,894	**731**	**20,077**	**- 2,271**	**0**	**188,431**

Accumulated depreciation					Carrying amounts	
01/01/2012	Currency differences	Additions	Disposals	31/12/2012	**31/12/2012**	**31/12/2011**
16,109	- 8	2,878	0	18,979	5,875	7,378
270	15	0	0	285	13,473	13,150
7,044	19	1,286	0	8,349	15,212	12,683
0	0	0	0	0	627	435
5,400	145	1,536	- 489	6,592	4,592	5,874
28,823	**171**	**5,700**	**- 489**	**34,205**	**39,779**	**39,520**
7,577	- 2	629	0	8,204	24,058	20,518
16,916	85	1,335	- 363	17,973	7,435	5,025
29,377	38	3,126	- 887	31,654	9,469	7,396
0	0	0	0	0	1,624	728
53,870	**121**	**5,090**	**- 1,250**	**57,831**	**42,586**	**33,667**
0	0	0	0	0	117	113
0	0	0	0	0	19	19
13	1	0	0	14	6	8
13	**1**	**0**	**0**	**14**	**142**	**140**
4,827	**0**	**995**	**0**	**5,822**	**8,052**	**9,034**
87,533	**293**	**11,785**	**- 1,739**	**97,872**	**90,559**	**82,361**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of R. Stahl Aktiengesellschaft, Waldenburg, for fiscal year 2013

PRINCIPLES AND METHODS OF CONSOLIDATED ACCOUNTING

I. Basis of preparation

The Consolidated Financial Statements of R. Stahl Aktiengesellschaft (hereinafter also called R. STAHL AG) as at 31 December 2013 have been prepared in accordance with Section 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 Standards Interpretations Committee (IFRS Interpretations Committee) and the commercial law regulations pursuant to Section 315a (1) HGB.

The Consolidated Financial Statements are prepared using the historical cost principle. Derivative financial instruments and conditional purchase price liabilities are an exception to this rule and are recognized at fair value.

For better readability of the Consolidated Financial Statements, we have summarized individual items of the Consolidated Income Statement and Consolidated Statement of Financial Position. 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. In accordance with IAS 1, the statement of financial position was divided into non-current and current items. The Consolidated Income Statement has been prepared using the “nature of costs method”.

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

R. STAHL AG electronically submits its Consolidated Financial Statements to the operator of the German electronic Federal Gazette.

Impact of new or revised standards

The accounting and valuation methods that have been applied basically correspond to the methods that were applied last year with the following exceptions, which result from new or revised standards.

In fiscal year 2013, the following new regulations were mandatory for the first time:

Standard/ Interpretation		Status	Mandatory as of
IFRS 13	Fair Value Measurement	new	01/01/2013
IAS 19	Employee Benefits (revised 2011)	revised	01/01/2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	new	01/01/2013
Amendments to IFRS 1	Government Loans	revised	01/01/2013
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	revised	01/01/2013
Amendments to IFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	revised	01/01/2013
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	revised	01/07/2012
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets	revised	01/01/2013
AIP 2009-2011	Annual Improvement of IASB 2009–2011	revised	01/01/2013

IFRS 13 Fair Value Measurement

In May 2011, the IASB published IFRS 13 which is to be applied prospectively for fiscal years beginning on or after 1 January 2013. The new standard provides the first general guidance on fair value measurement.

The initial application of IFRS 13 had no material influence on the financial position and performance of the R. STAHL Group. There were implications for the Notes, as additional disclosures are required.

IAS 19 Employee Benefits

In June 2011, the IASB adopted the revised version of IAS 19 (IAS 19 rev.), which was recognized by the EU in June 2012.

With the new version of IAS 19, the so-called corridor method is no longer applied. As a consequence, actuarial gains and losses (in future referred to as changes in value) are now recognized immediately in the year they incur as “changes in value recognized directly in equity” (other comprehensive income). Once recognized in other comprehensive income, these amounts are not carried in profit or loss. Furthermore, in future, past service costs from plan changes will be recognized immediately in the year they incur.

Due to the retrospective application of IAS 19 rev., the comparative information has been restated accordingly. Taking into account disclosure changes of IAS 1 results in the following:

Balance sheet items	31/12/2012			01/01/2012		
EUR 000	before adjustment	adjustment	after adjustment	before adjustment	adjustment	after adjustment
Deferred tax assets	3,596	4,763	8,359	2,926	600	3,526
Equity	99,684	- 13,790	85,894	88,749	- 3,216	85,533
Pension provisions	54,925	19,440	74,365	53,550	4,495	58,045
Deferred tax liabilities	2,781	- 887	1,894	2,669	- 679	1,990

The retrospective application of IAS 19 rev. had no material impact on net profit for the reporting period and no adjustments were therefore made. There was no resulting change in earnings per share.

The application of IAS 19 rev. resulted in the following effects in the reporting period:

Balance sheet items	31/12/2013		
EUR 000	before adjustment	adjustment	after adjustment
Deferred tax assets	4,356	4,038	8,394
Equity	102,920	- 10,998	91,922
Pension provisions	57,059	15,923	72,982
Deferred tax liabilities	3,050	- 887	2,163

Pre-tax earnings and net profit for the reporting period would have been approx. EUR 1.0 million and approx. EUR 0.7 million lower, respectively. This was mainly due to the fact that actuarial losses in 2012 exceeded the corridor of 10% of pension obligations (DBO). The excess amount would have had to be distributed over the expected average remaining service life and expensed pro rata through profit or loss from fiscal year 2013 onward. Earnings per share would have decreased by approx. EUR 0.12.

Due to the amended definition of post-employment benefits in IAS 19 rev., the supplementary amounts promised as part of partial retirement agreements now represent long-term employee benefits. As a result, provisions are no longer formed for the total amount of the supplementary amounts at the time of the agreement, but carried in proportionate amounts over the active service years of the partial retirement agreement beneficiaries. Retrospective application did not result in significant changes and consequently the prior-year figures have not been adjusted.

The revised standard is to be applied for fiscal years beginning on or after 1 January 2013 at the latest.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The revision of IAS 1 by the IASB in June 2011 led to changes in the presentation of other comprehensive income in the statement of comprehensive income. The amendment is mandatory for fiscal years beginning on or after 1 July 2012. In future, amounts that are not reversed with an effect in profit or loss are disclosed separately in other comprehensive income.

All other new and amended accounting standards mandatory for the first time in the reporting period had no significant impact on the financial position and performance.

New or revised standards that have not been applied

The IASB and IFRS Interpretations Committee have adopted the following standards, interpretations and revisions which were not yet mandatory on 31 December 2013 and in some cases have not yet been recognized by the EU. Early application of these new provisions is not intended.

Standard/ Interpretation		Mandatory as of [1]	Adopted by the EU Commission [2]	Expected impact
IFRS 9	Financial Instruments: Classification and Measurement	01/01/2015	no	revised classification and measurement of financial instruments
IFRS 9	Financial Instruments: Hedge Accounting	01/01/2015	no	extended designation options, simplified effectiveness testing, increased disclosures
IFRS 9/IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures	01/01/2015	no	none
IFRS 10	Consolidated Financial Statements	01/01/2014	yes	no material effects
IFRS 11	Joint Arrangements	01/01/2014	yes	none
IFRS 12	Disclosure of Interests in Other Entities	01/01/2014	yes	enhanced disclosures on interests in other entities
IAS 27	Separate Financial Statements (revised 2011)	01/01/2014	yes	none
IAS 28	Investments in Associates and Joint Ventures (revised 2011)	01/01/2014	yes	none
IFRIC 21	Levies	01/01/2014	no	
Amendments to IFRS 10/ IFRS 11/IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	01/01/2014	yes	no material effects
Amendments to IFRS 10/ IFRS 12/IAS 27	Investment Entities	01/01/2014	yes	none
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	01/01/2015	no	no material effects
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	01/01/2014	yes	no material effects
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	01/01/2014	no	no material effects
Amendments to IAS 39	Novation of Derivatives	01/01/2014	no	no material effects
AIP 2010–2012	Annual Improvement of IASB 2010–2012	01/07/2014	no	no material effects
AIP 2011–2013	Annual Improvement of IASB 2011–2013	01/07/2014	no	no material effects

[1] effective date for R. STAHL AG
[2] as of 31 December 2013

II. Company data

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

III. Release date for publication of financial statements

The Executive Board of R. STAHL AG released the 2013 Consolidated Financial Statements and the 2013 Group Management Report for forwarding to the Supervisory Board on 28 March 2014 and updated the Forecast Report on 8 April 2014.

IV. Consolidation principles

Scope of consolidation

In addition to R. STAHL AG, the Consolidated Financial Statements include 34 (previous year: 34) 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.

Companies in which R. STAHL AG can exert a substantial influence are consolidated as associated enterprises in the Consolidated Financial Statements using the equity method. For reasons of materiality, certain companies were not consolidated in the Consolidated Financial Statements using the equity method.

In the previous year, R. STAHL AG acquired all shares in R. STAHL LECTIO GmbH & Co. KG, Waldenburg (former LECTIO Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Weimar KG, Düsseldorf), as well as the remaining 1% of shares in R. STAHL SUPERA GmbH & Co. KG, Waldenburg (former SUPERA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Künzelsau KG, Düsseldorf), with effect from 31 December 2012. In the reporting period, R. STAHL LECTIO GmbH & Co. KG, Waldenburg, was renamed as R. STAHL Lectio GmbH, Waldenburg, and R. STAHL SUPERA GmbH & Co. KG, Waldenburg, was renamed as R. STAHL Supera GmbH, Waldenburg. These companies already had to be consolidated as "special purpose entities" pursuant to SIC-12 in conjunction with IAS 27 in previous years and there were therefore no changes.

The consolidated Group is unchanged from 31 December 2012. In February 2013, R. STAHL AG, Waldenburg (Germany), acquired a further 13% of shares in R. STAHL Engineering & Manufacturing Sdn. Bhd., Selangor (Malaysia), for a purchase price of EUR 100 thousand and now holds 100% of shares.

Breakdown of domestic and foreign consolidated companies:

	Domestic 31/12/2013	Foreign 31/12/2013	**Total 31/12/2013**	Total 31/12/2012
Number of fully consolidated companies	9	26	**35**	35
Number of companies consolidated using the equity method	0	0	**0**	0

The list of shareholdings is an integral component of these Notes to the Consolidated Financial Statements.

Changes to the group of consolidated companies in 2012

In September 2012, R. STAHL Norge AS, Oslo (Norway), acquired a further 35% of shares in STAHL-Forus Systems AS, Oslo (Norway), for a purchase price of EUR 20 thousand and now holds 100% of the shares. Subsequently, STAHL-Forus Systems AS, Oslo (Norway), has been completely merged into R. STAHL Norge AS, Oslo (Norway).

Currency translation

The functional currency is the currency 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 et seq. 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 separate 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 organizationally at arm's length, their functional currencies correspond to the respective currency of their 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 is also translated at the exchange rates effective on the balance sheet date. Differences arising from currency translation are recognized in the item "Currency translation" in "Accumulated other comprehensive income".

The underlying exchange rates for currency translation with material impact on the Consolidated Financial Statements have changed relative to the euro (EUR) as follows:

	Year-end spot rate		Average exchange rate	
	31/12/2013	31/12/2012	**2013**	2012
US dollar	1.37910	1.31830	1.32817	1.28453
British pound	0.83370	0.81695	0.84927	0.81086
Norwegian krone	8.36300	7.33750	7.80756	7.47535

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 the fair value of all identifiable assets, debts, and contingent liabilities at the time of purchase.

Residual positive differences are capitalized as goodwill. Capitalized goodwill is checked for impairment annually and restated through profit and loss in case of impairment. In the case of reasonable impairment indication, additional impairment tests are performed during the period 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.

Changes in the parent company's shareholding in a subsidiary that do not lead to a loss of control are accounted for as an equity transaction. Differences from such transactions have to be set off against equity. A subsidiary is deconsolidated at the time the parent company loses control of the subsidiary.

Shares in a subsidiary's equity that are not allocable to the parent company are stated as "non-controlling 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 using the equity method 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 using the equity method are recognized at the prorated fair value of the associated enterprise's 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 carrying values of shares rise and fall depending on purchase costs corresponding to the shareholder's interest in the net profit of the respective company.

The consolidation principles have remained unchanged compared to last year.

V. Accounting and valuation methods

Uniform group methods

The annual financial statements of the consolidated companies have been prepared according to uniform accounting and valuation principles pursuant to IAS 27.

To this end, we have adjusted the financial statements prepared according to country-specific standards to the uniform Group accounting and valuation principles of R. STAHL AG in the case of any deviation from IFRS.

The reporting date for the separate financial statements of the consolidated companies is the same as the date of the Consolidated Financial Statements, as at 31 December, except for the financial statements of R. STAHL (P) Limited, Chennai (India). The balance sheet date for the separate financial statements in India is 31 March, insofar, interim financial statements have been prepared for the date of the Consolidated Financial Statements.

Estimates and assumptions

Preparing Consolidated Financial Statements according to IFRS requires 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 the following assets and liabilities:

Impairment of goodwill

The R. STAHL Group examines at least once a year if goodwill is impaired. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. Management has to estimate the expected future cash flows of the cash-generating units and furthermore select a suitable discount factor to determine the cash value of these cash flows. On 31 December 2013, the carrying values of goodwill amount to EUR 12.6 million (previous year: EUR 13.5 million). For further information please refer to section 14.

Capitalized development costs

Development costs are capitalized according to the accounting and valuation methods presented in this section. In order to determine the amounts to be capitalized, management has to assess the amount of the expected future cash flows from assets, the interest rates that have to be applied and the period of time the expected future influx of cash flows that the assets generate. On 31 December 2013, the carrying value of capitalized development costs amounts to EUR 17.8 million (previous year: EUR 15.2 million).

Provisions for pension obligations

Expenses for defined benefit plans are determined using actuarial calculations based on assumptions in regard to discount factors, expected income from plan assets, future wage and salary increases, mortality and future pension increases. The applied discount factors are based on the yield of first-class, fixed-interest bearing company bonds. The expected long-term interest of the fund assets is determined on the basis of historical long-term yields and the structure of the portfolio. Pursuant to the long-term orientation of these plans, those assumptions are subject to essential uncertainties. On 31 December 2013, provisions for pension obligations amounted to EUR 73.0 million (previous year: EUR 74.4 million). For further information please refer to section 22.

Furthermore, estimates and assumptions are used for purchase price allocations, the determination of economic lifetimes of intangible and tangible assets, accounting and valuation of inventories, receivables, provisions and the realization of future tax benefits. Individual actual values may deviate from the estimates and assumptions. Pursuant to IAS 8, changes will be recognized through profit and loss at the time of gaining better knowledge.

Revenue recognition

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 realized 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 expenses

Research costs may not be capitalized under IAS 38.42 et seq. and are thus immediately expensed in the income statement.

Development costs are capitalized if they meet the criteria of IAS 38. The respective depreciation and amortization uses the straight-line method.

Earnings per share

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

Basic earnings per share are consolidated earnings – net of non-controlling 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 2012 nor in 2013.

Intangible assets and property, plant & equipment

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

Purchased and self-generated intangible assets excluding goodwill are recognized at acquisition or manufacturing cost less straight-line depreciation and amortization. The respective items are depreciated and amortized over their contractual or estimated service lives. Service lives range between three and ten years.

Capitalized goodwill is checked for impairment on an annual basis and, in case of impairment, restated through profit and loss.

Development costs are capitalized at manufacturing cost 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. Capitalized development costs comprise all directly allocable costs and appropriate shares of development-related overhead. Capitalized development costs are amortized using the straight line method from production start over the expected product life cycle of usually five to seven years. Development projects not yet completed are subjected to annual impairment tests.

Property, plant & equipment is recognized at acquisition or manufacturing cost less scheduled depreciation and amortization over the projected service lives.

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

Financial expenses are not recognized as part of acquisition or manufacturing cost, as there are regularly no qualified assets.

Property, plant & equipment is depreciated using the straight-line method.

Scheduled depreciation and amortization is based on the following group-wide 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 capitalized book values of property, plant & equipment and of intangible assets (including capitalized development costs and goodwill) are checked for impairment. This involves comparing the carrying values with the recoverable value, defined as the higher asset value from the sales price minus disposal costs and value in use. Value in use 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 recoverable value of an asset is determined individually and, should that not be possible, for the cash-generating unit it has been allocated to. Basic assumptions have to be made to determine the expected cash flows of each cash-generating unit. This includes making assumptions for financial plans and the interest rates used for discounting cash flows.

Leasing

The 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). The 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 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 initial recognition, available for sale and held for trading financial assets are stated at fair value. If no market values can be determined, the fair values of available for sale financial assets are calculated using appropriate valuation methods, such as 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), held-to-maturity financial investments, and all financial assets with set maturities, but for which there are no regular price quotes in active markets so that their fair values cannot be reasonably determined, are recognized at amortized cost 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 available for sale financial assets 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 quoted prices or fair value. If neither one of these are available or cannot be reliably determined, they are stated at historical costs.

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

Real estate held as a financial investment

Real estate held as a financial investment is stated as an asset 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 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 realization.

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 discounted pursuant to IAS 12.

Inventories

Raw materials and supplies, as well as merchandise, are recognized at the lower of average cost or net realizable value.

Unfinished and finished goods are recognized at the lower of manufacturing cost and net realizable 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 amortization, prorated administrative expense, and prorated social insurance costs (total production-related cost approach). Manufacturing costs are determined on a normal capacity utilization basis.

Financing costs are not included in acquisition or manufacturing cost.

As soon as the reasons for inventory impairment cease to exist and thus net realizable 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 amortized cost. Non- or low-interest-bearing receivables with maturities in excess of one year are discounted.

Appropriate allowances are recognized to take account of all identifiable risks.

Derivative financial instruments and hedge accounting

The R. STAHL Group only uses derivative financial instruments to hedge 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, such as 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.

The prerequisite for hedge accounting is that the definite hedging relation between underlying transaction and hedging instrument is documented and the effectiveness is proven. The R. STAHL Group principally documents all relations between hedges and related underlying transactions in compliance with IAS 39. Underlying transactions are related to hedges.

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

In the case of cash flow hedging, market value changes of that part of the hedging instrument classified as effective are first disclosed directly in equity as part of the overall result not affecting net income, taking deferred taxes into account, until the assured future cash flow eventuates. The transfer to the income statement coincides with the effect on net profit of the hedged underlying transaction. The part of the market value changes not covered by the underlying transaction is recognized directly in profit or loss.

Hedging the fair value of recognized assets or recognized liabilities is a fair value hedge. In the reporting period, the R. STAHL Group did not use fair value hedges.

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

The market values of derivative financial instruments are shown under “Other financial assets” or “Other financial liabilities”. According to the settlement date, short-term and long-term derivatives are classified as current or non-current.

Treasury shares

Treasury shares are deducted from equity at cost and disclosed in the statement of financial position as a separate item.

Purchases, sales, issues or cancellations of the company’s own equity instruments are not recognized through profit and loss.

Provisions for pensions and similar obligations

Provisions for pensions and similar obligations comprise the R. STAHL Group’s pension obligations from defined benefit and defined contribution pension schemes.

In the case of defined benefit pension schemes (such as direct commitments (direct pension obligations in the form of pension provisions) and support funds (indirect pension obligations)), 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.

In Germany, the age of employees at the end of the agreed partial retirement period was set as the end financing age for employees in partial retirement programmes. In the case of other staff without individual contractual provisions regulating the retirement age, the earliest possible retirement ages pursuant to the German Pension Insurance Retirement Age Adjustment Act 2007 were raised by one year from 63 to 64. This corresponds to the average retirement age in the past and coming years within the company. The effect of adjusting the retirement age is approximately EUR 898 thousand and led to a reduction in pension obligations. The adjustment was fully recognized in equity.

As of 1 January 2013, actuarial gains and losses arising from changes in actuarial assumptions, or differences between previous actuarial assumptions and actual developments, are recognized directly in equity (accumulated other comprehensive income) at the time of creation and under consideration of deferred taxes. The previous right to choose between immediate recognition through profit or loss, recognition in equity or delayed recognition using the so-called corridor method has been abolished. Actuarial gains and losses recognized in the equity item "Accumulated other comprehensive income" and the respective deferred taxes are not reversed through profit or loss in subsequent periods. The actuarial gains and losses recognized in the reporting period and the respective deferred taxes are disclosed separately in the statement of comprehensive income.

The expense of funding pension obligations is recognized under personnel expenses while the interest portion of pension obligations is stated in the interest result.

The amount to be recognized as a liability from defined benefit pension plans is to be subtracted from the plan asset at fair value as at the balance sheet date.

In the case of defined contribution plans, the respective companies do not incur further obligations beyond making contributions to special purpose funds.

Discount factors for determining the present value of defined benefit pension obligations are established on the basis of yields achieved on the balance sheet date with high-quality, fixed interest-bearing company bonds in the respective market. In the case of long terms, a strong reduction of high-quality company bonds was observed.

In the past, the criteria for the selection of high-quality, fixed interest-bearing company bonds with AA rating was therefore adjusted in order to increase the number of bonds included and to be able to make reliable estimates of the discount factors also in future. For very long terms, there are no high-quality, fixed interest-bearing company bonds available for comparison. The respective discount factors are determined by extrapolating the observable market yields along the yield curves. This did not have an effect on the income statement. The effect on future periods is expected to be low.

Other provisions

Other provisions pursuant to IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) have been included to the extent that they represent 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 – also includes all cost components that are also capitalized in inventories (production-related total costs).

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

Non-current 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.

With the exception of derivative financial instruments and the conditional purchase price liabilities, liabilities are subsequently recognized at amortized cost.

The R. STAHL Group has no liabilities held for trading.

Contingent liabilities

Contingent liabilities are possible obligations based on past events that have yet to be validated by one or more uncertain future events outside the R. STAHL Group's power of influence. Moreover, present obligations may be deemed contingent liabilities if the probability of cash outflows is not high enough to justify the formation of a provision and/or the obligation amount cannot be reliably estimated. The recognized contingent liability amounts correspond to the legal liability volume existing at the end of the reporting period.

Cash flow statement

The cash flow statement shows the cash inflows and outflows of the R. STAHL Group in the reporting period.

In accordance with IAS 7 (Statement of Cash Flows), we distinguish between cash flows from operating, investing and financing activities.

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

Cash and cash equivalents shown in the cash flow statement comprise cash on hand, cheques, and credit balances with banks. The item also 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 the composition of cash and cash equivalents, please refer to the explanations on "Cash and cash equivalents".

Segment reporting

According to IFRS 8, companies must disclose individual financial data on business segments. IFRS 8 adopts the so-called "management approach", according to which segment reporting only discloses financial information used by the company's decision-makers for internal control of the company. The internal reporting and organizational structure is decisive here as well as such financial values as are used for decision-making in regard to the allocation of resources and evaluation of profitability.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

01 Sales revenues

A breakdown of sales revenues by region is shown below:

EUR 000	2013	2012
Breakdown by region		
Central (Europe, Africa)	203,923	193,017
thereof Germany	(64,966)	(60,914)
Americas	50,603	45,532
Asia/Pacific	49,857	52,338
	304,383	**290,887**

02 Other own work capitalized

Other own work capitalized results in particular from capitalizing development costs pursuant to IAS 38. In the year under review, this came to EUR 3,174 thousand (previous year: EUR 3,002 thousand).

In the reporting period, total research and development costs of EUR 15,739 thousand (previous year: EUR 15,102 thousand) were recognized.

03 Other operating income

Other operating income includes the following items:

EUR 000	2013	2012
Income from asset disposals	57	62
Income from the reversal of provisions	1,154	95
Income from the market valuation of derivatives	201	95
Income from the reversal of purchase price liabilities	0	2,313
Gains from currency translation	3,237	2,597
Other income	2,649	2,712
	7,298	**7,874**

Cost of materials

04

The cost of materials comprises the following items:

EUR 000	2013	2012
Expense for raw materials and supplies	- 100,328	- 99,786
Services received	- 5,019	- 5,567
	- 105,347	**- 105,353**

Personnel costs

05

Personnel costs consist of the following:

EUR 000	2013	2012
Wages and salaries	- 92,322	- 87,654
Social insurance contributions, as well as pension and support expense	- 18,765	- 17,221
	- 111,087	**- 104,875**

Annual average number of staff

06

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

Number	2013	2012
Employees	1,756	1,603
Trainees	92	84
	1,848	**1,687**

07

Depreciation and amortization

Scheduled depreciation and amortization of intangible assets and property, plant & equipment amounts to EUR 12,026 thousand (previous year: EUR 10,795 thousand). In the previous year, a property was revalued by EUR 703 thousand pursuant to IAS 36. The value adjustment resulted from the fact that the previous tenant terminated the tenancy with effect from 31 December 2010 and no sale or new letting took place. Moreover, in the previous year a non-competition clause amounting to EUR 287 thousand was written down as the contractual agreement was dissolved by mutual content.

08

Other operating expenses

Other operating expenses mainly comprise the following items:

EUR 000	2013	2012
Expenses from market valuation of derivatives	- 21	0
Losses from currency translation	- 6,083	- 2,063
Other taxes	- 683	- 546
Services	- 15,549	- 13,845
Rental expense for premises	- 6,579	- 5,794
Legal, consulting, licensing and inventor fees	- 4,301	- 4,082
Travel and entertainment expenses	- 5,244	- 5,184
General transport costs	- 4,852	- 4,758
Other	- 21,330	- 22,715
	- 64,642	**- 58,987**

09

Investment result

There was investment income of EUR 3 thousand (previous year: EUR 6 thousand) in the reporting period.

09

Interest result

The interest result comprises the following items:

EUR 000	2013	2012
Interest and similar income	251	114
Interest and similar expense	- 3,838	- 3,934
	- 3,587	**- 3,820**

Interest and similar expense includes the net interest portion from the allocation to pension provisions in the amount of EUR 2,634 thousand (previous year: EUR 2,815 thousand).

Income taxes

11

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

EUR 000	2013	2012
Current taxes	- 6,552	- 7,613
Deferred taxes	659	761
	- 5,893	**- 6,852**

For domestic Group companies, current taxes comprise corporation tax including the solidarity surcharge and trade tax, while for foreign Group companies it comprises comparable income-dependent taxes. Taxes are calculated according to the respective tax regulations of the various companies.

In the year under review, we claimed previously unused tax loss carryforwards resulting in tax credits of EUR 280 thousand (previous year: EUR 86 thousand) that we netted against income tax liabilities.

Deferred taxes are calculated on the basis of applicable tax rates in effect or known to become effective in the respective countries at the time these taxes fall due. Following the 2008 Corporate Tax Reform Act, the German corporate tax rate is 15.0%. At a corporate tax collection rate of 375.0% 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 37.0% (previous year: 0.0% and 36.0%).

We have written down EUR 1,845 thousand (previous year: EUR 1,811 thousand) for deferred tax assets on tax loss carryforwards because we do not exactly know the amounts to which they may be realized given the information available at this time.

Cumulated tax loss carryforwards as yet unused came to EUR 19,128 thousand (previous year: EUR 13,248 thousand). 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 2013, nor in 2012.

Both in the reporting period and the previous year, there were no deferred tax assets or deferred tax liabilities due to acquisitions carried without effect on profit or loss.

From the current perspective, the retained earnings of subsidiaries are mainly to be invested for an indefinite period. In accordance with IAS 12, no deferred tax liabilities are recognized for retained earnings of subsidiaries. A future dividend payout would incur a total tax liability of approximately EUR 817 thousand (previous year: EUR 697 thousand). In addition, there may also be foreign withholding taxes and income tax consequences to consider for the intermediate holding company in Norway.

Accumulated deferred tax assets and liabilities as at 31 December 2013 and 31 December 2012 were as follows:

EUR 000	31/12/2013	31/12/2012
Deferred tax assets, gross		
Tax loss carryforwards	4,138	3,195
Intangible assets	69	38
Property, plant & equipment	54	75
Other financial assets	2	1
Inventories	2,178	1,966
Receivables and other assets	129	138
Accrued items	0	1
Cash and cash equivalents	1	3
Long-term interest-bearing financial debts	0	1
Other long-term liabilities	60	101
Long-term provisions	8,430	9,172
Short-term interest-bearing financial debts	1	5
Other short-term liabilities and debts	324	222
Short-term provisions	1,031	953
Net of value adjustments	- 1,845	- 1,811
Total deferred tax assets, gross	**14,572**	**14,060**
Less netting	- 6,178	- 5,701
Total deferred tax assets acc. to balance sheet	**8,394**	**8,359**

EUR 000	31/12/2013	31/12/2012
Deferred tax liabilities, gross		
Intangible assets	5,479	5,219
Property, plant & equipment	2,111	1,673
Other financial assets	175	193
Investment property	256	255
Inventories	11	7
Receivables and other assets	268	146
Other short-term liabilities and debts	37	102
Short-term provisions	4	0
Total deferred tax liabilities, gross	**8,341**	**7,595**
Less netting	- 6,178	- 5,701
Total deferred tax liabilities acc. to balance sheet	**2,163**	**1,894**
Net balance of deferred taxes	**6,231**	**6,465**

Deferred tax assets of EUR 8,394 thousand (previous year: EUR 8,359 thousand) include EUR 410 thousand (previous year: EUR 245 thousand) for companies with a negative result in the reporting period or in the previous year. The recognition of the respective deferred tax assets is based on the positive results of the five-year planning.

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 amount to EUR 21,311 thousand (previous year: EUR 21,129 thousand).

EUR 000	2013	2012
Expected tax expense	**- 6,180**	**- 6,127**
Taxation differences between domestic and foreign operations	471	41
Non-tax-deductible expenses	- 914	- 835
Tax-free income	296	824
Changes in write-downs on deferred tax assets	- 213	112
Utilization of tax loss carryforwards	280	86
Taxes for prior years	525	- 863
Other	- 158	- 90
Actual tax expense	**- 5,893**	**- 6,852**
Tax expense shown in the consolidated income statement	- 5,893	- 6,852

A total of EUR 769 thousand of deferred taxes was recognized in the balance sheet decreasing equity (previous year: EUR 4,224 thousand increasing equity), without influence on the income statement. Tax effects on income and expense recognized directly in equity are as follows:

EUR 000	2013 Earnings before income taxes	2013 Income taxes	2013 Earnings after income taxes	2012 Earnings before income taxes	2012 Income taxes	2012 Earnings after income taxes
Currency translation differences	- 5,343	0	- 5,343	510	0	510
Cash flow hedges	158	- 44	114	513	- 147	366
Pension obligations	2,517	- 725	1,792	- 14,945	4,371	- 10,574
Income and expense directly recognized in equity	- 2,668	- 769	- 3,437	- 13,922	4,224	- 9,698

Earnings per share

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	2013	2012
Net profit for the year without non-controlling interests (EUR 000)	15,331	14,370
Number of shares (weighted average)	5,923,709	5,923,709
Earnings per share (EUR)	**2.59**	**2.43**

Undiluted or basic earnings per share are calculated according to IAS 33 by dividing consolidated earnings excluding non-controlling 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 2012 or 2013.

Dividend paid by R. STAHL AG

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As of the release date of these financial statements, no proposal for using the balance sheet profit as at 31 December 2013 has been made.

R. STAHL distributed an ordinary dividend of EUR 1.00 per dividend-entitled share to its shareholders in fiscal year 2013.

NOTES TO THE CONSOLIDATED BALANCE SHEET

NON-CURRENT ASSETS

14 Intangible assets

Intangible assets mainly comprise IT software, capitalized development costs for various R&D projects and goodwill. Impairment of goodwill is checked by calculating the realizable value of cash-generating units based on their value in use. This 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 9.61% to 10.98% (previous year: 8.85% to 9.77%).

Goodwill of EUR 12.6 million (previous year: EUR 13.5 million) was allocated to the following cash-generating units:

R. STAHL HMI Systems GmbH (Germany) EUR 4.6 million (previous year: EUR 4.6 million); R. STAHL Schaltgeräte GmbH (Germany)/R. STAHL Ltd. (UK) EUR 1.1 million (previous year: EUR 1.1 million); R. STAHL Nissl GmbH (Austria) EUR 0.5 million (previous year: EUR 0.5 million); Tranberg AS (Norway) EUR 3.1 million (previous year: EUR 3.5 million); Stahl-Syberg AS (Norway) EUR 1.6 million (previous year: EUR 1.9 million); OOO R. STAHL (Russian Federation) EUR 0.7 million (previous year: EUR 0.8 million); and R. STAHL Ltd. (Canada) EUR 1.0 million (previous year: EUR 1.1 million).

Changes to goodwill are due exclusively to currency translation rates and especially result from the devaluation of the Norwegian krone on the balance sheet date.

Impairment tests according to the discounted cash flow method of the cash-generating units led to fair values above the carrying amounts. No amortization is thus required. In previous years, the impairment test according to the discounted cash flow method of R. STAHL do Brasil Ltda. (Brazil) led to a complete writedown of the goodwill of R. STAHL do Brasil Ltda. (Brazil).

Cash flows after a period of three years are fixed for another two years. The cash flows are then extrapolated unaltered with a growth rate of 1%.

Planned sales revenues and gross profit margins: The average annual growth in external sales (compound annual growth rate) in the detailed planning period for the cash-generating units is between -1.5% and 18.8% (weighted 7.4%), depending on the market position and region. Gross profit margins are calculated as part of the bottom-up planning of Group companies using average gross profit margins achieved in the directly preceding year and are possibly raised under consideration of expected increases in efficiency. The planned EBIT margins are also at the prior-year level or slightly below.

Price increase in material and personnel costs: The forecast price indices are used to determine the price increase in material and personnel costs. Salary increases are considered for the respective planning period according to country.

Capital costs: Capital costs are calculated from the weighted average cost of equity and external capital before taxes. The beta factor for the 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 the current perspective, there is no requirement for impairment of goodwill even if we assumed that planned EBIT as of plan year 2014 would fall by 10% or that capital costs would rise by another 0.5%-points.

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

Property, plant & equipment 15

The consolidated statement of changes in fixed assets provides a breakdown of the summarized items of property, plant & equipment disclosed in the statement of financial position including their development in the reporting period.

With regard to property, plant & equipment, collateral has been provided for liabilities amounting to EUR 5,779 thousand (previous year: EUR 6,195 thousand).

Other non-current assets 16

The consolidated statement of changes in fixed assets provides a breakdown of the summarized financial assets disclosed in the statement of financial position including their development in the reporting period. 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 EUR 133 thousand (previous year: EUR 142 thousand) comprise other equity interests, other loans and securities.

For details on the development of other financial assets please refer to the consolidated statement of changes in fixed assets.

Other non-current assets

Other non-current assets comprise receivables and other assets as well as deferred items totalling EUR 1,200 thousand (previous year: EUR 1,514 thousand). Total other non-current assets comprise a restricted amount of EUR 941 thousand (previous year: EUR 1,154 thousand) which serves as collateral for obligations arising from partial retirement contracts.

Non-current “Other assets” comprise derivative financial instruments amounting to EUR 52 thousand (previous year: EUR 29 thousand).

Real estate held as a financial investment

The R. STAHL Group differentiates between real estate used by third parties and property it uses mostly itself. Real estate is used overwhelmingly by third parties if it is rented in excess of 90% by non-group companies.

Real estate held as a financial investment refers to two properties with buildings and improvements.

After selling the Material Handling division in 2005, these buildings were let to the buyer. Since self-use ceased to apply after the divestment, the properties were reclassified from non-current assets to "Real estate held as a financial investment".

The R. STAHL Group measures this real estate held as a financial investment using the acquisition cost model.

The buildings and improvements are depreciated in scheduled amounts over economic useful lives for buildings of 33 and 50 years using the straight-line method.

The fair value of real estate amounted to EUR 10.3 million as of 31 December 2013 (previous year: EUR 10.3 million) and is allocated to the fair value hierarchy Level 3. The valuation is carried out annually on the basis of the company's own gross rental calculation. An external assessor was not used to determine values at the end of the reporting period. Fair value is determined using the capitalized earnings of real estate based on standard market rents. Furthermore, adequate management costs (loss of rent risk, maintenance and administrative costs) and other value-influencing factors were considered. An unchanged property yield of 7.0% and an adequate remaining life expectancy were used for the calculation.

Rental income from "Real estate held as a financial investment" recognized in the income statement amounts to EUR 1,076 thousand (previous year: EUR 1,056 thousand). Expenses directly allocable to these properties of approximately the same amount were incurred. Both properties generated income in the reporting period. In 2012, one property was revalued by EUR 703 thousand as the previous tenant terminated the lease with effect from 31 December 2010 and there was no sale or further tenancy.

This item also includes a special purpose entity for a lease object with a carrying amount of EUR 6,160 thousand (previous year: EUR 6,367 thousand). There were contractual obligations of the lessee in the customary amount for such real estate leasing agreements. The lease object could not be sold until the lease expired on 31 December 2012. Upon expiration of the lease, the lessee had a buy option and thus the possibility to sell the object thereafter. At year-end 2012, the right to acquire the property was exercised.

CURRENT ASSETS

Inventories and prepayments made

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Inventories comprise the following:

EUR 000	31/12/2013	31/12/2012
Raw materials and supplies	20,675	20,018
Unfinished goods and unfinished services	12,849	11,314
Finished goods and merchandise	14,899	14,386
Prepayments made	180	152
	48,603	**45,870**

In the reporting period, scheduled inventory impairments for slow-moving products of EUR 8,518 thousand (previous year: EUR 6,782 thousand) were recognized.

18 Receivables and other assets

Receivables and other assets consist of the following items:

EUR 000	31/12/2013 Total	31/12/2013 Thereof due within one year	31/12/2012 Total	31/12/2012 Thereof due within one year
Trade receivables	54,902	54,902	57,659	57,659
Income tax claims	2,307	2,307	2,218	2,218
Other receivables	6,051	4,914	5,318	3,915
Other financial assets	821	769	476	447
	64,081	**62,892**	**65,671**	**64,239**

Of the capitalized total, EUR 62,892 thousand (previous year: EUR 64,239 thousand) is due within one year, the remainder totalling EUR 1,189 thousand (previous year: EUR 1,432 thousand) is disclosed under non-current “Other assets”. In addition to the above items, we also recognized prepaid expenses of EUR 11 thousand (previous year: EUR 82 thousand) under non-current assets.

Bad debt allowances of EUR 2,794 thousand (previous year: EUR 1,753 thousand) were recognized on trade receivables.

Current “Other financial assets” include derivative financial instruments of EUR 320 thousand (previous year: EUR 125 thousand).

19 Prepaid expenses

Of total prepaid expenses, EUR 1,384 thousand (previous year: EUR 1,462 thousand) are due within one year; EUR 11 thousand (previous year: EUR 82 thousand) qualify as long-term and are disclosed under non-current “Other assets”.

Cash and cash equivalents

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

EUR 000	31/12/2013	31/12/2012
Cash on hand	31	32
Cheques	187	267
Credit balances with banks, payable on demand	24,544	17,095
Credit balances with banks, originally payable at three months' notice	204	207
	24,966	**17,601**

Equity

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The consolidated statement of changes in equity shows the development of the R. STAHL Group's consolidated equity.

Subscribed capital

The Company's subscribed capital remained unchanged from last year at EUR 16,500,000.00 divided into 6,440,000 no-par shares with a notional share capital interest of EUR 2.56 per share. The shares are fully paid.

The Annual General Meeting of R. STAHL AG resolved on 25 May 2012 to convert the individual share certificates, payable to bearer, to registered shares in a ratio of 1:1 and also resolved to amend the company's Articles of Association accordingly.

As at the balance sheet date, the company's Authorized Capital stood at EUR 3,300,000.00. The authorization expires on 17 June 2015. Existing shareholders are to be given priority subscription rights. The Executive Board has been authorized to exclude subscription rights for fractional amounts, with Supervisory Board consent, and also exclude subscription rights if the capital increase against contributions in kind serves the purpose of acquiring companies, parts of companies, or equity interests in companies. Moreover, with Supervisory Board consent, the Executive Board may exclude subscription rights if the capital increase is for cash, 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 registered share capital at the time of the issue. The aforementioned 10% limit includes treasury stock sold during the term of this authorization under exclusion of subscription rights pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) in conjunction with Section 186 (3), Sentence 4 AktG. Moreover, the Executive Board has been authorized, with Supervisory Board consent, to decide on the scope of share entitlements and the further details of how to proceed with the capital increase from Authorized Capital.

Capital reserves

This item mostly comprises shareholders' paid-up premiums net of transaction costs incurred. R. STAHL AG's Consolidated Financial Statements under German Commercial Code (HGB) 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 arose from business combinations prior to the opening IFRS balance sheet date on 1 January 2004, HGB accounting was maintained.

Revenue reserves

Revenue reserves comprise the retained earnings of consolidated companies from before 1 January 2004, insofar as they were not used for dividend payments. Moreover, value differences from all business combinations made prior to 1 January 2004 were offset against revenue reserves. From preparation of the opening IFRS balance sheet, the item also includes negative differences from business combinations (formerly shown as a separate item under equity in the HGB financial statements up to 31 December 2003) and currency translation differences reclassified as of 1 January 2004. Furthermore, the item includes all remaining adjustments without impact on profit or loss recognized in the opening IFRS balance sheet on initial adoption of IFRS as of 1 January 2004 as well as equity generated since 1 January 2004 less dividends to shareholders.

Accumulated other comprehensive income

This position comprises differences from currency translation of the financial statements of foreign subsidiaries from 1 January 2004 forward, changes in unrealized gains and losses from cash flow hedges, as well as actuarial gains/losses from pension obligations. For detailed information, please refer to the consolidated statement of changes in equity.

Deduction for treasury shares

The Annual General Meeting (AGM) held on 18 June 2010 resolved to authorize R. STAHL AG's Executive Board to purchase treasury shares up to 10% of the company's share capital in the period ending 17 June 2015. The Executive Board was also authorized, with Supervisory Board consent, to sell such acquired treasury stock, for instance, for use as a transaction currency in the acquisition of companies or equity stakes. Moreover, the Executive Board was authorized to cancel treasury shares with Supervisory Board consent without this requiring an additional AGM resolution.

Treasury shares are valued at cost and openly offset against equity in a separate line.

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

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

Non-controlling interests

Non-controlling interests relate to OOO R. STAHL, Moscow (Russian Federation) and R. STAHL Camera Systems GmbH, Cologne.

Additional disclosures on capital management

The R. STAHL Group's capital management aims to ensure the company's continued existence, realize an adequate return on equity and maintain an acceptable capital structure.

The capital structure may change as a result of dividend distributions, the purchase of treasury shares, the issue of new shares, and the borrowing or repayment of debt, depending on requirements.

These objectives are monitored with the aid of key performance indicators (KPIs), such as the return on sales and equity ratio.

The pre-tax operating return on sales amounted to 7.0% (previous year: 7.3%).

Equity net of non-controlling interests and interest-bearing debt changed from the previous year as follows:

EUR 000	31/12/2013	31/12/2012
Equity net of non-controlling interests	**91,576**	**85,729**
Long-term interest-bearing loans	15,667	12,750
Short-term interest-bearing loans	15,505	6,801
Interest-bearing debt	**31,172**	**19,551**
Total capital	**122,748**	**105,280**
Equity ratio for capital management (%)	**74.6**	**81.4**

At the end of the reporting period 2013, the equity ratio for capital management decreased to 74.6%. Net profit (less dividend payouts) added significantly to the increase in equity of EUR 5,847 thousand. Long-term loans increased by EUR 2,917 thousand and short-term loans rose by EUR 8,704 thousand.

PROVISIONS

22 Pension provisions

Provisions for pensions and similar obligations include the following items:

EUR 000	31/12/2013	31/12/2012
Long-term pension provisions	70,273	71,691
Short-term pension provisions	2,709	2,674
	72,982	**74,365**

Pension provisions are accrued for obligations from pension commitments (unit credits) and on-going 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 service duration and remuneration of the respective individuals.

Company pension schemes distinguish between defined benefit and defined contribution plans.

In the case of defined contribution plans, the respective company does not commit to any further obligations beyond making contributions to a special-purpose fund. In the reporting period, employer pension contributions for domestic employees amounted to around EUR 4.7 million (previous year: EUR 4.6 million).

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

The R. STAHL Group mostly finances its pension commitments by forming corresponding provisions. In Germany, there are defined benefit pension schemes for the Executive Board, management and employees. There are individual contractual arrangements concerning pension, disability and widow's, widower's and orphan's pensions for (former) Executive Board members and (former) executives. Pension schemes for entitled employees provide for the granting of old-age and disability pensions, as well as widow's, widower's and orphan's pensions, after a certain vesting period. The pension amount depends on the respective salary and service years.

In Norway and Switzerland, there are pension obligations for employees and managers that are financed by employee and employer contributions to pension funds. The contributions depend on salary and age.

We calculated our 2013 pension obligations based on the 2005 G actuarial tables of Prof. Dr. Klaus Heubeck. The pension obligation amount (defined benefit obligation = DBO) was determined using actuarial methods including estimates for relevant impact factors. In addition to life expectancy assumptions, the following actuarial projections were also made:

	Germany		Abroad	
%	2013	2012	2013	2012
Interest rate	3.70	3.60	2.20–4.10	2.00–3.80
Salary trend	3.00	3.00	1.50–3.75	1.50–3.50
Pension trend	2.00	2.00	2.00–3.50	2.00–3.25

The salary trend encompasses anticipated future salary increases that are estimated on an annual basis depending on inflation and service duration.

Increases and decreases in the present value of defined benefit obligations can result in actuarial gains or losses due to, amongst other factors, changes in calculation parameters and estimates of the pension obligations' risk development. These are recognized in equity in the period of their creation after consideration of deferred taxes.

Sensitivity analyses

Changes of 0.25 percentage points to the above mentioned assumptions used to calculate the DBO as at 31 December 2013 would increase or decrease the DBO as follows:

EUR 000	Increase	Decrease
Interest rate	- 3,032	+ 3,207
Salary trend	+ 973	- 947
Pension trend	+ 2,235	- 2,133

To determine the sensitivity of longevity, it was assumed that the life expectancy for all beneficiaries increased by one year. The DBO as at 31 December 2013 would increase by EUR 3,463 thousand with a life expectancy of one more year.

Sensitivity analyses consider changes to one assumption, whereby all other assumptions remain unchanged from their original calculation. The following defined benefit pension plans are recognized in the statement of financial position:

EUR 000	31/12/2013	31/12/2012
Present values of fund-financed pension claims	7,623	8,385
Fund assets at market values	- 6,291	- 6,163
Financial status (net)	**1,332**	**2,222**
Present values of provision-based pension claims	71,650	72,143
Balance sheet value as at 31/12	**72,982**	**74,365**

Of total pension provisions amounting to EUR 72,982 thousand (previous year: EUR 74,365 thousand), domestic group companies account for EUR 71,650 thousand (previous year: EUR 72,143 thousand). Foreign companies account for fund assets of EUR 6,291 thousand (previous year: EUR 6,163 thousand).

The projected benefit obligations developed as follows:

EUR 000		2013	2012
Projected benefit obligations on 01/01		**80,528**	**63,741**
+	Current service cost	1,821	1,578
+	Interest expense	2,836	3,088
+/-	Actuarial gains (-) and losses (+) from changes in demographic assumptions	- 777	+ 13
+/-	Actuarial gains (-) and losses (+) from changes in financial assumptions	- 1,004	+ 14,391
+/-	Actuarial gains (-) and losses (+) from changes based on experience adjustments	- 860	+ 84
-	Benefits paid	- 2,501	- 2,407
+	Past service cost	184	0
+/-	Changes in exchange rate	- 919	+ 406
+/-	Other	- 35	- 366
=	**Projected benefit obligations on 31/12**	**79,273**	**80,528**

The present value of defined benefit pension obligations is divided between the following members of the plan:

EUR 000	2013	2012
Beneficiaries in active employment	41,210	42,032
Beneficiaries no longer with the company	3,139	3,171
Pensioners	34,924	35,325
= Projected benefit obligations on 31/12	**79,273**	**80,528**

The defined benefit pension obligations have the following maturities:

EUR 000	
Due in fiscal year 2014	2,709
Due in fiscal years 2015–2018	12,146
Due in fiscal years 2019–2023	17,745

From the current perspective, the average weighted term over which the defined benefit pension obligation will exist amounts 17 years for the R. STAHL Group.

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

EUR 000		2013	2012
Fund assets on 01/01		**6,163**	**5,695**
+	Expected income from fund assets	202	273
+	Employer's pension contributions	828	715
+	Employee's pension contributions	37	32
-	Administrative expenses	- 24	- 56
+/-	Pension payments made and refunds	+ 7	- 296
-	Income from fund assets without interest	- 124	- 457
+/-	Other	- 80	- 30
+/-	Foreign exchange rate changes	- 718	+ 287
=	**Fund assets on 31/12**	**6,291**	**6,163**

Expected income from fund assets is considered when calculating the fair value of fund assets as at the balance sheet date. This expected income is based on historic and future average earnings expectations of the respective investment categories. In the following fiscal year, employer contributions to fund assets of EUR 3,593 thousand (previous year: EUR 3,377 thousand) are expected.

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

EUR 000	31/12/2013	31/12/2012
Quoted market price in an active market		
Shares	327	471
Fixed interest-bearing securities	721	936
Real estate	3,760	3,693
Other	544	328
Total quoted market price in an active market	**5,352**	**5,428**

EUR 000	31/12/2013	31/12/2012
No quoted market price in an active market		
Shares	0	0
Fixed interest-bearing securities	0	0
Real estate	0	0
Other	939	735
No quoted market price in an active market	**939**	**735**
Total	**6,291**	**6,163**

In the reporting period, the following balance resulted from amounts recognized in profit or loss for pension obligations:

EUR 000		2013	2012
Current service cost		1,821	1,578
+	Net interest expense	2,634	2,815
+/-	Other amounts	+ 197	+ 102
=	**Balance of amounts recognized in profit or loss for pension obligations**	**4,652**	**4,495**

Net interest expense consists of the interest expense from the defined benefit obligation and the expected income from plan assets.

In the reporting period, the following balance resulted from amounts recognized in equity for pension obligations:

EUR 000		2013	2012
+/-	Actuarial gains (-) and losses (+) from changing demographic assumptions	- 777	+ 13
+/-	Actuarial gains (-) and losses (+) from changing financial assumptions	- 1,004	+ 14,391
+/-	Actuarial gains (-) and losses (+) from changes based on experience adjustments	- 860	+ 84
+	Income from plan assets without interest	124	457
=	**Balance of amounts recognized in equity for pension obligations**	**- 2,517**	**14,945**

Pension provisions have changed as follows:

EUR 000		2013	2012
Pension provisions as of 01/01		**74,365**	**58,045**
+/-	Amounts recognized in profit or loss for pension obligations	+ 4,652	+ 4,495
+/-	Amounts recognized in equity for pension obligations	- 2,517	+ 14,945
-	Pension payments made	- 2,501	- 2,407
-	Employer contributions	- 815	- 834
+/-	Currency changes	- 202	+ 121
=	**Pension provisions as of 31/12**	**72,982**	**74,365**

The risks associated with defined benefit pension obligations refer firstly to the actuarial risks, such as longevity, and secondly to the financial risks, such as market price risks which influence the interest rate used. There are also inflation risks which may impact the salary or pension trend. We do not intend to hedge these risks.

23 Other provisions

Other provisions comprise the following items:

	31/12/2013		31/12/2012	
EUR 000	Total	Thereof due within one year	Total	Thereof due within one year
Personnel provisions	2,151	700	2,369	797
Litigation risks	0	0	0	0
Tax provisions	0	0	0	0
Other provisions	1,887	1,887	2,356	2,356
	4,038	**2,587**	**4,725**	**3,153**

Of the total amount expensed, EUR 2,587 thousand (previous year: EUR 3,153 thousand) is due within one year. The remainder of EUR 1,451 thousand (previous year: EUR 1,572 thousand) pertains to personnel provisions (partial retirement and anniversary obligations) and is recognized in non-current debt as “Other long-term provisions”.

Short-term provisions disclosed in the statement of financial position comprise the following items:

EUR 000	31/12/2013	31/12/2012
Short-term pension provisions	2,709	2,674
Other short-term provisions	2,587	3,153
	5,296	**5,827**

Other short and long-term provisions developed as follows:

EUR 000	01/01/2013	Currency change	Addition	Usage	Reversal	31/12/2013
Personnel provisions	2,369	- 14	681	- 863	- 22	2,151
Other	2,356	- 25	1,473	- 785	- 1,132	1,887
Total	**4,725**	**- 39**	**2,154**	**- 1,648**	**- 1,154**	**4,038**

EUR 000	01/01/2012	Currency change	Addition	Usage	Reversal	31/12/2012
Personnel provisions	2,415	- 8	817	- 853	- 2	2,369
Other	1,095	- 4	2,235	- 877	- 93	2,356
Total	**3,510**	**- 12**	**3,052**	**- 1,730**	**- 95**	**4,725**

LIABILITIES

24 Interest-bearing financial liabilities

Interest-bearing financial liabilities include amounts due to banks of EUR 31,172 thousand (previous year: EUR 19,551 thousand).

Of the expensed total, EUR 15,505 thousand (previous year: EUR 6,801 thousand) is due within one year and the remaining EUR 15,667 thousand (previous year: EUR 12,750 thousand) is disclosed as "Interest-bearing financial liabilities" under non-current liabilities.

As at 31 December 2013, interest-bearing liabilities had the following maturities:

EUR 000	31/12/2013	31/12/2012
Maturities of interest-bearing liabilities		
– Up to one year	15,505	6,801
– One to five years	14,867	12,750
– More than five years	800	0
= Short and long-term interest-bearing liabilities	**31,172**	**19,551**

Liabilities to banks with residual maturities of more than one year amount to EUR 15,667 thousand (previous year: EUR 12,750 thousand) and pertain to six loans (previous year: three) with the following features:

	31/12/2013 EUR 000	31/12/2012 EUR 000	Maturity	Interest rate %
Loan 1	2,250	2,750	01/04/2016	5.03
Loan 2	5,000	5,000	30/10/2017	2.90
Loan 3	3,750	5,000	30/11/2017	2.45
Loan 4	1,750	0	01/04/2018	0.97
Loan 5	1,406	0	30/09/2018	1.95
Loan 6	1,511	0	30/06/2023	2.00
	15,667	**12,750**		

Other liabilities

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The other liabilities position comprises the following items:

EUR 000	31/12/2013 Total	31/12/2013 Thereof due within one year	31/12/2012 Total	31/12/2012 Thereof due within one year
Prepayments received	3,165	3,165	3,724	3,724
Trade payables	16,867	16,867	14,843	14,843
Income tax liabilities	3,320	3,320	4,122	4,122
Other liabilities	6,983	6,557	6,245	5,960
Deferred liabilities	14,565	14,565	13,735	13,735
Other financial liabilities	381	143	506	99
	45,281	**44,617**	**43,175**	**42,483**

Of the expensed total, EUR 44,617 thousand (previous year: EUR 42,483 thousand) is due within one year and the remaining EUR 664 thousand (previous year: EUR 692 thousand) is disclosed under “Other non-current liabilities”.

On 31 December 2013, non-current other financial liabilities comprise market values of derivative financial instruments amounting to EUR 238 thousand (previous year: EUR 407 thousand).

On 31 December 2013, current other financial liabilities contain market values of derivative financial instruments amounting to EUR 117 thousand (previous year: EUR 65 thousand).

Liabilities of EUR 5,779 thousand (previous year: EUR 6,195 thousand) are secured by mortgages.

Deferred liabilities break down as follows:

EUR 000	31/12/2013 Total	31/12/2013 Thereof due within one year	31/12/2012 Total	31/12/2012 Thereof due within one year
Employer's liability insurance premiums	495	495	477	477
Bonuses	6,628	6,628	6,070	6,070
Holiday entitlement	2,725	2,725	2,461	2,461
Time unit credits	2,222	2,222	1,813	1,813
Missing supplier invoices	800	800	885	885
Other deferred liabilities	1,695	1,695	2,029	2,029
	14,565	**14,565**	**13,735**	**13,735**

26 Contingent liabilities and other financial obligations

Contingent liabilities

No provisions were formed for the following contingent liabilities stated at nominal value as the probability of their occurrence is regarded as low:

EUR 000	31/12/2013	31/12/2012
Sureties	2,003	2,100
Guarantees	574	398
Discounted bills of exchange	0	0
Other obligations	33	61
	2,610	**2,559**

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

Other financial obligations

In addition to liabilities, provisions and contingent liabilities, there are also "Other financial obligations" pertaining especially to rental and lease agreements for land, buildings, and other tangible assets. The respective contractual rental and leasing obligations have the following terms:

EUR 000	31/12/2013	31/12/2012
Up to one year	5,922	5,087
More than one up to five years	16,487	12,575
More than five years	12,952	12,201
	35,361	**29,863**

In the reporting period, expenses for renting business premises as well as for office and operating equipment disclosed in the income statement amounted to EUR 8,677 thousand (previous year: EUR 7,677 thousand).

Derivative financial instruments

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As a global player, the R. STAHL Group conducts its business transactions in a number of foreign currencies. The 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 Australian dollar, the Brazilian real, the British pound, the Indian rupee, the Canadian dollar, the Norwegian krone, the Russian rouble, the Swedish krona, the Swiss franc and the US dollar, 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 Australian dollar, Brazilian real, British pound, Indian rupee, Canadian dollar, Norwegian krone, Russian rouble, Swedish krona, Swiss franc and US dollar were held in the form of forward foreign exchange contracts on 31 December 2013.

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.

The R. STAHL Group borrows capital to finance investments and to cover short-term liquidity requirements. The objective is to limit the interest payable for these loans. For the limitation and hedging of risks arising from fluctuations in general market interest rates, the Group principally uses derivative financial instruments. We only use derivative financial instruments to hedge existing borrowing.

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

For the interest-rate risks, two payer swaps for fixing of interest expenses on existing borrowing were held as of 31 December 2013.

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.

R. STAHL AG and R. STAHL Schaltgeräte GmbH in particular enter into the respective contracts with banks of outstanding credit rating. The credit ratings of these banks are regularly checked.

If the prerequisites for hedge accounting according to IAS 39 are fulfilled, changes in the fair value of derivative financial instruments, deemed effective, are initially recognized directly in equity, taking deferred taxes into account. Otherwise, changes in the market value of derivative financial instruments in the reporting period 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 market values.

We held the following derivative financial instruments at the end of the reporting period:

EUR 000	Nominal volume 31/12/2013	Nominal volume 31/12/2012	Market value 31/12/2013	Market value 31/12/2012
Positive fair values				
Currency derivatives, qualified as cash flow hedges	11,073	3,761	280	139
Currency derivatives without hedging relationship	4,303	1,049	92	15
Interest derivatives, qualified as cash flow hedges	0	0	0	0
Interest derivatives without hedging relationship	0	0	0	0
	15,376	**4,810**	**372**	**154**
Negative fair values				
Currency derivatives, qualified as cash flow hedges	2,588	2,846	- 51	- 54
Currency derivatives without hedging relationship	2,541	233	- 22	- 11
Interest derivatives, qualified as cash flow hedges	5,000	3,250	- 282	- 407
Interest derivatives without hedging relationship	0	0	0	0
	10,129	**6,329**	**- 355**	**- 472**

Market values correspond to fictitious gains 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.

Financial risk management

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Principles of risk management

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

The aim of risk management is to limit these risks by means of ongoing operating and finance-oriented activities.

Depending on the assessment of the respective risk, derivative financial instruments are used to hedge existing underlying transactions, pending transactions, or planned transactions.

Risk categories according to IFRS 7

Credit risk

The operating activities of the R. STAHL Group are subject to the risk of debtor default.

Outstanding accounts from operating activities are constantly monitored on a local basis. Specific valuation allowances are recognized to take account of the default risk.

The maximum default risk is mostly defined by the carrying values of financial assets as recognized in the statement of financial position, including derivative financial instruments with positive market values.

At the end of the reporting period, there were no material agreements (e.g. offsetting agreements) that would lower the maximum default risk.

The following table illustrates the credit quality of financial assets:

EUR 000	Gross carrying amount 31/12/2013	Neither overdue nor value-adjusted	Overdue but not value-adjusted	Value adjustments
Trade receivables	57,696	39,308	15,594	2,794
	(59,412)	(41,670)	(15,989)	(1,753)

The figures in brackets represent the 2012 values.

The 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 carrying amounts for financial assets that are overdue but not value-adjusted:

EUR 000	Overdue but not value-adjusted 31/12/2013	Up to 30 days overdue	30 to 90 days overdue	More than 90 days overdue
Trade receivables	15,594	9,049	3,737	2,808
	(15,989)	(9,601)	(4,886)	(1,502)

The figures in brackets represent the 2012 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. It was necessary to change contract terms to avoid financial instruments falling overdue.

Allowances for trade receivables developed as follows:

EUR 000	2013	2012
As at 1 January	**1,753**	**1,586**
Currency differences	- 184	- 34
Utilization	- 484	- 492
Reversal	- 217	- 341
Addition	+ 1,926	+ 1,034
As at 31 December	**2,794**	**1,753**

Liquidity risk

To ensure that the R. STAHL Group is always able to pay its bills and has the necessary financial flexibility for business operations, liquidity planning is regularly prepared to reflect liquidity in- and outflows.

The following table provides a breakdown of financial liabilities (undiscounted cash flows) with residual contract maturities:

EUR 000 (previous year values)	**Carrying amount 31/12/2013** (31/12/2012)	**Cash flows 2014** (2013)	**Cash flows 2015–2018** (2014–2017)	**Cash flows as of 2019** (as of 2018)
Interest-bearing loans	31,172	16,128	15,630	839
	(19,551)	(7,330)	(13,637)	(0)
Trade liabilities	16,867	16,867	0	0
	(14,843)	(14,843)	(0)	(0)
Purchase price liabilities	0	0	0	0
	(0)	(0)	(0)	(0)
Derivative financial instruments				
Forward exchange transactions				
– without hedging relationship	22	22	0	0
	(11)	(11)	(0)	(0)
– with hedging relationship	51	51	0	0
	(54)	(54)	(0)	(0)
Interest derivatives				
– with hedging relationship	282	101	103	0
	(407)	(110)	(182)	(0)
	48,394	**33,169**	**15,733**	**839**
	(34,866)	**(22,348)**	**(13,819)**	**(0)**

The figures in brackets represent the values as at 31 December 2012.

The liquidity risk can be rated as being rather low. The R. STAHL Group has extensive unused credit lines with different banks. In the previous year, we newly negotiated the bilateral agreements with the five principal banks. Because of the good rating, credit lines with a total volume of EUR 50 million were agreed upon without financial covenants, at favourable conditions and with a duration until the middle of 2015.

Market price risks

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

Currency risks

The 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 Australian dollar, the Brazilian real, the British pound, the Indian rupee, the Canadian dollar, the Norwegian krone, the Russian rouble, the Swedish krona, the Swiss franc and the US dollar.

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

Interest-rate risks

The 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 the R. STAHL Group. Nevertheless, the Group safeguards against existing interest-rate risks with two interest rate swaps.

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 price risks. The main risk variables in this regard are stock market prices and indices.

As at 31 December 2013 and 31 December 2012, the R. STAHL Group had no material financial instruments in its portfolio that are subject to other price risks.

Sensitivity analyses

Pursuant to IFRS 7, the 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 an 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 2013, earnings before income tax would have been higher by EUR 296 thousand (as at 31 December 2012: EUR 497 thousand) and the direct unrealized profits from financial instruments would have been higher by EUR 865 thousand (as at 31 December 2012: EUR 210 thousand).

If the euro had devalued 10% relative to all currencies relevant to our operating activities as at 31 December 2013, earnings before income tax would have been lower by EUR 362 thousand (as at 31 December 2012: EUR 607 thousand) and the direct unrealized profits from financial instruments would have been lower by EUR 1,057 thousand (as at 31 December 2012: EUR 257 thousand).

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 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 2013, earnings before income taxes would have been lower by EUR 31 thousand (as at 31 December 2012: EUR 55 thousand) and the direct unrealized gains from financial instruments would have been higher by EUR 105 thousand (as at 31 December 2012: EUR 74 thousand).

If the market interest rate level had been lower by 100 basis points on 31 December 2013, earnings before income taxes would have been higher by EUR 163 thousand (as at 31 December 2012: EUR 142 thousand) and the direct unrealized gains from financial instruments would have been lower by EUR 106 thousand (as at 31 December 2012: EUR 76 thousand).

Additional disclosures on financial instruments stated in the statement of financial position

Carrying amount and fair value of financial instruments

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

EUR 000	Balance sheet amount as at 31/12/2013	Carrying amounts of financial instruments			Carrying amounts of others	Fair value
		Stated at fair value	Stated at amortized cost	Not subject to IFRS 7		
Non-current assets						
Other financial assets	133	0	25	108	0	133
Other non-current assets	1,200	52	0	941	207	1,200
Current assets						
Trade receivables	54,902	0	54,902	0	0	54,902
Other receivables and other assets	7,067	320	352	0	6,395	7,067
Cash and cash equivalents	24,966	0	24,966	0	0	24,966

EUR 000	Balance sheet amount as at 31/12/2013	Carrying amounts of financial instruments			Carrying amounts of others	Fair value
		Stated at fair value	Stated at amortized cost	Not subject to IFRS 7		
Non-current liabilities						
Interest-bearing loans	15,667	0	15,667	0	0	15,667
Other liabilities	664	238	0	0	426	664
Current liabilities						
Trade payables	16,867	0	16,867	0	0	16,867
Interest-bearing loans	15,505	0	15,505	0	0	15,505
Other liabilities	9,865	117	0	0	9,749	9,866
Thereof aggregated acc. to IAS 39						
Loans and receivables	80,245		80,245			80,245
At fair value through profit or loss	212	212				212
At fair value not through profit or loss	160	160				160
Held-to-maturity investments	0		0			0
Liabilities measured at amortized cost	48,039		48,039			48,039
Liabilities at fair value through profit or loss	21	21				21
Liabilities at fair value not through profit or loss	334	334				334

EUR 000	Balance sheet amount as at 31/12/2012	Carrying amounts of financial instruments			Carrying amounts of others	Fair value
		Stated at fair value	Stated at amortized cost	Not subject to IFRS 7		
Non-current assets						
Other financial assets	142	0	25	117	0	142
Other non-current assets	1,514	29	0	1,154	331	1,514
Current assets						
Trade receivables	57,659	0	57,659	0	0	57,659
Other receivables and other assets	5,824	125	322	0	5,377	5,824
Cash and cash equivalents	17,601	0	17,601	0	0	17,601
Non-current liabilities						
Interest-bearing loans	12,750	0	12,750	0	0	12,750
Other liabilities	692	407	0	0	285	692
Current liabilities						
Trade payables	14,843	0	14,843	0	0	14,843
Interest-bearing loans	6,801	0	6,801	0	0	6,801
Other liabilities	9,783	65	0	0	9,718	9,783

EUR 000	Balance sheet amount as at 31/12/2012	Carrying amounts of financial instruments			Carrying amounts of others	Fair value
		Stated at fair value	Stated at amortized cost	Not subject to IFRS 7		
Thereof aggregated acc. to IAS 39						
Loans and receivables	75,607		75,607			75,607
At fair value through profit or loss	79	79				79
At fair value not through profit or loss	75	75				75
Held-to-maturity investments	0		0			0
Liabilities measured at amortized cost	34,394		34,394			34,394
Liabilities at fair value through profit or loss	65	65				65
Liabilities at fair value not through profit or loss	407	407				407

The historical cost approach is used for preparing the Consolidated Financial Statements. Accounting for derivative financial instruments is the exception to this rule, as these must be accounted for at fair value. The positive fair values of the derivative financial instruments at the end of the reporting period amounted to EUR 372 thousand (previous year: EUR 154 thousand). Negative fair values of EUR -355 thousand (previous year: EUR -472 thousand) were recognized.

The carrying amounts of cash and cash equivalents, as well as current account loans closely approximate their fair value given the short maturity of these financial instruments. The carrying values of receivables and liabilities are based on historical costs, subject to usual trade credit terms, and also closely approximate their fair value.

The fair value of non-current liabilities is based on currently available interest rates for borrowing with the same maturity and credit rating profiles. The fair value of external liabilities is currently about the same as the carrying amounts.

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 (Level 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 (Level 2)
- Valuation on the basis of assessment models with significant input parameters that are not observable on the market (Level 3)

The derivative financial instruments measured at fair value of the R. STAHL Group are rated exclusively according to the fair value hierarchy Level 2.

In fiscal year 2013, there were no reclassifications between different fair value hierarchies.

The following total proceeds and total expenses arose from valuation at fair value of the derivative financial instruments of Level 2 held on 31 December 2013:

EUR 000	2013	2012
Recognized in the income statement		
Derivatives	180	95
Recognized in equity		
Derivatives in a hedging relationship	158	513

There was no ineffectiveness that would have to be recognized in the income statement.

From the rating of the conditional purchase price liabilities according to Level 3, interest expenses amounting to EUR 0 were incurred in the reporting period (previous year: EUR 6 thousand). In the reporting period, purchase price liabilities amounting to EUR 0 were paid (previous year: EUR 2,000 thousand). In the previous year, purchase price liabilities of EUR 2,313 thousand were reversed through profit or loss as the legal obligations ceased to exist.

The net result according to valuation categories is as follows:

EUR 000	From interest	From subsequent measurement				Net result
		Fair value	Currency translation	Value adjustment	Others	
Loans and receivables	125	0	44	- 1,759	262	- 1,328
	(114)	(0)	(5)	(- 693)	(4)	(- 570)
Assets and liabilities at fair value through profit or loss	0	180	0	0	0	180
	(- 6)	(95)	(0)	(0)	(0)	(89)
Liabilities measured at amortized cost	- 1,002	0	100	0	0	- 902
	(- 840)	(0)	(260)	(0)	(0)	(- 580)
2013	**- 877**	**180**	**144**	**- 1,759**	**262**	**- 2,050**
2012	(- 732)	(95)	(265)	(- 693)	(4)	(- 1,061)

The figures for fiscal year 2012 are shown in brackets.

OTHER DISCLOSURES

29 Executive bodies of R. STAHL AG

Members of the Supervisory Board

- Hans-Volker Stahl, Dipl.-Kfm., Starnberg
  Chairman
  Managing Director of HVS Vermögensverwaltung Starnberg GmbH
- Heike Dannenbauer, Magistra Artium (M.A.), Empfingen
  Deputy Chairwoman (as of 17 May 2013)
  Stage manager of Stage Apollo Theater Produktionsgesellschaft mbH
- Klaus Erker, Dörzbach*) (as of 17 May 2013)
  Works Council Chairman
- Heinz Grund, Braunsbach*)
  Agricultural technician/mechanic
- Waltraud Hertreiter, Neubeuern
  Independent financial advisor (as defined by Section 100 (5) AktG)/freelance consultant
  - Chairwoman of Supervisory Board of Hoftex Group AG, Hof
  - Chairwoman of Advisory Board of Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH, Rohrdorf
  - Member of Regionalbeirat Süd (regional advisory board south) of Commerzbank AG
- Peter Leischner, Dipl.-Kfm., Frankfurt
  Company officer, director, Head of Treasury Management of Gutmark, Radtke & Company AG
- Rudolf Meier, Dipl.-Ing., Nuremberg
  Head of Production Machinery, Motion Control Systems of Siemens AG
- Nikolaus Simeonidis, Bretzfeld*) (as of 17 May 2013)
  Production planning
- Heiko Stallbörger, Dipl.-Ing., Stuttgart (as of 17 May 2013)
  Freelance engineering consultant
- Christoph Carle, Künzelsau*) (until 17 May 2013)
  Project Manager Process Optimization
- Josef Kurth, Dipl.-Volkswirt, Öhringen (until 17 May 2013)
  Deputy Chairman
  Former Managing Director of Berner GmbH
- Monika Weidmann, Künzelsau*) (until 17 May 2013)
  Technical draftsperson

*) staff representative

Members of the Executive Board

- Martin Schomaker, Dipl.-Betriebswirt (BA), Murr
  CEO
  responsible for Sales/Marketing, Operations, Quality Management, Product Management and Human Resources
- Bernd Marx, Dipl.-Kaufmann, Brühl
  responsible for Controlling, Finance, IT, Law and Compliance, Investor Relations and M&A

Compensation report

Total Executive Board compensation

The compensation system for Executive Board members is regulated in their respective service agreements. Executive Board compensation consists of a fixed salary and a performance-based bonus based on the moving average of the current and two preceding years. This bonus is limited to no more than 80% of fixed compensation. In addition, both members of the Executive Board receive benefits in kind. These mostly comprise expenses for company cars.

In the reporting period and the two preceding years, the CEO Martin Schomaker received the following total compensation:

Total compensation for Martin Schomaker EUR 000	2013	2012	2011
Fixed compensation	340	340	301
Performance-based bonus	178	154	119
Pension contribution*)	0	0	0
Compensation in kind	39	31	31
Total	**557**	**525**	**451**

*) defined contribution pension scheme under which not the later payments are guaranteed but the contribution amounts

Mr Martin Schomaker received fixed compensation of EUR 340.0 thousand in the reporting period as well as a performance-based bonus of EUR 178.2 thousand. Compensation in kind amounted to EUR 39.5 thousand.

Individual pension commitments exist for the CEO. According to these commitments, Mr Martin Schomaker will receive a pension when he leaves the company after attaining the age of 60 or an incapacity pension in the amount of 100% of the pension entitlement in case of premature retirement due to incapacity. The monthly pension on retirement on the regular commencement date is unaltered and amounts to EUR 9.6 thousand for Mr Martin Schomaker. If his service agreement is terminated before he reaches the age of 60, or not renewed on similar terms or terms that are reasonable for the company, Mr Martin Schomaker will receive from the date of his departure regular payments in the amount of and pursuant to the regulations for the incapacity pension to which he is entitled if he retired because of incapacity. At the end of the reporting period, the present value of pension provisions pursuant to IFRS for Mr Martin Schomaker amount to EUR 2,224.0 thousand (previous year: EUR 2,094.0 thousand). In the reporting period, EUR 96.9 thousand personnel expenses and EUR 82 thousand interest expenses were recognized in profit or loss for the fiscal year 2013. The underlying interest rate for fiscal year 2013 was 3.7%.

Mr Bernd Marx was appointed to the Executive Board on 1 January 2013. He received the following total compensation for the current fiscal year:

Total compensation for Bernd Marx EUR 000	**2013**	**2012**	**2011**
Fixed compensation	220	–	–
Performance-based bonus	107	–	–
Pension contribution*)	65	–	–
Compensation in kind	11	–	–
Total	**403**	–	–

*) defined contribution pension scheme under which not the later payments are guaranteed but the contribution amounts

In the reporting period, Mr Bernd Marx received an annual basic salary of EUR 220.0 thousand as well as a performance-based bonus of EUR 106.9 thousand. Mr Bernd Marx also received compensation in kind of EUR 10.7 thousand.

In addition, the company entered into a reinsurance policy in the form of a defined contribution plan with a pension fund for Mr Bernd Marx. The annual contribution amounts to EUR 65.0 thousand and is an additional compensation component. In addition, Mr

Bernd Marx will receive a gross monthly pension of EUR 3.3 thousand when he leaves the company's Executive Board after attaining the age of 65. Should Mr Bernd Marx leave at an earlier time, the amount of the monthly pension is based on the respective monthly pension entitlement earned up to this date. In the case of premature termination of the service agreement due to incapacity, Mr Bernd Marx has the right to receive an incapacity pension. At the end of the reporting period, the present value of pension obligations pursuant to IFRS for Mr Bernd Marx amounted to EUR 224.9 thousand. In the reporting period, a regular amount of EUR 19.1 thousand and a one-off amount of EUR 205.8 thousand personnel expenses and EUR 0.0 thousand interest expenses were recognized in profit or loss.

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 EUR 18,000.00 (until 30 June 2007: EUR 12,800.00) and the compensation for Supervisory Board members' committee membership to EUR 3,650.00 (until 30 June 2007: EUR 2,600.00) with effect from 1 July 2007. Also effective 1 July 2007, committee chairs receive twice the compensation of other committee members for their committee activities and the Supervisory Board Chair receives 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 share capital, Supervisory Board members receive EUR 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 EUR 228 thousand (previous year: EUR 228 thousand), and variable compensation totalling EUR 152 thousand (previous year: EUR 56 thousand).

Supervisory Board EUR 000	Fixed compensation	Committee compensation	Variable compensation	Total
Hans-Volker Stahl	36.0	21.9	30.4	**88.3**
Heike Dannenbauer	18.0	3.7	15.2	**36.9**
Klaus Erker (as of 17/05/2013)	10.5	2.1	0.0	**12.6**
Heinz Grund	18.0	3.7	15.2	**36.9**
Waltraud Hertreiter	18.0	5.8	8.9	**32.7**
Peter Leischner	18.0	2.1	15.2	**35.3**
Rudolf Meier	18.0	2.1	15.2	**35.3**
Nikolaus Simeonidis (as of 17/05/2013)	10.5	0.0	0.0	**10.5**
Heiko Stallbörger (as of 17/05/2013)	10.5	0.0	0.0	**10.5**
Christoph Carle (as of 25/05/2012 until 17/05/2013)	7.5	0.0	8.9	**16.4**
Josef Kurth (until 17/05/2013)	7.5	4.6	15.2	**27.3**
Monika Weidmann (until 17/05/2013)	7.5	1.5	15.2	**24.2**
Eberhard Knoblauch (until 25/05/2013)	0.0	0.0	6.3	**6.3**
Hans-Dieter Heppner (until 25/05/2013)	0.0	0.0	6.3	**6.3**
Total	**180.0**	**47.5**	**152.0**	**379.5**

R. STAHL AG does not have any stock option plans or similar securities-based incentive systems for members of the Executive Board or Supervisory Board.

Total compensation of former Executive Board members and former Managing Directors

Former members of the Executive Board, as well as former Managing Directors, and their survivors received a total of EUR 355 thousand (previous year: EUR 344 thousand) in the reporting period.

As at 31 December 2013, the present value of pension obligations for former members of the Executive Board, as well as former Managing Directors, and their survivors amounted to EUR 2,940 thousand (previous year: EUR 2,986 thousand).

On retirement of Dr. Peter Völker from the Executive Board on 31 December 2011, his retirement pension was finally arranged. From 1 January 2012 until 31 December 2013, Dr. Völker received a monthly transitional allowance of EUR 6.5 thousand. As of 1 January

2014, Dr. Völker receives a monthly retirement pension of EUR 7.5 thousand. At the end of the reporting period, the present value of pension obligations pursuant to IFRS and of the transitional allowance for Dr. Völker amount to EUR 1,727 thousand (previous year: EUR 1,746 thousand).

Furthermore, from 1 January 2012, Dr. Völker works in an advisory function for technical matters for R. STAHL AG. Monthly remuneration for 2012 and 2013 amounts to EUR 10 thousand; from 2014 on, Dr. Völker will receive a fee of EUR 3.3 thousand with a reduced monthly working time.

Shares in R. STAHL AG held by members of the Executive Board and Supervisory Board
At the end of the reporting period, Executive Board members held 16,760 company shares and Supervisory Board members held 376,178 shares.

Related party disclosures 30

Pursuant to IAS 24 (Related Party Disclosures), legal or natural persons exerting a controlling influence on the R. STAHL Group or vice versa have to be disclosed unless they are being consolidated in the financial statements of the 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 the Articles of Association or contractual provisions to control the financial or business policy of the R. STAHL Group's 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 the R. STAHL Group including close relatives or intermediary companies. A substantial influence on the financial and business policy of the 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 year 2013, the disclosure requirements of IAS 24 only affected the R. STAHL Group in respect to business relations with members of the Executive Board and members of the Supervisory Board. Total compensation of the Supervisory Board amounted to EUR 567 thousand in the reporting period (previous year: EUR 445 thousand). Please refer to section "29. Executive bodies of R. STAHL AG, subsection Compensation Report". No significant reportable transactions were carried out in 2013 with the company Tranberg Systems AS, Vejle (Denmark), which was deconsolidated on 19 November 2009 and in which the R. STAHL Group still holds 48% of shares at the end of the reporting period.

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

Declaration pursuant to Section 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 2013 Annual Report includes a separate Corporate Governance Report.

NOTES TO THE CASH FLOW STATEMENT

The cash flow statement shows the 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 cash flows from operating, investing, and financing activities.

For the purpose of indirect calculation, we adjust the relevant changes in items of the statement of financial position for consolidation effects. This approach causes differences in the changes of the respective items of the statement of financial position as shown in the published Consolidated Statement of Financial Position.

The flow of funds from operations includes the following items:

EUR 000	2013	2012
Interest received	251	114
Interest paid	- 1,002	- 840
Dividends received	3	5
Income tax refunds/credits	2,218	1,260
Income tax payments	- 9,407	- 7,507

In the previous year, inflows and outflows of funds from investing activities included payments of EUR 2,000 thousand for the acquisition of consolidated companies. The full amount referred to conditional purchase price liabilities.

In accordance with IAS 7.17, inflows and outflows of non-controlling interests include payments to owners for the purchase of the remaining shares in R. STAHL Engineering & Manufacturing Sdn. Bhd., Selangor (Malaysia).

For information on cash flows from company acquisitions, please refer to section IV. of the Notes to the Consolidated Financial Statements.

NOTES TO SEGMENT REPORTING

Pursuant to IRFS 8, external segment reporting is based on the intra-group organization and management structures, as well as internal financial reporting to key decision-makers. In the R. STAHL Group, the Executive Board is responsible for assessing and controlling business success and is regarded as the top management body pursuant to IFRS 8.

The Group develops, manufactures, assembles, and distributes devices and systems for measuring, controlling, distribution of energy, securing, and lighting in potentially explosive environments. R. STAHL AG serves as the holding company for the different subsidiaries. The subsidiaries submit a monthly income statement and statement of financial position. Monthly consolidated financial statements are then created at Group level which are used to steer the Group's overall development and that of the individual companies.

The key performance indicator for the R. STAHL Group is earnings before interest and taxes (EBIT). Internal reporting corresponds to external IFRS reporting. As a result, no reconciliation is required. Furthermore, the Executive Board regularly monitors the following financial and economic parameters: sales revenues, order intake and order backlog, as well as earnings before taxes (EBT).

As a whole, the Group is managed according to the following parameters:

EUR 000	2013	2012
Order backlog	65,997	70,653
Order intake	304,145	297,078
Sales revenues	304,383	290,887
Total operating performance	310,699	298,069
Other operating income	7,298	7,874
Material costs	- 105,347	- 105,353
Personnel costs	- 111,087	- 104,875
Depreciation and amortization of tangible and intangible assets	- 12,026	- 11,785
Other operating expenses	- 64,642	- 58,987
Earnings before financial result and income taxes	**24,895**	**24,943**
Interest income	251	114
Interest expenses	- 3,838	- 3,934
Other financial result	3	6
Financial result	**- 3,584**	**- 3,814**
Earnings before income taxes	**21,311**	**21,129**
Segment assets	236,857	219,027
Segment liabilities	150,153	118,254
Annual average number of employees	1,756	1,603

EUR 000	2013	2012
Associated companies		
Shares in associated companies	0	0
Result from associated companies	0	0
Non-current assets		
Carrying amounts of non-current assets	99,986	90,417
Additions to non-current assets	24,693	20,077

The following table provides a breakdown by region:

EUR 000	Central	Americas	Asia	Total
Sales revenues from sales to external customers	203,923	50,603	49,857	304,383
	(193,017)	(45,532)	(52,338)	(290,887)
Carrying amounts of non-current assets	90,478	3,082	6,426	99,986
	(82,431)	(3,002)	(4,984)	(90,417)
Additions to non-current assets	20,885	1,013	2,795	24,693
	(15,456)	(214)	(4,407)	(20,077)

The figures in brackets refer to the prior-year values for 2012. The regional breakdown shows sales revenues on the basis of customer locations. Assets of the R. STAHL Group are assigned according to the location of the respective subsidiary that carries this asset in the statement of financial position. Pursuant to IFRS 8.33, assets comprise all non-current Group assets with the exception of financial instruments and deferred tax assets.

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

In the reporting period and in the previous year, no individual external customer accounted for more than 10% of total sales revenues.

ADDITIONAL NOTES AND DISCLOSURE REQUIREMENTS

The following table shows fees paid to the auditor of the Consolidated Financial Statements for services to the parent company and its subsidiaries.

EUR 000	2013	2012
Financial statement audits	284	221
Other certification and valuation services	0	0
Tax consultancy services	0	0
Other services	34	30
	318	**251**

Fees for financial statement audits include fees of EUR 40 thousand for previous years.

R. STAHL Schaltgeräte GmbH, Waldenburg, and R. STAHL HMI Systems GmbH, Cologne, fulfilled the requirements of Section 264 (3) HGB and have thus made use of the exemption clause with regard to the preparation of notes to the annual financial statements and a management report as well as the disclosure of their annual financial statements for fiscal year 2013. With reference to Section 264 (3) HGB, it is also intended to make use of the exemption clause with regard to the disclosure of annual financial statements for fiscal year 2013 of the companies GGF – Gesellschaft für Grundstücksvermietung und Finanzierungsvermittlung mbH, Waldenburg, R. STAHL Services GmbH, Waldenburg, R. STAHL Camera Systems GmbH, Cologne, R. STAHL Beteiligungsgesellschaft mbH, Waldenburg, R. STAHL Lectio GmbH, Waldenburg, and R. STAHL Supera GmbH, Waldenburg.

OTHER NOTES AND DISCLOSURES

Events subsequent to the balance sheet date

There were no significant events subsequent to the end of the reporting period.

Waldenburg, 8 April 2014
R. Stahl Aktiengesellschaft

Martin Schomaker	**Bernd Marx**
Chief Executive Officer	Chief Financial Officer

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, 8 April 2014
R. Stahl Aktiengesellschaft

M. Schomaker	B. Marx
Martin Schomaker	**Bernd Marx**
Chief Executive Officer	Chief Financial Officer

AUDITOR'S REPORT ON THE COMPLETE CONSOLIDATED FINANCIAL STATEMENTS OF R. STAHL AKTIENGESELLSCHAFT

We have issued the following opinion on the Consolidated Financial Statements as at 31 December 2013, as attached on page 82 et seq., and the Group Management Report for fiscal year 2013 (page 35 et seq.):

"We have audited the Consolidated Financial Statements prepared by **R. Stahl Aktiengesellschaft, Waldenburg, Germany** – consisting of the income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and the notes – as well as the Group Management Report for the fiscal year from 1 January to 31 December 2013. The preparation of Consolidated Financial Statements and the Group Management Report according to IFRS as mandated for EU companies, and the supplementary accounts prepared according to section 315a (1) of the German Commercial Code (HGB) as well as further stipulations made in the company's Articles of Association are the responsibility of the company's legal representatives. Our task is to give an opinion on the Consolidated Financial Statements and Group Management Report based on our audit.

We conducted our audit of these Consolidated Financial Statements pursuant to section 317 HGB and the generally accepted auditing standards established by the German Institute of Certified Public Accountants (Institut der Wirtschaftsprüfer, IDW). These standards require that we plan and perform audits in such a way that misstatements materially affecting the presentation of the financial position and performance in the Consolidated Financial Statements and the Group Management Report in accordance with the principles of proper accounting are detected with reasonable assurance. In planning the audit, we also take into consideration knowledge of the business activity, economic and legal environment as well as expectations of possible errors. The audit includes examining the efficacy of the internal controlling system as well as evidence, primarily on a test basis, supporting the amounts and disclosures in the Consolidated Financial Statements and Group Management Report. An audit also includes reviewing the scope of companies included in consolidation, the definition of the consolidated group, assessing the accounting, valuation and consolidation principles used and significant estimates made by the company's legal representatives, as well as evaluating the overall presentation of the Consolidated Financial Statements and Group Management Report. We believe that our audits provide a reasonable basis for our opinion.

Our audits did not give rise to any objections.

In our opinion, based on the audit findings, the Consolidated Financial Statements comply with IFRS, as mandated for EU companies, the supplementary commercial law regulations of section 315a (1) HGB and the further stipulations made in the company's Articles of Association, and give a true and fair picture of the Group's financial position and performance. On the whole, the Group Management Report corresponds to the Consolidated Financial Statements and conveys an accurate picture of the Group's position as well as accurately presenting the opportunities and risks of its future development.

Stuttgart, 8 April 2014

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Volker Hecht	**Christoph Lehmann**
Auditor	Auditor

DISCLOSURE OF EQUITY INVESTMENTS

of R. STAHL Aktiengesellschaft, Waldenburg, Germany, as of 31 December 2013

Name and headquarters of the company	Consolidation status	Capital stake in %
Domestic companies		
R. STAHL Beteiligungsgesellschaft mbH, Waldenburg	F; c	100.00
R. STAHL Camera Systems GmbH, Cologne	F; c	75.00
GGF – Gesellschaft für Grundstücksvermietung und Finanzierungsvermittlung mbH, Waldenburg	F; c	100.00
R. STAHL HMI Systems GmbH, Cologne	F; c	100.00
R. STAHL Schaltgeräte GmbH, Waldenburg	F; c	100.00
R. STAHL Services GmbH, Waldenburg	F; c	100.00
Abraxas Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	I; n.c.	49.58
R. STAHL Lectio GmbH, Waldenburg (formerly: R. STAHL LECTIO GmbH & Co. KG, Waldenburg)	F; c	100.00
R. STAHL Supera GmbH, Waldenburg (formerly: R. STAHL SUPERA GmbH & Co. KG, Waldenburg)	F; c	100.00
Foreign companies		
R. STAHL Middle East FZE, Dubai (United Arab Emirates)	F; c	100.00
R. STAHL Nissl GmbH, Vienna (Austria)	F; c	100.00
R. STAHL Australia Pty Ltd., Wollongong (Australia)	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 do Brasil Ltda., São Paulo (Brazil)	F; c	100.00
R. STAHL Ltd., Edmonton (Canada)	F; c	100.00
R. STAHL Schweiz AG, Magden (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

Name and headquarters of the company	Consolidation status	Capital stake in %
Foreign companies		
Tranberg Systems AS, Vejle (Denmark)	I; n.c.	48.00
Industrias STAHL S.A., Madrid (Spain)	F; c	100.00
ST Solutions ATEX, Nanterre (France)	F; c	100.00
R. STAHL Ltd., Birmingham (Great Britain)	F; c	100.00
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	100.00
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., Singapur (Singapore)	F; c	100.00
R. STAHL Inc., Houston/Texas (USA)	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 GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Germany, and will be published in the German electronic Federal Gazette. Interested shareholders may request copies of the parts of our annual financial statements not published here from the company.

INCOME STATEMENT

of R. STAHL Aktiengesellschaft, Waldenburg, from 1 January to 31 December 2013

EUR 000		2013	2012
1.	**Sales Revenue**	13,812	14,429
2.	Other own work capitalized	13	0
3.	Other operating income	4,597	5,169
		18,422	**19,598**
4.	Cost of materials		
	Cost of raw materials, consumables and supplies and for purchased goods	18	3
5.	Personnel costs		
	a) Wages and salaries	8,443	7,395
	b) Social insurance contributions and pension	2,164	1,498
		10,607	**8,893**
6.	Depreciation, amortization and impairment of intangible non-current assets and tangible fixed assets	2,248	2,398
7.	Other operating expense	8,424	7,619
		- 2,875	**685**
8.	Investment income	12,865	10,947
9.	Income from profit/loss transfer agreements	0	1,474
10.	Other interest and similar income	478	296
11.	Depreciation on financial assets	7,209	1,678
12.	Expenses from transfer of losses	332	0
13.	Interest and similar income	1,608	1,617
		4,194	**9,423**
14.	**Income/expense from ordinary business activity**	**1,319**	**10,108**
15.	Extraordinary expenses		
16.	Income taxes	150	797
17.	Other taxes	53	37
18.	**Net profit for the year**	**1,116**	**9,274**
19.	Profit carryforward	8,017	4,667
20.	**Balance sheet profit**	**9,133**	**13,941**

BALANCE SHEET

of R. STAHL Aktiengesellschaft, Waldenburg, as of 31 December 2013

	EUR 000	31/12/2013	31/12/2012
	ASSETS		
A.	**Non-current assets**		
I.	**Intangible assets**		
	1. Industrial property and similar rights, acquired for a consideration	2,618	1,318
	2. Prepayments made	59	114
		2,677	**1,432**
II.	**Tangible fixed assets**		
	1. Properties and buildings, including buildings on third-party properties	5,465	5,616
	2. Technical equipment and machinery	23	27
	3. Other plants as well as operating and office equipment	1,017	633
	4. Plants under construction	0	7
		6,505	**6,282**
III.	**Financial assets**		
	1. Equity interests in affiliated companies	69,715	64,444
	2. Loans to affiliated companies	6,747	10,905
	3. Equity investments	26	26
	4. Loans to companies in which equity interests are held	0	0
		76,487	**75,375**
B.	**Current assets**		
I.	**Receivables and other assets**		
	1. Trade receivables	11	0
	2. Receivables from affiliated companies	7,931	10,323
	3. Receivables from companies in which equity interests are held	1,662	0
	4. Other assets	2,611	2,971
		12,215	**13,294**
II.	**Liquid assets**	**6,157**	**1,861**
C.	**Prepaid expenses and deferred income**	**257**	**223**
D.	**Debit difference from the balance sheet**	**88**	**39**
		104,387	**98,506**

	EUR 000	31/12/2013	31/12/2012
	EQUITY & LIABILITIES		
A.	**Equity**		
I.	**Issued capital**		
	1. Subscribed capital	16,500	16,500
	2. Accounting par value of own shares	- 1,323	- 1,323
		15,177	**15,177**
II.	**Capital reserve**	**5,083**	**5,083**
III.	**Profit reserves**		
	Other profit reserves	23,001	23,001
IV.	**Balance sheet profit**	9,133	13,941
		52,395	**57,202**
B.	**Provisions**		
	1. Pension provisions	15,578	15,044
	2. Tax provisions	80	746
	3. Other provisions	1,870	1,714
		17,529	**17,504**
C.	**Liabilities**		
	1. Liabilities to banks	21,361	13,028
	2. Trade liabilities	2,815	743
	3. Liabilities to affiliated companies	9,685	9,867
	4. Liabilities to companies in which equity interests are held	0	0
	5. Other liabilities	602	160
		34,463	**23,799**
		104,387	**98,506**

GLOSSARY

IMPORTANT FINANCIAL AND ECONOMIC TERMS

Cash flow
Surplus of money that is generated from ordinary business activities. This key figure shows a company's financial power.

Compliance
Generic term for measures to ensure abidance by law and intra-company guidelines.

Corporate governance
Responsible company management and control of long-term value creation.

Derivative, derivative financial instruments
Financial instrument whose valuation depends on the price development of underlying transactions (base value).

Directors' dealings
Transactions of members of the Executive or Supervisory Board of a listed stock corporation and associated persons or companies with shares of their own company.

Dividend yield
This key figure shows the annual yield the shareholder gets for his stock investment through profit distribution, assessed at the year-end price.

EBIT (Earnings before interest and taxes)
Generally used for the assessment of the earnings situation of companies, especially in international comparison. EBIT margin is the relation between EBIT and sales.

EBT (Earnings Before Tax)
EBT margin is the relation between EBT and sales.

Equity ratio
Ratio between equity and total capital. This ratio gives information on the stability of a company.

Forward exchange transaction
Obligation to buy or sell foreign currencies at a predetermined date and price.

Free float
Number of shares owned by diverse shareholders.

Goodwill
It corresponds to the amount a potential buyer would be willing to pay for the company as a whole, exceeding the value of the individual assets, taking all debts into account.

GPR-Standard
Green Performance of Real Estate-Standard.

IFRS (International Financial Reporting Standards)/ IAS (International Accounting Standards)
Internationally applicable standards for accounting to ensure international comparability of consolidated financial statements, and to fulfil the information requirements of investors and other users of financial statements through higher transparency.

Market capitalization
This means the market price of a listed company. It is calculated from the market value of the share multiplied by the number of shares.

P/B ratio (price-to-book ratio)
Share price divided by book value per share.

P/E ratio (price-earnings ratio)
Share price divided by earnings per share.

P/S ratio (price-sales ratio)
Share price divided by revenue per share.

IMPORTANT BUSINESS-RELEVANT TERMS

Automation
This is a field that involves automatic control, monitoring and optimization of technical processes.

Cabinet
Cabinets are used to house and protect electric and electronic equipment that is not mounted directly to a machine or in a facility but is required for their monitoring and control.

Certification
Measure, where a neutral body, accredited for this purpose, examines, evaluates and confirms in writing (certificate) that products, services, systems, processes, companies or persons correspond to certain acknowledged fixed criteria, stipulated in regulations or standards.

Customer Service Center (CSC)
The Customer Service Center offers a central contact point for customers' queries and coordinates customer contact across all company divisions.

Degree of protection
On the one hand, degree of protection is the suitability of electrical equipment for different environmental conditions, on the other hand it is the protection of man against potential hazard when using this equipment.

Electrical safety
Protection against electrical hazards.

Engineering
Development and construction of machines and plants.

EPC (Engineering, Procurement and Construction)
Means the common form of project execution in plant construction and the corresponding forms of contract where the contractor is the general contractor. He commits himself to supplying a turnkey plant to the client.

Explosion protection
Special field that deals with the protection against the development of explosions and their effects. It is part of safety technology and serves as a prevention against damages caused by explosions.

HMI (Human machine interface)
Equipment technology for operating and monitoring of processes.

LED
Light emitting diode.

LNG
Liquefied natural gas.

Plant safety
Industrial plants may present a high risk potential, due to the existence of hazardous substances and the technical processes that are executed there. Purpose of plant safety is the prevention of dangerous events or the limitation of the effects of the dangerous events on man, material assets and environment.

Remote I/O System
Collects the measurements in Ex-areas and sends them to a safe area via a cable.

UPS (Uninterrupted power supply)
UPS devices and facilities are arrangements that ensure continuous supply of consumers for a certain period of time, in case line voltage fails.

VCI (Verband der Chemischen Industrie e.V.)
German chemical industry association.

VDMA (Verband Deutscher Maschinen- und Anlagenbau e.V.)
German machine and plant construction association.

Wireless automation
Collective term for wireless communication technology in industrial automation. Eliminates the need for signal lines and thus increases the flexibility of facilities.

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KEY FIGURES

of R. STAHL Aktiengesellschaft, Waldenburg, as of 31 December 2013

EUR 000	2013	2012	2011	2010	2009
Sales revenue	304,383	290,887	242,949	222,621	202,595
Germany	64,966	60,914	59,681	51,483	52,682
Central (without Germany)	138,957	132,103	112,346	107,735	94,910
Americas	50,603	45,532	32,814	30,306	22,605
Asia/Pacific	49,857	52,338	38,108	33,097	32,398
Foreign share (%)	79	79	75	77	74
Order intake	304,145	297,078	259,400	225,776	208,101
Germany	66,645	60,397	61,311	54,324	50,463
Central (without Germany)	141,295	135,708	110,307	106,478	99,421
Americas	47,864	50,447	36,458	30,880	24,182
Asia/Pacific	48,341	50,526	51,324	34,094	34,035
Order backlog	65,997	70,653	65,568	47,728	42,584
EBIT	24,895	24,943	16,837	19,287	12,585
EBT	21,311	21,129	13,061	15,383	8,890
Year's net profit	15,418	14,277	8,948	10,536	5,590
Earnings per share (EUR)	2.59	2.43	1.51	1.77	0.90
Total dividend	5,924*)	5,924	4,147	4,147	2,369
Dividend per share (EUR)	1.00*)	1.00	0.70	0.70	0.40
P/E ratio (%)	15.5	11.1	18.0	15.3	18.0
P/B ratio (%)	2.2	1.6	1.8	1.9	1.3
P/S ratio (%)	0.8	0.5	0.7	0.7	0.5
Capex on tangible and intangible assets	24,693	20,077	13,398	9,567	12,515
Depreciation and amortization on tangible and intangible assets	12,026	11,785	13,069	10,928	9,140
EBIT margin (% of sales)	8.2	8.6	6.9	8.7	6.2
EBT margin (% of sales)	7.0	7.3	5.4	6.9	4.4
Sales per employee	173	181	160	156	145
Employees, yearly average (without apprentices)	1,756	1,603	1,519	1,427	1,397
Employees as of 31 Dec. (without apprentices)	1,853	1,658	1,544	1,492	1,404

*) proposal to the Annual General Meeting

FINANCIAL CALENDAR 2014

Analysts Conference in Frankfurt **11 April 2014**

First quarter financial report 2014 **08 May 2014**

Annual Shareholder's Meeting in Neuenstein **23 May 2014**

Second quarter financial report 2014 **07 August 2014**

Third quarter financial report 2014 **06 November 2014**

German Equity Forum Frankfurt **24–26 November 2014**

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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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