

R. STAHL Technologies Annual Report 2003

Creating our future.



“You do not discover your
future, you build it.”

Stanislaw Brzozowski

Consolidated key figures for 2003

	2003 € 000	2002 € 000
Net sales	229,354	233,520
Order intake	233,870	231,923
EBIT	5,135	-762
EBT	3,976	-1,860
Net income (Net loss) for the year	2,317	-3,139
DVFA/SG earnings per share (in €)	0.11	-0.74
Dividend per share (in €)	0.20 ¹	–
Employees (Dec. 31, incl. apprentices)	1,949	1,920

¹proposal

Investor Relations _ Judith Schäuble

Telefon +49 (0) 79 42 943-12 17

Telefax +49 (0) 79 42 943-13 64

investornews@stahl.de



Material Handling Explosion Protection

R. STAHL Technologies. Our two divisions Material Handling and Explosion Protection are the main pillars of our business. Over the 127 years of our history, R. STAHL earned its leading international position with innovative products. Material Handling is the world's fourth largest manufacturer of hoists and Explosion Protection is the second-largest supplier of explosion-protected equipment and systems. Our technologies are used where loads have to be transported overhead or the safety of people and equipment has to be assured.

Our client sectors include the automotive, petrochemical, chemical, pharmaceutical, food processing and power industries. We are a globally present industrial outfitter serving our clients around the world.

In Germany, R. STAHL also offers IT services through its subsidiary altro consult.

The report

- 06 _ Management Preface
- 08 _ Report of the Supervisory Board
- 10 _ Restructuring is complete, let the growth drive begin
- 20 _ Consolidated management report

The share

- 30 _ Break-even reached
- 32 _ Price performance and investor relations
- 34 _ Corporate governance

The figures

- 37 _ R. STAHL in figures
- 71 _ Consolidated key data in 5-year comparison and financial calendar
- 67 _ Impressum
- 68 _ Locations and addresses



Martin Schomaker
Chief Executive Officer



Peter Völker, PhD
Member of the
Managing Board

Accepting the permanence of change.

In fiscal 2003, R. STAHL returned to the profit zone. After 21 months of restructuring, we realised € 4m pre-tax profit despite adverse economic conditions. After the loss-making years of 2001 and 2002, we thus have established a favourable starting position for our future business evolution.

International plant construction demand continued to decline from 2002 into 2003. The Iraq war and a SARS-related capital spending freeze in Asia aggravated this trend in the first half of fiscal 2003. In contrast to original forecasts, domestic demand that accounts for some 40 % of R. STAHL business volume also dropped further last year. This set of circumstances put additional price pressure on our products. In the second half of 2003, international demand started to turn around and we were able to book some of these sales still in 2003 thanks to now much shorter throughput times.

Implementing our restructuring programme became a race against the economic slow-

down. We streamlined our business processes, improved the economy and throughput times of our factories, reduced complexity and cut cost structures whilst stepping up development activities as the basis of our strategy for future growth.

Thanks to these measures, Explosion Protection already made a significant profit contribution in fiscal 2003. Material Handling was still writing red figures as of the end of 2003. Our restructuring carried the group as whole over the profit threshold at the end of the third quarter. As such, we closed fiscal 2003 with positive pre-tax earnings of € 4m.

R. STAHL's restructuring race against the economic downturn often challenged our employees' will to change, perform and persist to the edge of endurance and we want to take the opportunity to express our gratitude to our staff for their dedication and perseverance that eventually turned R. STAHL around.

The capital market, too, took due note of our turnaround. Since the summer of 2003, the R. STAHL share price gained almost 100 %.

The restructuring is now over but the change process continues and has to become the permanent driving force behind our actions. We thus initiated a continuous improvement process to raise R. STAHL's competitiveness. This will expand our method competence for change that our staff established over the last two years. The following tasks are essential for R. STAHL Technologies' sustainable future profitability evolution:

- Growth through strategic reorientation of both divisions, but particularly Material Handling that did not sufficiently utilise business potential from custom systems solutions in the past.
- Growth from product innovations and previously not sufficiently cultivated sales markets like the Near East, Russia, the U.S.A. and Asia.
- Further improvement of cost flexibility and structures in administration and production.
- Targeted development and advancement of our staff and leadership as important vehicles of our process and technology know-how.

Of course, all our optimism must not obscure the fact that both economic and project risks exist. For instance, the economy is not yet stable and any possible new downturn prospects would burden our business. Further problems may arise from the development of the euro-to-U.S. dollar exchange rate and rising steel prices. Our strategic reorientation – particularly in Material Handling – not only harbours opportunities but also entrepreneurial risks that could lead to unexpected costs and temporary earnings burdens.

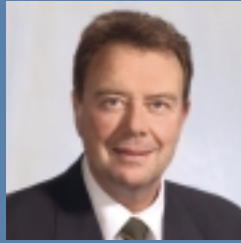
We are fundamentally confident that the above-mentioned tasks will allow our growth and earnings strength to prosper and thus fulfil our ambition for lasting and forward-looking growth of R. STAHL Technologies.

Our shareholders, too, showed this spirit of continuity standing by us through the restructuring with patience and perseverance. We therefore proudly announce that we are resuming dividend payment for fiscal 2003 and in unanimity with our Supervisory Board are to propose a distribution of € 0.20 per share at our annual general meeting.

We also want to use this occasion to thank our Board of Supervisors for the supportive and constructive advice over the course of the strenuous last two years.

Martin Schomaker
(Chief Executive Officer)

Peter Völker, PhD
(Member of the
Managing Board)



Hans-Volker Stahl MBA
Supervisory Board Chairman

Ladies and Gentlemen,

The Iraq war and SARS epidemic made 2003 a trying time for both R. STAHL and the general economy. Our company again used this period intensively to position itself for the future. By concluding our 9-point restructuring, we set the course for future earnings improvement. However, to this end the economic recovery has to stabilise into a lasting upturn.

At last year's annual general meeting, R. STAHL held Supervisory Board elections. Our shareholders reelected the incumbent capital supervisors. The Supervisory Board unanimously confirmed Hans-Volker Stahl as chairman. Mr. Stahl was also appointed head of the administrative committee. Eberhard Knoblauch was reelected head of the audit committee.

In the year under review, the Supervisory Board monitored and counselled management based on its personal and written reports. When management decisions required supervisory board approval, we discussed these matters in detail. Furthermore, the supervisory board chair contacted management at least once per working week for mutual information exchange.

The supervisory board convened in five sessions to discuss the company's economic

situation and target compliance based on documents management submitted. Management updated the supervisory board monthly on order intake, sales, and earnings of our divisions Material Handling and Explosion Protection. Management also reported to the supervisory board on restructuring progress.

We implemented the suggestions of the German Corporate Governance Codex to the extent we deemed such practicable. We published a declaration of compliance on our corporate web site pursuant to the comply-or-explain rule. The declaration states what suggestions we complied with and explains the few exceptions. Please find a copy of this declaration of compliance on page 34 of this annual report.

As in years past, the annual and consolidated statements of accounts of R. STAHL Aktiengesellschaft were prepared according to German Commercial Codex rules. Our auditor, Ernst & Young Deutsche Allgemeine Treuhand AG Wirtschaftsprüfungsgesellschaft, Stuttgart, audited our annual and consolidated statements of accounts as well as the combined group and AG management report, which they fully certified. Our annual and consolidated statements of accounts and combined group

Supervisory Board

Hans-Volker Stahl MBA, Münsing-Ammerland
Chairman
Asset trustee, private asset management

Hermann Eisele PhD eng., Vaihingen/Enz
Vice chairman
Member of the Robert Bosch Foundation curatorium
Supervisory Board member of REM AG
Supervisory Board member of hsp AG

Ernst Kern, Künzelsau¹
Power appliance electrician

Eberhard Knoblauch MBA, Böblingen
Corporate Council member of Carl Zeiss Oberkochen
Supervisory Board member of Carl Zeiss Jena

¹ Employee representative

Josef Kurth ME, Ingelfingen
Director emeritus

Heinz Grund, Braunsbach¹
Agricultural apprenticeship/mechanic

Günter Müller, Rösrath
Managing partner at
Express-Spedition Ludwig Müller GmbH & Co. KG

Gerold Schmid MS eng., Stuttgart
Managing partner at
Repro Schmid GmbH

Monika Weidmann, Künzelsau¹
Technical draughtsperson

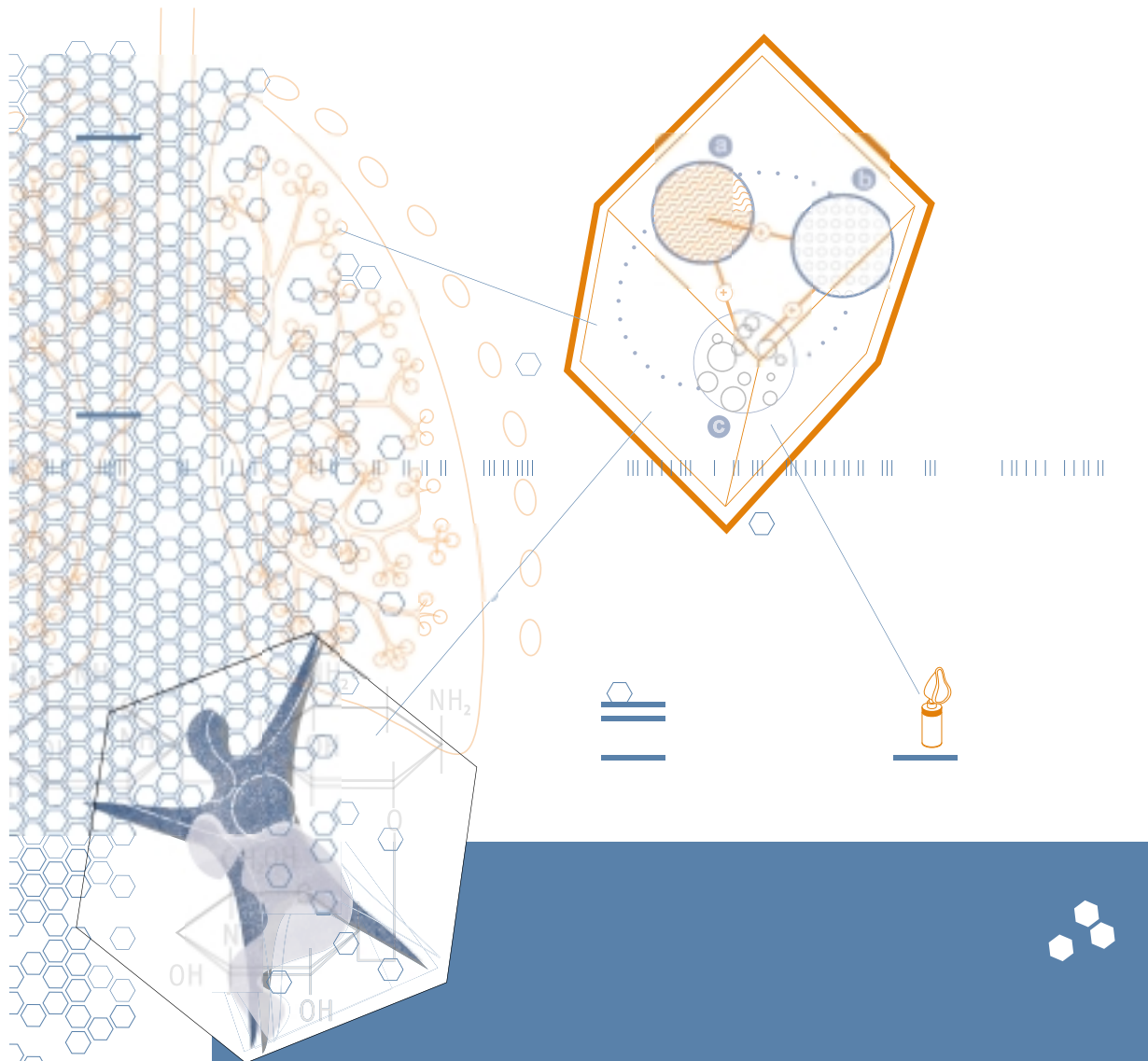
and AG management report were duly submitted to all supervisory board members. The audit committee examined the annual statement of accounts and management report without finding grounds for objection. The Supervisory Board therefore agrees with the audit findings. We approve the annual statement of accounts of R. STAHL AG as prepared by management, which is hereby resolved. We furthermore agree with the management report and particularly its outlook for our company.

After due consideration of all circumstances, the Managing and Supervisory Boards will propose a dividend of € 0.20 per share at our annual general meeting.

We would like to extend our gratitude to all employees of R. STAHL Technologies for their dedicated service.

Waldenburg, March 2004
For the Supervisory Board

Hans-Volker Stahl
(Supervisory Board Chairman)



Future prospect 1. Pharmacology ranks amongst the key sciences of the 21st century. The global rise in life expectancy is clear evidence of pharmacology's great success. Parallel to that the need for medical care increases dramatically. Pharmacology made particularly great leaps in the simpler types of application. The current trend in medications and vaccines is to replace injection and oral applications with convenient inhalers. Liquid and dry aerosols now greatly enhance life quality of, e.g., diabetics.

These new medications and their agents are being produced in explosion-protected environments. R. STAHL supplied the safety equipment for the first insulin-producing plant of this kind in Frankfurt/Main, Germany, and for other similar installations.

Restructuring is complete, let the growth drive begin

There is no short cut to success; it must be earned the hard way.

"R. STAHL Technologies passes the profit threshold earlier than anticipated." This news flash of October 23, 2003 represented the crowning glory of 21 tough months of restructuring. Analysts did not expect us to break even until at least the next quarter. Correspondingly, the R. STAHL share price skyrocketed.

in many Kaizen workshops using alternative approaches. These include process chain analysis, methods of time measurement and especially continuous improvement processes. We greatly improved our competence in these methods and this built a solid foundation for future implementation of changes.

We managed to eliminate the previously identified weak points by rigorously pursuing our restructuring programme. Despite sales erosion and order intake stabilising at a very low level, we were finally writing black numbers again.

Back to the black together

R. STAHL's employees contributed considerably to bringing our bottom line back into positive territory in 2003. However, we may not rest on our laurels. Indeed, we have to use this as a springboard to lasting profitable growth. Now is the time for us to forge ahead. A prerequisite for this is to adopt change as a vital part of our corporate culture. Our new programme *Continuous Improvement Process for Competitiveness* comprises 4 core points:

Tail wind from restructuring

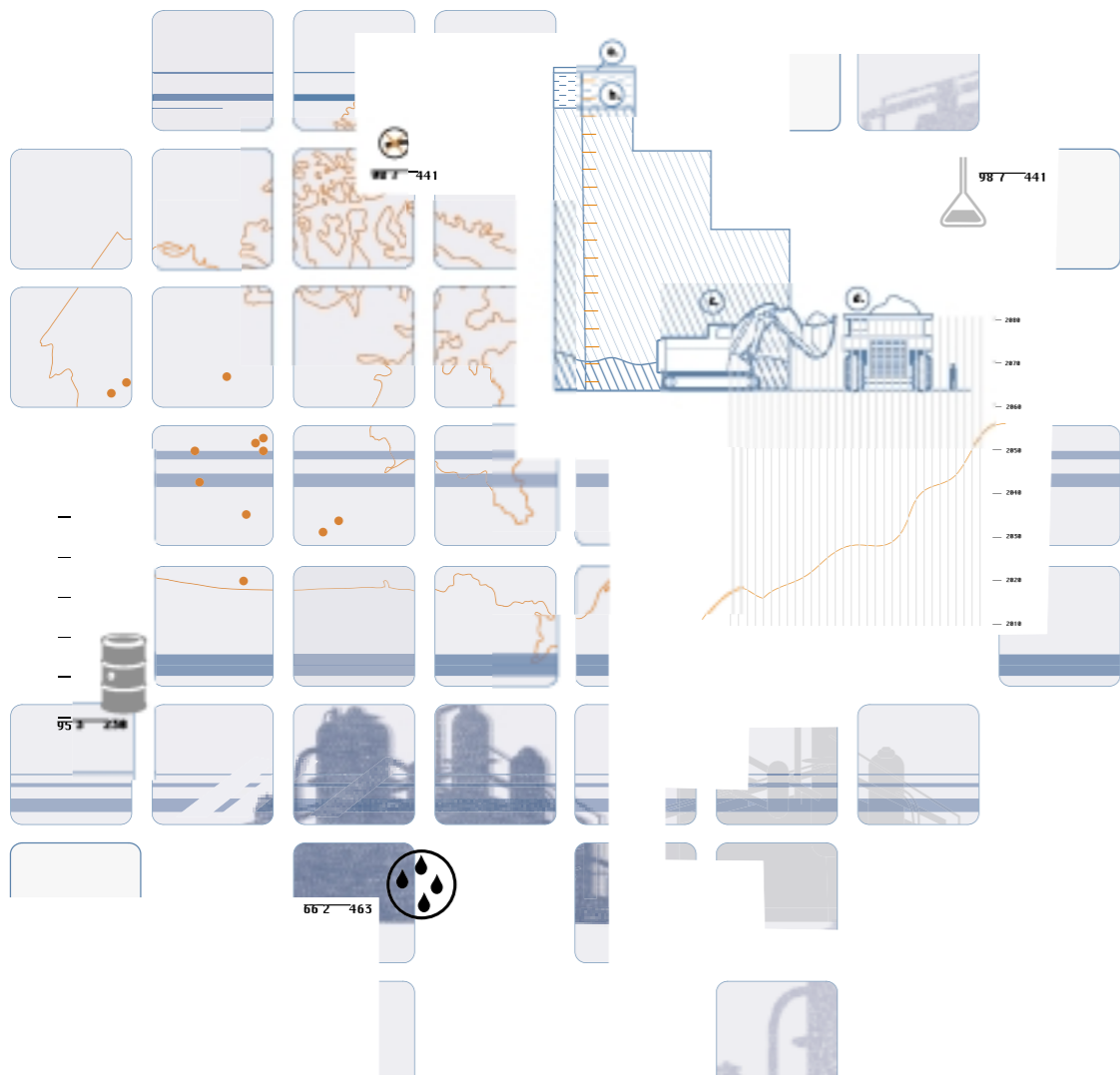
The core points of our restructuring were:

- Leadership reorganisation
- Improving the flow of materials and information
- Workstation revamping for ergonomics and efficiency
- Making business and production processes more economical
- Examining and adjusting international company structures
- Optimising distribution activities

- Growth through strategic reorientation
- Organic growth
- Growth through more cost flexibility
- Growth through staff motivation

Let us expand on that.

This comprehensive restructuring of R. STAHL Technologies could only succeed by closely involving all employees in our change processes. We redesigned production processes



Future prospect 2. The world's oil resources will be exhausted within a few decades. That is a globally accepted fact. Then how can it be that Canada almost over night advances to the country with the world's second largest oil resources? Experts estimate Canada's oil deposits at 24 billion tons, which is only 9 billion tons short of Saudi Arabia.

Canada's black bonanza is a major deposit of so-called oil slick. It consists of a 60m layer of clay, sand, water and valuable bitumen. Although that has been long

known, only cutting edge technology makes the exploitation of Canada's oil profitable. Earth moving equipment mines the oil slick that gargantuan washers then purify with water and soda solution until all that is left is a black viscous mass. The extract can then be processed into crude oil, kerosene, diesel, gasoline, naphtha and propane as regular oil. The construction of enormous explosion-protected refineries and other related plants is as much a future market as the oil slick itself.

Growth through strategic reorientation

To keep hitting the mark, one has to aim.

As part of our continuous improvement process, our two divisions, Explosion Protection and Material Handling, have to reorient their strategies. Explosion Protection is to tap new growth potential by concentrating on custom and system products and Material Handling is to establish itself as a systems solution supplier with particular component know-how.

2003, regulations for cereal mills, feed factories, wood processors as well as enterprises in the paper and construction material sector have been tightened to prevent dust-explosions and fires. R. STAHL is ready for this new market and has already obtained certification for a comprehensive product range in this field.

International standards open opportunities for Explosion Protection

So far, a plethora of various standards enormously complicated streamlining explosion protection products as each economic area had different requirements. The standards have recently been greatly simplified which opened up new savings potential for R. STAHL. Many country-specific modifications are now redundant and we can cut down product range complexity.

New activities in ship building and dust explosion protection

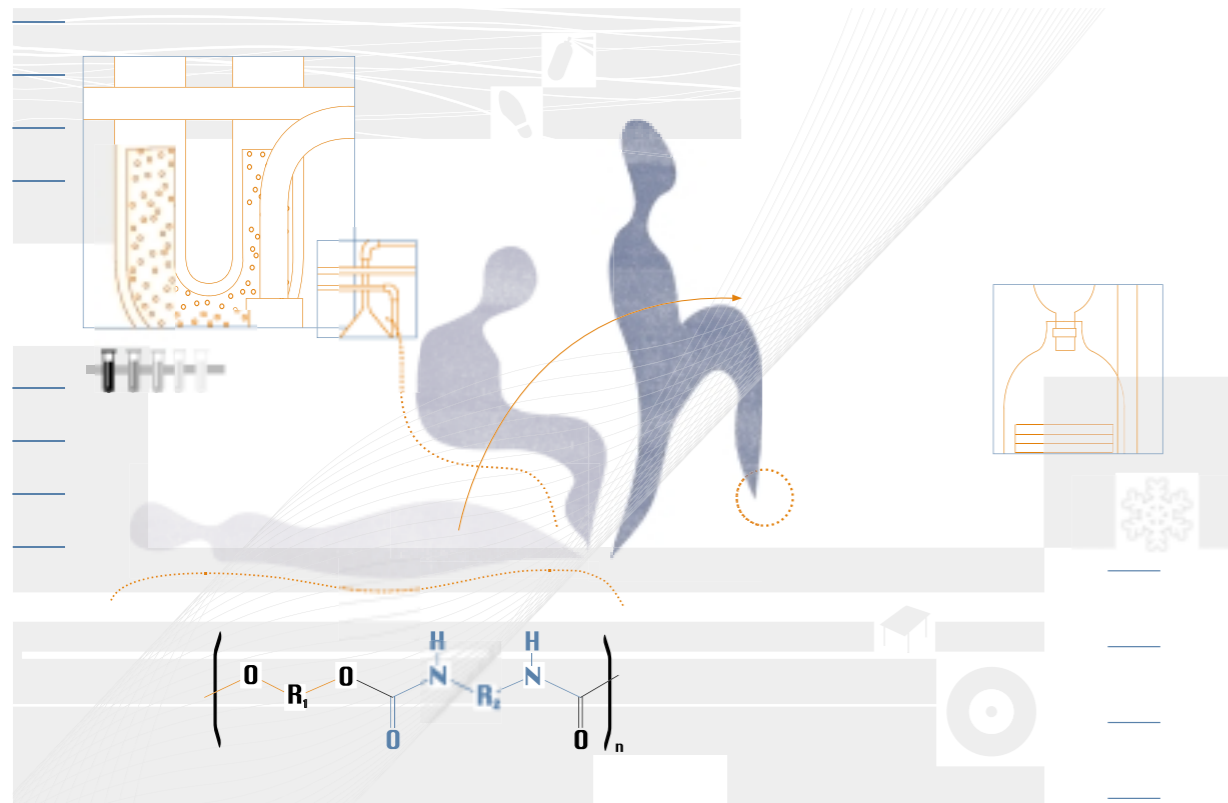
The certification of our explosion protection products for tankers and oil & natural gas exploitation platforms opened up new lucrative market segments for us that we are targeting with laser-beam focus.

There are also new regulations for dust explosion protection that favour our company. Since

Custom material handling products

Material handling intends to expand its business in custom engineering and other systems solutions based on its newly created system of standard component modules. As a systems supplier with high component expertise, R. STAHL can accommodate complex specifications.

These products are tailored to new markets with extreme conditions. They withstand the blistering heat of desert summers and the biting arctic cold. The new hoists and custom systems go up 160 t load capacity.



Future prospect 3. Every year, new and innovative plastics come on the market that open up all kinds of new options for many products. This is but one of the reasons why the chemical industry is considered a growth sector.

Polyurethanes are one of the great “shapeshifters” in the world of plastics: They are ubiquitous but always look different. Ever more mattresses, shoe soles, furniture, refrigerators, roller skates, car interiors, foils and even hairspray are made of Polyurethanes. This shapeshifters’ virtually unlimited versatility, however, requires explosion-protected production and processing environments. Products from the same source material may be hard, soft, integral, foamy, sound proof or compact. R. STAHL is always on the spot when our customers expand into the major growth markets of Asia and Eastern Europe: This billion-euro market is growing at an annual rate of 5 % and in some national markets even up to 10 %.

Organic growth

Growth takes innovation.

Offering innovative products with new customer benefits and value-added is the key to a technology company’s sustainable success. Despite the restructuring, both divisions stepped-up their efforts to both accelerate the development time for new products and improve the focus of development projects.

_____ R. STAHL innovations tap new markets

R. STAHL has forged ahead with new product development. This will bear fruit in 2004: Many of our innovations are ready to launch.

Explosion Protection developed three new lighting series. One control panel housing series has already proven itself on the market and one connector interface line and operating terminals with flat panel screens are about to go to market. Material Handling developed its modular 80 t winch to go into serial production. The crane module system, CraneKIT, is already in serial production.

_____ Boldly exploring new frontiers

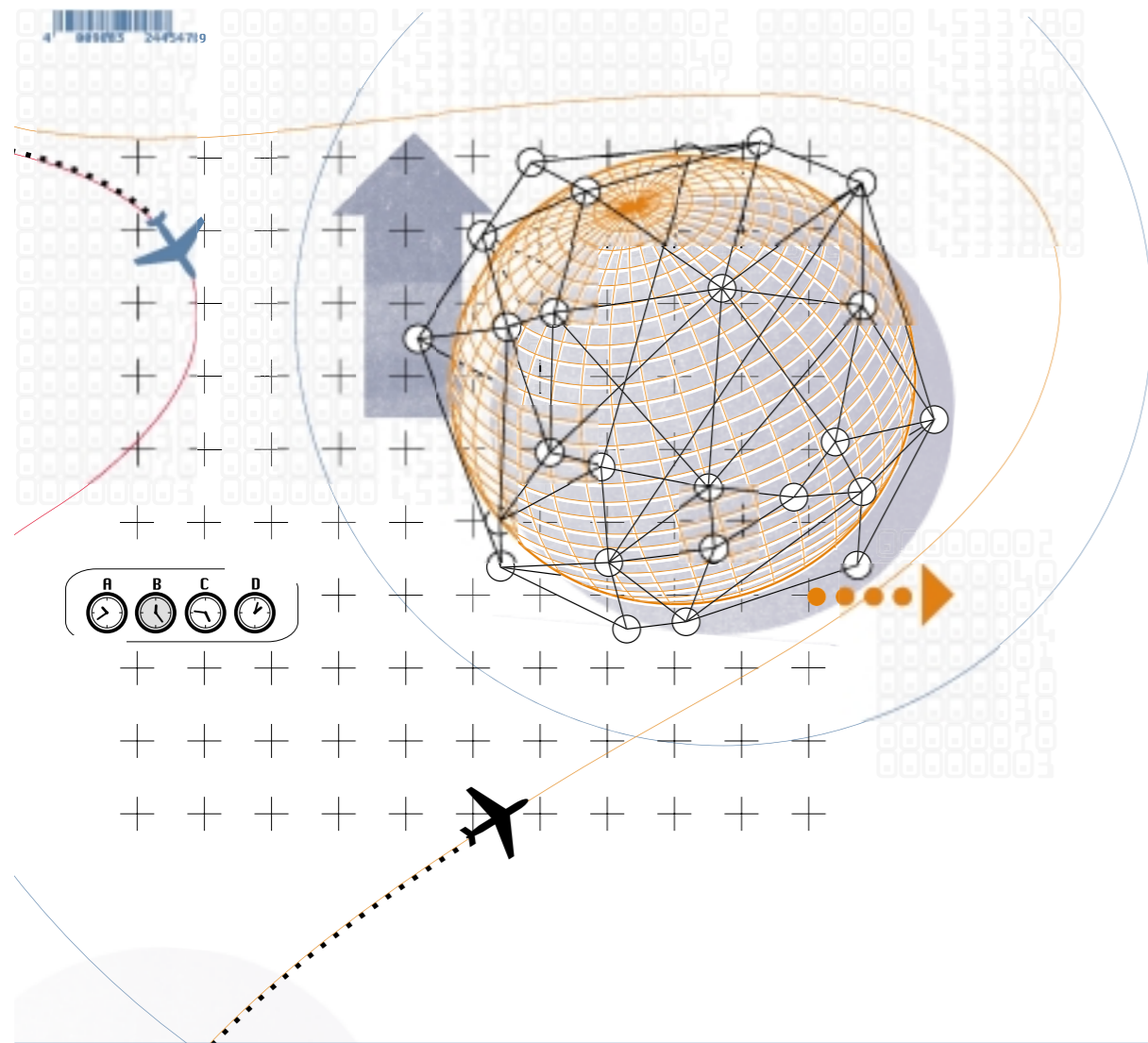
Besides product innovations, R. STAHL is increasingly concentrating on tapping new markets. Our market shares in the Americas, Asia, Russia and the Near East are still relatively small. After having been focused on restructuring in the last few years, we are now preparing to invest more strongly in expanding

our distribution abroad primarily using existing clientele and structures.

_____ Material Handling’s service drive

We also see great growth potential in material handling services, an activity we intend to pursue forcefully in the future. Our highly qualified service experts already cover Central Europe quite well and will be the foundation for our future growth in this field.





Future prospect 4. The right thing at the right time, the right location and the right price – in the global market place, logistics is probably the most important sector of them all. The market volume has already reached an order of 1,500 billion euros. Growth prospects are equally leviathan: Airfreight volume is to triple over the

next 20 years. Current capacities in warehousing and goods handling are hopelessly strained by now. As such, international logistics providers are vigorously investing into their capacities. With R. STAHL custom hoists, we will benefit from this market's prosperity, too, and that worldwide.

Growth through more cost flexibility

A Euro saved is a Euro earned.

Engaging in international competition also means surviving price wars. Our restructuring went a long way in recovering R. STAHL's competitive edge. However, we still have to cut costs and make them more flexible.

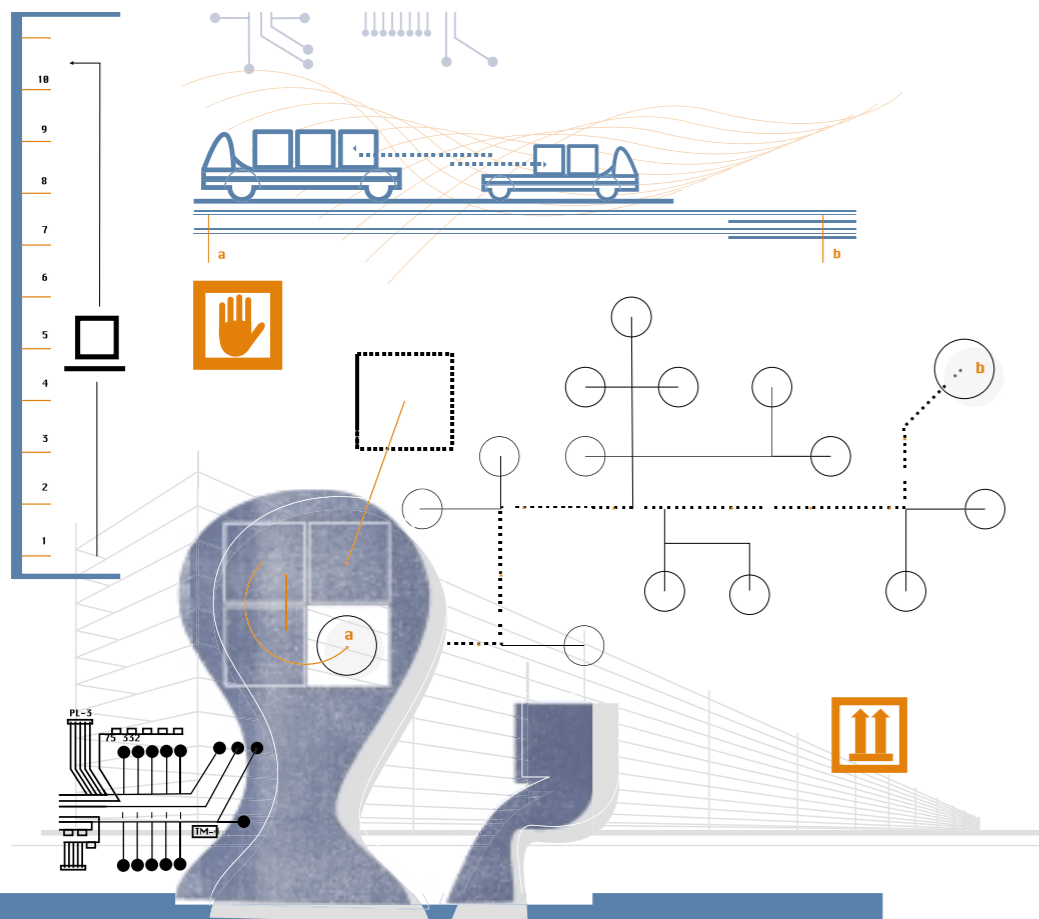
This primarily applies to group administration. Compared to peers, R. STAHL still has relatively high overheads and our processes remain too personnel intensive. As such, trimming bureaucracy and defining administrative and accounting standards remains on our agenda.

Saving faster

After achieving major changes and improvements at our corporate headquarters and production locations over the last two years, we now have to optimise processes and procedures at our subsidiaries abroad. There is still plenty of room for improvement here. We intend to raise distribution performance per employee and synchronise their business processes with the German parents.

Securing German business presence

R. STAHL's German share of value addition and vertical depth of production is still quite high. To secure our future in highly competitive markets, we will use future growth to build up additional production capacity at lower-cost locations. Simple products with a high share of labour costs are to be manufactured there in the medium term. Technically demanding products – R. STAHL's core competence – we will continue to produce in Germany. By making our costs of value added more flexible, we will be able to also calculate our prices more flexibly. This ensures profitability and, thus, our German business presence.



Future prospect 5. Manufacturers' future prospects crucially depend on how they organise the flow of materials in their factories.

Many companies already use fully automated, high-shelf warehouses with complexity systems. Automation progress upgrades these to multi-function logistics compounds that replace entire commissioning stations. To fully eliminate bottlenecks in factory or compound, automated wagons will "magically" transport all goods and materials from point a to point b by wireless remote control.

Our modern hoist are likewise remote controlled and will seamlessly fit into future factory environments. Thus R. STAHL makes an important contribution to optimising automated material handling.

Growth through staff motivation

Success is always a team effort.

At R. STAHL, we are particularly proud of the fact that despite all the cuts made during the restructuring our team spirit came out stronger than ever before. The ultimate key to motivation and success was the intimate staff involvement in the change processes be it in workshops or joint process design efforts.

For instance, in 2003 we introduced various new work approaches. Kaizen (continuous improvement processes), the Japanese way of small steps to success, takes a prominent position. Our staff teams made suggestions for improvement and were particularly motivated by the fact that they could actually see the benefits of their ideas in action. Kaizen is never over and done with because everything can be infinitely improved. However, our Kaizen approach already shows great success: almost daily it yields smoother operating processes and eliminates superfluous steps.

_____ Cutting costs through new methods

As part of our restructuring, R. STAHL has established competence in new approaches like methods of time measurement or MTM. This involves measuring the time that a certain process step takes to then optimise the workstation ergonomically. MTM saved a lot of man-hours at R. STAHL. We also analysed process chains and optimised our c-parts management. C-parts are low-value goods that are, however,

necessary for regular business operation. By committing to standard suppliers, we saved a lot here.

_____ Staff competence is becoming more structured

R. STAHL collects data on the qualifications of each employee. This qualification matrix tells us what further training needs our staff has, which then allows us to organise targeted training and development measures.

Another keystone of our Continuous Improvement Process for Competitiveness is training both leadership and new talent. Our workshops and targeted qualification seminars prepare our employees for difficult situations.

Consolidated management report on fiscal 2003.

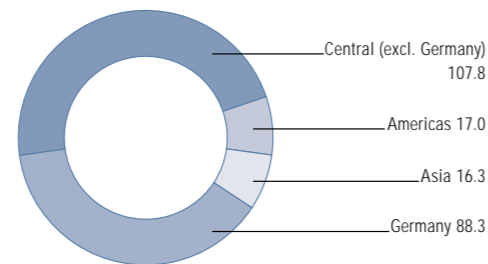
Slow market recovery

International plant construction markets were already severely down at the beginning of 2003. The Iraq war and SARS epidemic in Asia brought plant construction activity in the region virtually to a standstill. Plant construction activity did not stabilise until summer and pent-up capital spending needs then led to a significant demand surge in September/October. However, this spending spree tapered off in the fourth quarter, albeit plant construction activity and project demand appear to be stabilising at a higher level. This trend seems to hold in the current fiscal year.

Following the general economy, customers from the mechanical engineering, sewage treatment, chemicals processing and capital goods manufacturing sectors resumed their capital spending in the second half of 2003 leading to a demand revival for our services. Domestic demand, particularly in commercial construction, remained quite subdued throughout 2003. Only toward the end of the year did a stabilisation begin to emerge.

Price pressure was equally prominent in all the markets we serve with our explosion-protected electromechanical and electronic components as well as material handling equipment. Due to drastically diminished demand, manufacturing players at least temporarily tried to raise their capacity utilisation.

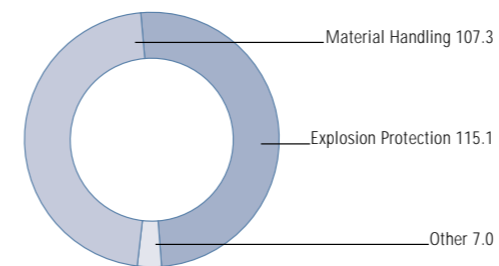
Sales by region (in €m)



Material Handling's sales sag slightly

Material Handling's order intake suffered disproportionately from the Iraq war after previously achieving good growth there. As of mid-year, order intake steadily declined. Material Handling's business did not stabilise appreciably until capital spending activity in the Near East resumed in September/October. Overall, Material Handling realised sales of € 107.3m in 2003, which was below last year's result. The division did quite well in this highly adverse market environment. However, one should note that prices dropped to an all-time low particularly in the crane segment of the Central European market.

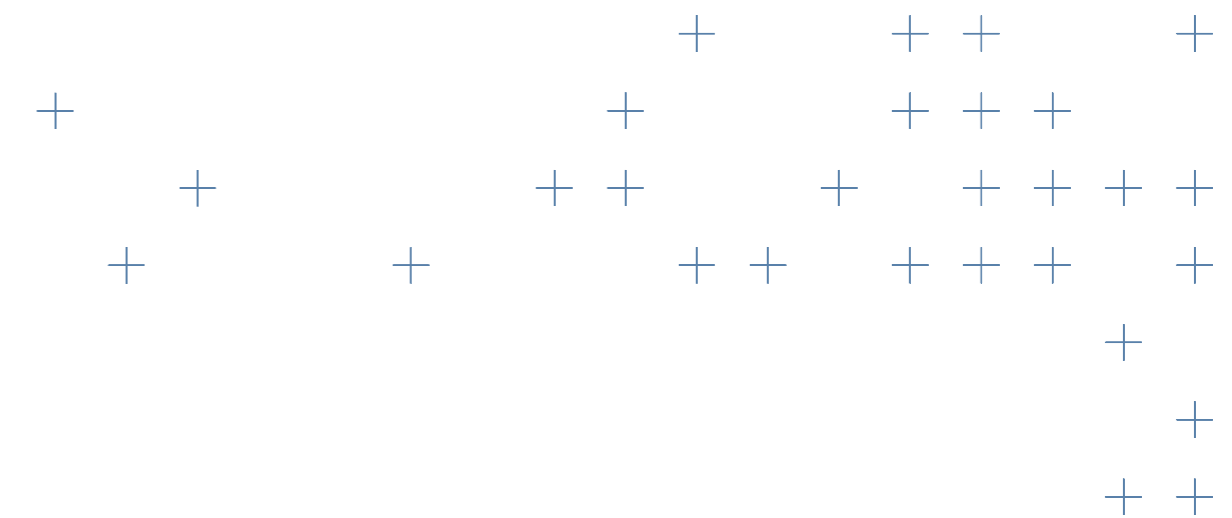
Sales by division (in €m)



Explosion Protection made the cut

Explosion Protection's order intake bottomed in 4Q 2002. Over the course of 2003, order intake steadily improved from a low base and, by the end of 4Q 2003, caught up with the previous year's sales volume at € 115.1m. At the same time, orders on hand went back to normal. Prices are still unsatisfactory, though. Especially the few major plant construction projects saw highly competitive bidding and winning bids represented quite sharp price drops. At year's end, cyclical domestic demand stabilised. International plant construction and major project activity also seems to be picking up.

Since summer 2003 we hold the majority stake in SAE-STAHl and the company developed very well. Order intake accelerated appreciably in the fall thanks to both revamping the existing lines of explosion-protected terminals and a large-scale order from a U.S. client. The latter involved a series of explosion-protected, handheld terminals for the chemical and pharmaceutical industries that are to be used in explosion-prone environments.



Slow business in other activities

As capital spending propensity on IT innovations was generally subdued, demand for the services of our IT consulting subsidiary, altro consult, was very low. Increased advisory expertise for a rival product from JD Edwards offset part of the sales slump from declining SAP consulting contracts. The JD Edwards software is better tailored to small- and medium-sized business needs and offers markedly more lucrative growth prospects for the next few years than SAP consulting alone.

specialised and engineering cranes. The factory is building up capacities particularly in the areas of projects and engineering.

Our Weimar factory manufactures all explosion-protected lighting products and components. Since we developed several new lighting products as part of our innovation drive, the Weimar location is to be expanded further for additional production tasks. Among our production locations, the Weimar plant with its 40-h work week and high working time flexibility has a productivity lead over the Künzelsau, Waldenburg and Ettlingen locations.

Better production flexibility

We quickly optimised the efficiency of our Material Handling and Explosion Protection production locations in Künzelsau and Waldenburg within the restructuring framework. Material Handling cut the time-to-delivery for its core hoist components by more than half. The market duly honoured this drastic efficiency improvement and we successfully acquired additional short-term orders. Processing centre capex in late 2002 and early 2003 improved the efficiency and production flexibility of Material Handling's parts manufacture. We created production islands that allow flexible manufacture at a maximum of staff organisation autonomy. Explosion Protection completed the workstation revamping for ergonomics and assembly efficiency at the Waldenburg plant in 2003. In addition, we started on materials flow and process optimisation to also improve time-to-delivery and deadline fidelity here.

Material Handling's Ettlingen crane factory has already begun implementing its new strategic orientation of increasingly offering

Lower procurement costs

In 2003, we again cut sourcing costs through targeted measures by concentrating input material procurement at key suppliers. Moreover, we reoriented sourcing from Central Europe to Eastern Europe without compromising our high-quality standards. For electronic components, we improved the price structure by channelling our components supply through distributors.

C parts procurement is now bundled at one key distributor working for both divisions who directly handles the parts warehousing at the production sites. This not merely optimises material expense but also curbs process costs.

Introducing the internal Kanban structure allowed us to fully eliminate some central warehouses. To ensure that these materials flow changes do not cause delivery delays, we interrupted our inventory reduction drive last year. We intend to resume this programme in

2004 as soon as the just-in-time materials sourcing is running smoothly.

Stepped-up staff measures

Extensive staff involvement in change processes via workshops and joint process design was a core element of our restructuring in 2002 and 2003.

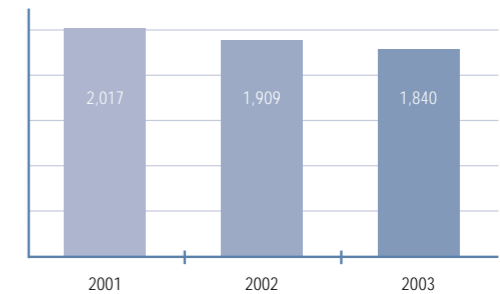
We thus accumulated comprehensive know-how in handling and executing change processes. Moreover, we also compile data on our staff's qualifications in a matrix system that enables us to systematically pursue fundamental and advanced employee training programmes.

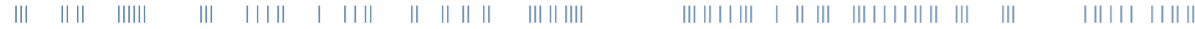
In leadership assessments, we determined advanced training needs and development potential in several areas and prepared from that a targeted advancement concept. This includes newly introduced leadership semi-

nars that we offer in support of day-to-day work reality and, when needed, to help leadership talent with critical tasks and topical issues.

In 2003, our staff average declined further from 1,909 to 1,840 persons. We still use natural turnover to continue lowering our personnel cost to sales ratio. At the same time, however, we are investing into expertise expansion and our employees' development potential.

Staff (annual average, excl. apprentices)





Innovation drive bears fruit

Offering new, innovative products with additional customer benefit and value-added is crucial for the success of a technology company. Both our divisions have made considerable efforts to step up their development times and finish development projects faster thanks to better focussing. In line with Material Handling's new strategic orientation to build up its position in engineering business, the division developed a new hoist with a load capacity of up to 160 t. With this, our hoist assortment now extends to a load range that is particularly popular in cargo handling and gives us access to new customer groups. Material Handling also succeeded in getting products certified for demanding and extreme environments. These mostly involve very-low-temperature conditions as are typical for winters in Alaska and Siberia and very-high-temperature conditions as the blistering hot summers in the Near East.

Explosion Protection launched many new products or developed them to a point where they are ready to be launched. This mainly involves innovative lighting products and electronic components for chemical, pharmaceutical and oil processing applications. Moreover, we obtained extended application approvals for our existing products. Stricter regulations for dust explosion protection created a new market

for us that we immediately entered with laser-beam focus. We also obtained new certifications for ship building applications especially for gas and oil tankers, which will open up additional growth potential.

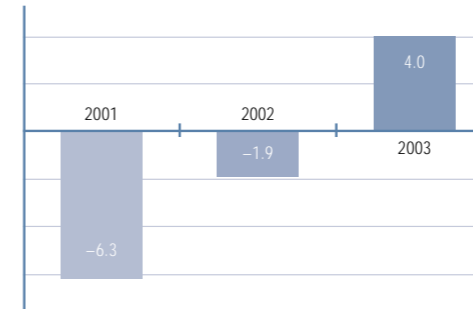
Subsidiaries further optimised

With 61.5 % export share of total sales, our subsidiaries' distribution and earning power is a crucial measure for corporate success. Our subsidiaries installed new IT systems that facilitate closer ties to our corporate headquarters, simplify procedures and give our local companies better cost structures through standardised processes. Our 22 subsidiaries are excellently positioned worldwide and with increasing efficiency and flexibility they will become a crucial support for our further growth plans.

Turnaround accomplished

In 2003, our consolidated earnings before taxes on income came to € 4.0m after a loss of € 1.9m in 2002 representing an improvement of € 5.9m. The earnings improvement was primarily thanks to our restructuring success since both sales and selling prices contracted again.

Pre-tax earnings (in €m)



While Material Handling's EBITDA dropped to € 4.5m (PY: € 8.7m) owing to pronounced price erosion especially in the Central European market for cranes and services, Explosion Protection's restructuring already shows convincing earnings effects with division EBITDA more than doubling from € 7.3m to € 14.7m on stagnating sales.

Consolidated net income for the year improved € 5.4m to € 2.3m (PY: € -3.1m). The tax rate is still high at 42 % because highly profitable companies abroad are taxed independently and their profits cannot be offset against our German loss carry-forwards.

Earnings from ordinary business activity of our corporate holding R. STAHL Aktiengesellschaft rose from € -1.8m in fiscal 2002 to € +3.4m in fiscal 2003. R. STAHL Aktiengesellschaft paid € 62,000 in taxes on income last year. That figures to a tax rate of 2 % for R. STAHL Aktiengesellschaft thanks to utilising loss carry-forwards from the restructuring and booking profits of foreign subsidiaries at only 5 % withholding tax.

DVFA/SG earnings per share are significantly higher

Due to the strong increase in operating earnings over the year before, DVFA/SG earnings rose from € -0.74 to € +0.11 per share. However, in contrast to the year's net income, DVFA/SG earnings include the extra burden of goodwill amortisation from past acquisitions.

Capex up again

Better profitability at our German locations also entailed machinery capex for Material Handling's preproduction. Explosion Protection invested heavily into plastics processing tools for new products. As part of our strategy "Growth Through Innovation", we decided to increase our stake in SAE-STAHl from 50 % to 100 %.

More capital outstanding

In 2002, our free cash flow after capex reached € +7.4m and outstanding capital dropped € 13.7m thanks to strict cost management as part of our restructuring. In fiscal 2003, our second year of restructuring, outstanding capital increased again. The difficult market situation made ever more of our customers primarily from the plant construction sector ask for longer payment terms, often even as a prerequisite for order placement. Our financial means and liquidity allowed us to accommodate these wishes. As such, receivables increased € 5.6m.

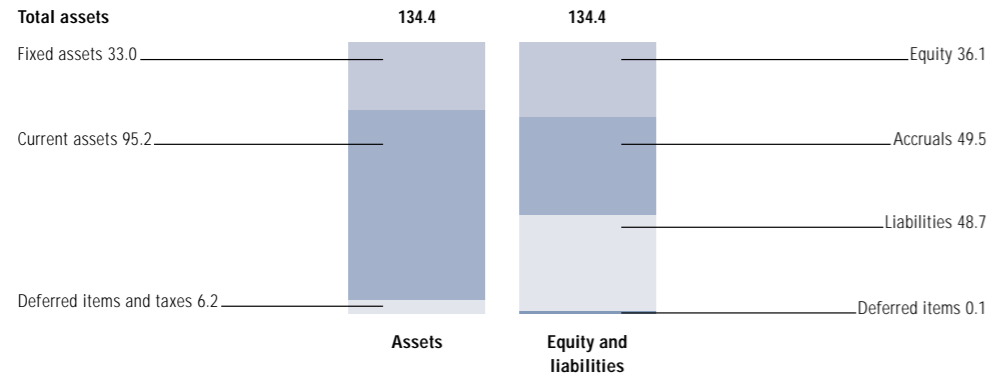
Reorganising Material Handling's inventory structures and particularly disbanding central warehouses necessitated a temporary inventory peak to ensure delivery fidelity. This in-

creased inventories by € 2.2m. Including working capital effects, the operating cash flow amounted to € +1.9m.

After capex on machinery, tools and the remaining shares of SAE-STAHL (totalling € 6.9m), capital outstanding in 2003 rose to € 5m.

This development raised consolidated total assets from € 131.1m to € 134.4m.

Balance sheet structure (in €m)



Risk report

Despite differentiated early detection and proven control tools, there remains the possibility that actual business developments diverge from our predictions owing to unforeseeable events. Events and developments that can cause such deviations may be political and economic factors but also major changes in interest rate and currency policy as well as market entry of new competitors.

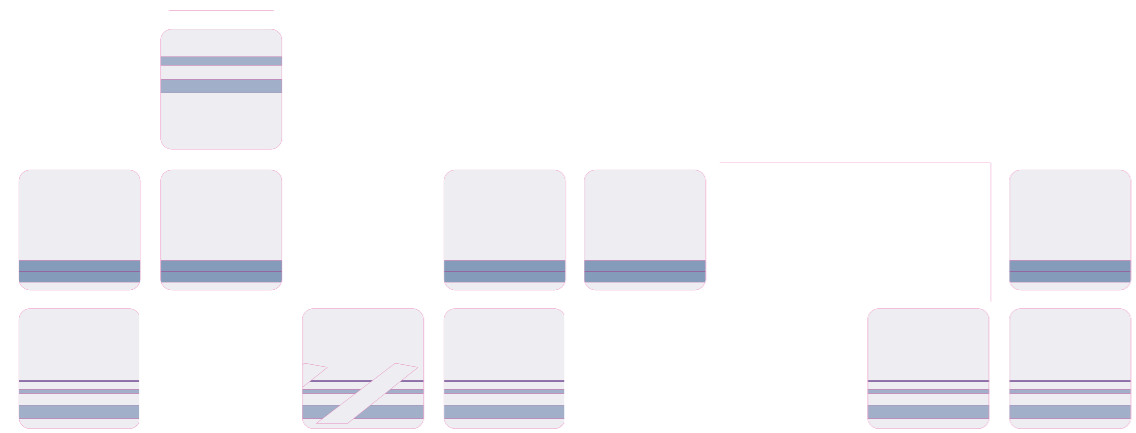
In light of the global economic and political situation and our change process aspirations, our divisions will face several risks in 2004.

The economy appears to be stabilising and we see some good prospects for 2004. Nonetheless, we have to heed the risk that the excessive U.S. budget deficit and possible further drop of the U.S. dollar against the Euro may considerably impact European business. Since we realise about 80 % of our sales in Europe, a cyclical demand slump here could adversely affect R. STAHL Technologies.

Material Handling is undergoing strategic re-orientation; i.e. the division is to offer more customised modular system solutions and engineering services. The goal is to become less dependent on price-sensitive commodity component business. Strategy changes always harbour economic risk as the organisation has to learn first how to master new business areas.

R. STAHL Technologies still creates most value-added in Germany. To improve the manufacturing costs of our products, we intend to move parts of the value-added chain to lower-cost locations. To keep the added value in the company, we will not simply out-source but rather establish own production sites abroad to ensure our high standards of product quality and flexible delivery. The point of this step is to increase our profitability. However, the implementation involves business risks that may impact 2004 earnings.

We evolved our internal risk management system further last year and now make rolling



forecasts of important key data and economic indicators, pursue internal revisions, regularly monitor the progress of important change processes through a central data base and established regular governance and control dates for our corporate development.

Assuming consistent pursuit of our change processes and targeted application of the above-mentioned management instruments, we do not foresee any existential risks to our company.

Outlook

By completing our 9-point restructuring over the last two years, R. STAHL Technologies has laid the foundation for renewed growth. To avoid future relapses into stagnation, we initiated a continuous improvement process for competitiveness (CIP Competitiveness) in the beginning of this year. This programme is open ended in contrast to our 9-point restructuring and will serve as a permanent challenge for staff and leadership alike to ensure continuous progress and evolution of our company. The mainstays of our CIP Competitiveness are:

1. Clear strategic focus of our divisions,
2. Organic growth through product innovations and cultivation of previously neglected markets,
3. Continued optimisation of cost structures and internationalisation of our value-adding sites, and
4. Goal-oriented training of staff and leadership.



We expect that Explosion Protection will evolve favourably thanks to its excellent strategic positioning, the emerging economic upswing and our CIP Competitiveness. After passing the profit threshold again in 2003, the division should be able to expand its earning power this year.

Material Handling will continue to pursue its strategic reorientation in fiscal 2004. The improved range of custom solutions offers great opportunities, but also puts great demands on both staff and leadership. As the division is known for excellence in its field and processes were rationalised throughout the last two years of restructuring, we think that the core strategic change measures will already be completed some time this year.

We expect higher consolidated order intake and sales as the economy stabilises. Profitability should increase in the process even though Material Handling's strategic re-orientation still has a long way to go and will come at some cost.

As the first few months of fiscal 2004 showed, we are receiving some tail wind from the economy. If this trend holds, it would help us greatly in the pursuit of our change processes and profitability ambitions. We intend to exploit growth potential from product innovations to reinforce our positive business trend.

Waldenburg, March 2004
The Managing Board

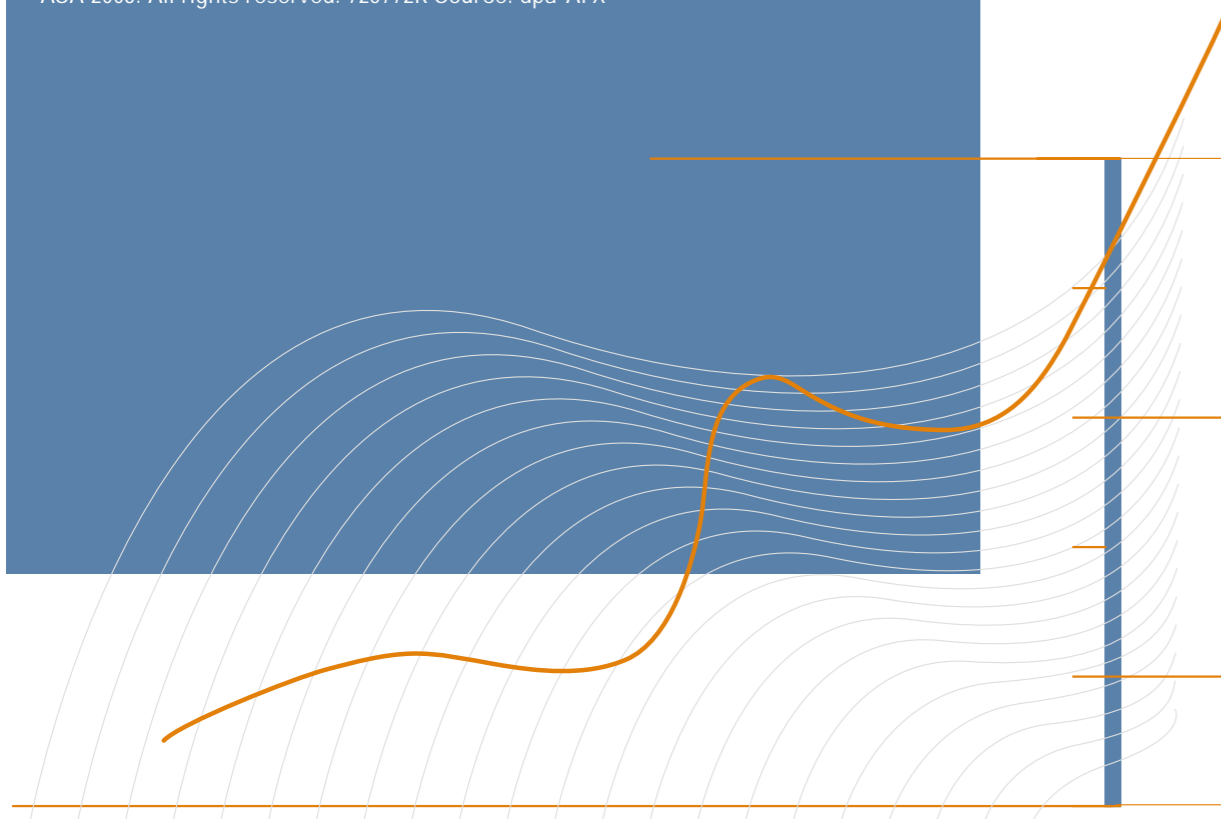
Martin Schomaker
(Chief Executive Officer)

Dr. Peter Völker

+++ 08:31 2003-10-23 News Flash: R. STAHL Technologies breaks even sooner than expected News Flash +++

Waldenburg, October 23, 2003 – R. STAHL AG announces 3Q operating earnings of € +1.7m. This brings cumulated pretax earnings to € +0.2m and EBIT to € +1.1m as of the end of 3Q 2003 and puts the company back in the black. (...) CEO Martin Schomaker of R. STAHL AG states: “We are delighted to have reached the first interim goal of breaking even but will not rest on our laurels and hope for the economy to turn around, too. We will rather strive to further improve the profitability of R. STAHL Technologies.” (...)

End end of news flash --- WKN: 725772; ISIN: DE0007257727; Index: Prime All Share, CDAX, CLASSIC All Share; Quotes at: Prime Standard at Frankfurt stock exchange, regular market at Stuttgart stock exchange, OTC at the Berlin and Bremen stock exchanges, OTC at the Hamburg stock exchange, OTC at the Düsseldorf stock exchange, OTC at the Munich stock exchange; Copyright © Hugin ASA 2003. All rights reserved. 725772R Source: dpa-AFX



The share

+++ September 30, 2003: R. STAHL breaks even. +++

In March 2003, the DAX bottomed in the wake of uncertainties related to the Iraq war. Thereafter, share prices steadily recovered.

Our restructuring progress provided tailwind for R. STAHL share price performance. Our annual report in April and the half-year report in May had little impact on the R. STAHL share price. However, this changed when we announced in October that we broke even earlier than anticipated that September. The financial community regained confidence in our stock not least thanks to our Capital Market Day at Waldenburg where we presented information on our restructuring success to investors, analysts and bank representatives. Within a little more than a month our share price jumped 60.7% (from € 4.45 on October 10 to € 7.15 on November 19). Toward year's end the stock price consolidated somewhat and R. STAHL shares closed the year at € 6.30, which is still 43.2% above the year's opening price at € 4.40.

The price rise was accompanied by increasing daily trading volume. While the 2002 average trading volume was 2,915 shares/day, the 2003 volume averaged 1,964. When the share price picked up again in mid-October, average daily trading volume skyrocketed to 5,163 shares. Clearly, higher liquidity made R. STAHL even more attractive.

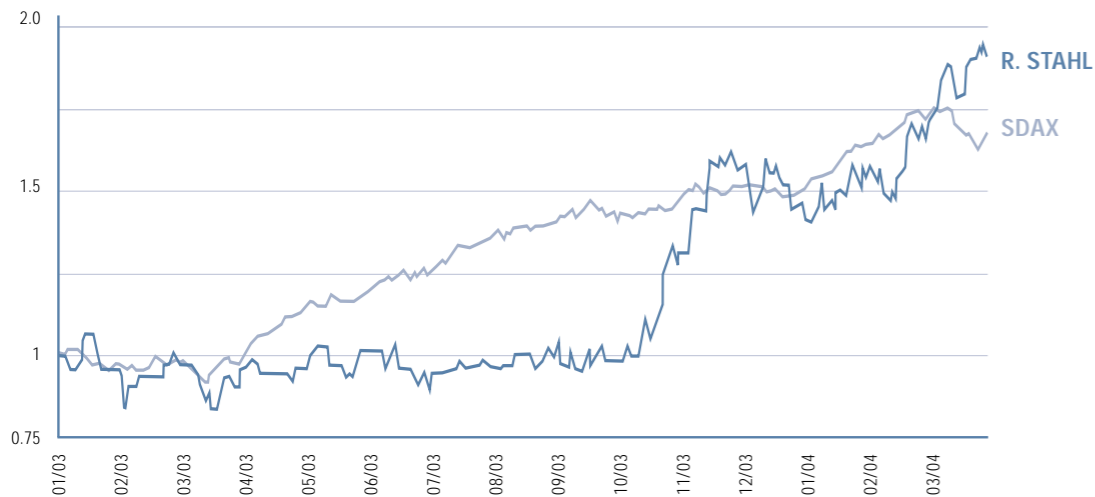
Landesbank Baden-Württemberg rated R. STAHL shares a “BUY” already in November 2003. A corporate analysis of 2004 reiterated the recommendation. Bankhaus Lampe published an extensive research report on us early in 2004 and found further price potential.

— Transparency and communication during our restructuring made a good impression

“We take a positive view of the fact that [R. STAHL], unlike other companies, did not pare down but rather significantly increased transparency and communication in this phase [of restructuring]” concluded LBBW analyst Harald Rehmet in his corporate analysis of R. STAHL dated March 2, 2004. Indeed, this sums up the communication philosophy of R. STAHL Technologies quite well. We consider active, open and timely information a matter of course.

Last year, the restructuring newsflow dominated our investor relations work: Each of our quarterly reports devoted an extensive chapter to the progress of our 9-point programme.

The R. STAHL share: Price performance



Exchanges: Xetra, Frankfurt, Stuttgart, Düsseldorf, Munich, Berlin-Bremen, Hamburg
Trading segment: Regular market (prime standard)
ISIN: DE 0007257727
Reuters SecID: RSLG.DE
Bloomberg SecID: RSL1 GR
Indices: Prime IG Industrial Machinery Performance Index, Prime Industrial Performance Index, Classic All Share Performance Index, Prime All Share Performance Index, CDAX Performance Index

Restructuring also took centre stage at our CEO's roadshow, in meetings with investors and on the Capital Market Day at our Waldenburg headquarters where the entire management team made its progress presentation. Our management always emphasises that the public not only needs to know about our changes but also understand them. That was the key to keeping up investor confidence over the entire restructuring period.

With every publication, we held conference calls for analysts and investors to immediately answer any question.

Intensive press relations also figured prominently here. For R. STAHL, active communication means not only regular quarterly reports but also news flashes on minor changes. After each major publication, our CEO takes the time to personally confer with opinion leaders of the press and financial community. And thus, the press frequently and extensively covered events at R. STAHL and its restructuring in respected publications like Börsen-Zeitung, Börse online and Effektenspiegel.

In this spirit, we also kept our website always up to date. A dedicated investor relations section on www.stahl.de puts specific information at the fingertips of the interested public. As a matter of course, we also publish all public

communications like press releases, research studies and investor presentations simultaneously on our website.

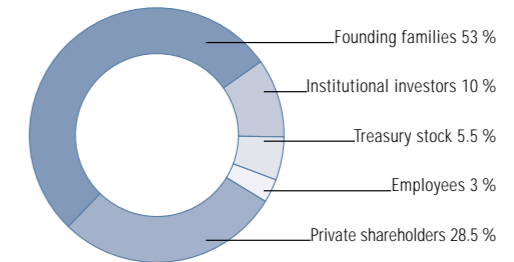
Communications to shareholders, analysts, press and employees remain a high priority this year. For instance, we will extensively report on our continuous improvement process to raise competitiveness that we started at the end of 2003. Our usual investor relations activities will remain in high gear this year.

ted its headquarters from Künzelsau to the actual production location in Waldenburg.

As of year's end 2003, Managing and Supervisory Board members own 6.1 % of the voting capital. Managing Board members hold 0.2 % of our shares and Supervisory Board members hold 5.9 %.

Formal news

Our annual general meeting in May 2003 went according to plan. All agenda items were resolved with large majorities. The shareholder representatives in our Supervisory Board were re-elected for another 5-year term. R. STAHL Aktiengesellschaft officially reloca-



Key figures of the R. STAHL share

	2003 €	2002 €
DVFA/SG earnings per share	0.11	-0.74
Share price high ¹	7.25	6.90
Share price low ¹	3.85	4.25
Average share price	4.77	5.41
Share price at fiscal year's end ¹	6.30	4.50
Average daily trading volume (in shares) ¹	1,964	2,915
Number of shares (in thsd.)	6,440	6,440
Market capitalisation as of 31 December 2003 (in €m)	40.6	34.8
Dividend	0.20 ²	-
Dividend yield at year's closing price (in %)	3.2	-

¹ According to Börsen-Zeitung, DBAG Frankfurt (Xetra). ² Proposal at the annual general meeting

Accountability to our shareholders

Corporate governance stands for responsible management and monitoring. This is founded on open and regular co-operation between Supervisory Board and Management. The goal is to strengthen confidence of investors, clients, staff and the public in our company.

The government commission German Corporate Governance Code developed a code of conduct for management and supervisory bodies of German listed stock corporations. Pursuant to section 161 of the German Joint Stock Corporation Act these have to annually declare which of the government commission recommendations the company complied with and which not or what recommendations were applied and where the company deviated from these.

Open and direct shareholder communication has always been a fundamental principle of R. STAHL group even before the Corporate Governance Code took effect. The code helps to standardise German corporate principles; what we at R. STAHL find a laudable endeavour.

At the end of 2002, our Managing and Supervisory Boards made their first declaration of compliance with the government commission recommendations. At the end of fiscal 2003, we amended this legal declaration as follows. We publish the updated declaration of

compliance on our corporate website and also in the following print copy.

Declaration of Compliance with the German Corporate Governance Code as amended at May 21, 2003:

Waldenburg, December 2003

The Managing and Supervisory Boards of R. STAHL AG, Waldenburg, declare that in the 2002 R. STAHL annual report, they made a Corporate Governance Code application declaration pursuant to section 161 of the German Joint Stock Corporation Act. In the following R. STAHL annual report on 2003 the Managing and Supervisory Boards update their declaration of compliance as follows: The Managing and Supervisory Boards of R. STAHL AG comply with the Corporate Governance Code recommendations as amended on May 21, 2003 in the last fiscal year ended and in subsequent years with the following exceptions:

4. Item 2.3. paragraph 3 and 4

The outlines of the board member compensation system and actual stock option plan design or comparable set-ups for components with long-term incentive or risk character are to be published on our corporate website in plain language and discussed in the annual

report. This is also to include disclosures on the value of stock options.

The chairman of the Supervisory Board is to inform the annual general meeting of the outlines of the compensation system and its changes.

The company has so far not published information on the compensation system for board members. For fiscal 2003, we will publish this information both on our corporate website and at the annual general meeting.

4. Item 2.4 sentence 2

Managing Board member compensation is to be shown in the notes to the consolidated annual financial statements broken down by fixed components, performance-dependent components and components with long-term incentive function. The disclosures are to be made individually.

Managing Board member compensation was and will be shown in the notes to the consolidated annual financial statements broken down by fixed components and variable performance-dependent components. We abstained from disclosing these individually, as this entails no additional shareholder benefit given the fact that this involves only two persons.

5. Item 1.2 paragraph 1 sentence 1 and 5. Item 1.2 paragraph 2, sentence 3

The Supervisory Board appoints and releases Managing Board members. Supervisory Board and Managing Board are to jointly provide for long-term succession planning.

The company will establish an age limit for Managing Board members.

So far, there is no and has not been an age limit for Managing Board members at our company. The Managing Board members of R. STAHL AG are 47 and 52 years old, respectively. Thus, there is no need for establishing a long-term succession plan and age limit.

5. Item 4.1 sentence 2

Moreover, the company will consider <...> and establish an age limit for Supervisory Board members.

So far, we do not and have not considered age limits in Supervisory Board nominations. Experienced, retired managers have the competence and leisure to extensively and appropriately discuss company affairs in the Supervisory Board forum. Any limits for Supervisory Board members should rather be based on health and competence rather than age.

5. Item 4.5 paragraph 3 sentence 1
Supervisory Board member compensation is to be individually disclosed in the notes to the consolidated annual financial statements broken down by components.

As of fiscal 2003, we will show Supervisory Board member compensation in the notes to the consolidated annual financial statements broken down by components. We abstained from individual breakdown.

6. Item 6 paragraph 2 sentence 2
Shareholdings including options and other derivatives of individual Managing and Supervisory Board members are to be disclosed when they immediately or mediately exceed 1 % of the company's shares outstanding.

Shareholdings of individual members of the Managing and Supervisory Boards in excess of 1 % or our company's shares outstanding have not been and will not be disclosed. On the one hand, no family member owns immediately or mediately a sufficient amount of shares to exert control over the company and, on the other, there are also family members on the Supervisory Board and to protect the privacy of such persons and family, we abstained from explicitly allocating assets to individuals in the disclosure.

7. Item 1.1 sentence 3
The consolidated annual financial statements and interim reports are to be prepared in accordance with internationally accepted accounting principles.

We are planning to switch our consolidated annual financial statements and interim reports to international accounting standards starting in fiscal 2005.

7. Item 1.2 sentence 2
The consolidated annual financial statements

are to be made public within 90 days of fiscal year end and the interim reports within 45 days of reporting period end.

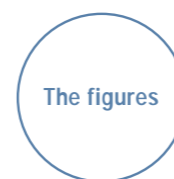
Due to internal processes we published our 2003 consolidated annual financial statements and interim reports a few days later than the 90 and 45-day periods recommended by the Corporate Governance Code. In fiscal 2004, we will publish our quarterly reports within the 45-day limit. We are striving to also meet the recommended deadline for the consolidated annual financial statements in the future.

For a medium-sized listed enterprise, shortening the time to publication of the annual financial statements entails considerable organisational effort. This cannot be done overnight. We will therefore move toward that shorter deadline one step at a time.

7. Item 1.4 sentence 3
<List of third-party enterprises> ... are to be disclosed: Name and corporate headquarter, amount of equity interest, amount of equity and last fiscal year's earnings.

In our disclosure of third-party enterprises we are and have been stating name and corporate headquarters of the company and amount of equity in the last fiscal year. As part of our segment reporting we break down important balance sheet and income statement items as well as earnings by our divisions Material Handling, Explosion Protection and Other. Our subsidiaries often work for more than one of our divisions. We therefore abstain from listing earnings by company, as this provides no knowledge benefit to the capital market, but rather allocate their earnings shares to segment earnings.

Our Investor Relations Manager, Judith Schäuble, is also our Compliance Officer.



The figures

- 38 _ Consolidated balance sheet of R. STAHL AG
- 40 _ Consolidated profit & loss account of R. STAHL AG
- 41 _ Cash flow accounts
- 42 _ Division information
- 44 _ Development of consolidated equity
- 46 _ Notes to the consolidated financial statements
- 58 _ Development of group assets
- 60 _ Auditors' report on the consolidated financial statements
- 62 _ Group balance sheet of R. STAHL AG
- 64 _ Profit & loss account of R. STAHL AG
- 65 _ Auditors' report for R. STAHL AG
- 66 _ Equity interest statements
- 71 _ Consolidated key data in 5-year comparison and financial calendar

Consolidated balance sheet of R. STAHL Aktiengesellschaft
as of December 31, 2003

Assets	Note	2003 € 000	2002 € 000
A. Fixed assets	(6)		
I. Intangible assets	(7)		
1. Concessions, commercial property and similar rights and assets and licenses to such rights and assets		2,701	3,016
2. Goodwill		929	719
		3,630	3,735
II. Property, plants and equipment			
1. Real estate, real estate-like rights and improvements including improvements on third-party property		8,401	8,945
2. Technical equipment and machinery		5,183	5,191
3. Other plants, operating and office equipment		13,079	12,432
4. Payments in advance and plants under construction		455	1,366
		27,118	27,934
III. Financial assets			
1. Interests in affiliated companies		0	28
2. Interests in associated companies		0	0
3. Other participations		59	59
4. Loans to companies in which equity interests are held		1,823	1,524
5. Other loans extended		344	993
		2,226	2,604
		32,974	34,273
B. Current assets			
I. Inventories			
1. Raw materials and consumables		12,732	11,771
2. Unfinished goods and services		14,480	14,869
3. Finished goods and products		8,213	7,670
4. Prepayments made		65	0
5. Prepayments received		-389	-1,413
		35,101	32,897
II. Receivables and other assets	(8)		
1. Trade receivables		49,403	43,851
2. Other assets		1,829	2,826
		51,232	46,677
III. Other securities	(9)	2,171	1,631
IV. Checks, cash, credit balances at Bundesbank and postal giro accounts, Credit balances at banks		6,738	9,556
		95,242	90,761
C. Deferred items	(10)	746	464
D. Deferred taxes	(11)	5,466	5,564
		134,428	131,062

Equity & Liabilities	Note	2003 € 000	2002 € 000
A. Equity	(12)		
I. Authorised capital	(13)	16,500	16,500
II. Capital reserve	(14)	0	8,219
III. Profit reserves	(15)		
1. Statutory reserve		174	159
2. Reserve for treasury shares		1,940	1,401
3. Other profit reserves		11,693	11,878
IV. Difference from capital consolidation (with reserve character)	(16)	1,732	1,732
V. Differences from foreign currency translation		-1,548	-392
VI. Balance sheet profit (PY: Loss)		4,957	-5,164
		35,448	34,333
VII. Reconciliation item for third-party shares		637	1,045
		36,085	35,378
B. Special item with reserve character	(17)	0	346
C. Accruals	(18)		
1. Accruals for pensions and other obligations		34,078	34,209
2. Tax accruals		1,475	1,070
3. Other accruals		13,996	16,600
		49,549	51,879
D. Liabilities	(19)		
1. Liabilities to banks		15,448	11,121
2. Trade liabilities		12,738	10,802
3. Liabilities from accepting bills of exchange and issuing bills of exchange		16	19
4. Liabilities to companies in which equity interests are held		10	10
5. Other liabilities		20,519	21,432
		48,731	43,384
E. Deferred items		63	75
		134,428	131,062

Consolidated income statement of R. STAHL Aktiengesellschaft
for the period of Jan. 1 – Dec. 31, 2003

	Note	2003 € 000	2002 € 000
1. Sales revenue	(23)	229,354	233,520
2. Increase (PY: Decrease) of finished and unfinished products on stock		1,162	-2,603
3. Other own work capitalised		632	960
4. Total operating performance		231,148	231,877
5. Other operating income	(24)	6,309	5,227
6. Cost of materials	(25)	-82,066	-81,640
7. Personnel cost	(26)	-98,543	-101,524
8. Write-downs on intangible assets of fixed assets and property, plants and equipment		-8,737	-8,062
9. Other operating expenses	(27)	-42,693	-45,634
10. Investment income	(28)	25	-453
11. Interest income/expense	(29)	-1,159	-1,098
12. Earnings from ordinary business		4,284	-1,307
13. Taxes on income		-1,659	-1,279
14. Other taxes		-308	-553
15. Year's net income (PY: Loss)		2,317	-3,139
16. Other shareholder's interests in the year's net income		-243	-219
17. Group interest in the year's net income (PY: Loss)		2,074	-3,358
Loss carry-forward		-5,164	-1,607
Withdrawals from capital reserves		8,219	0
Change in reserves	(30)	-172	-199
Balance sheet profit (PY: Loss)		4,957	-5,164

R. STAHL Aktiengesellschaft
Consolidated cash flow accounts for 2003

	2003 € 000	2002 € 000
I. Operating activities		
1. Period earnings before extraordinary items	2,317	-3,139
2. Depreciation & amortisation on fixed assets	8,737	7,989
3. Changes in accruals	-2,330	-2,553
4. Changes in special items with an equity portion	0	-84
5. Profit/loss from fixed asset disposals	-794	-217
6. Changes in inventories, trade receivables, and other non-investment or financing assets	-7,483	14,573
7. Changes in inventories, trade payables, and other non-investment or financing liabilities	1,486	-2,896
8. Payments from extraordinary items	0	0
9. Operating cash flow	1,933	13,673
II. Capex		
10. Expenses for tangible fixed asset additions	-7,285	-6,163
11. Proceeds from tangible asset divestments	1,259	251
12. Expenses on intangible asset acquisitions	-636	-694
13. Proceeds from tangible asset disposals	24	6
14. Expenses of financial asset investments	-299	-645
15. Proceeds from financial asset disposals	0	945
16. Capex cash flow	-6,937	-6,300
17. Free cash flow	-5,004	7,373
III. Financing		
18. Shareholders' distributions (dividends)	0	0
19. Minority interest distributions	-545	-183
20. Increase (+)/Decrease (-) of short-term liabilities to banks	5,693	-5,883
21. Payments received from taking out long-term loans	129	0
22. Payments made by repaying long-term loans	-1,495	-1,551
23. Increase in long-term liabilities	0	1,075
24. Decrease of long-term liabilities	-478	0
25. Financing cash flow	3,304	-6,542
IV. Financing funds		
26. Payment-effective changes in financing funds	-1,700	831
27. Exchange rates, consolidation, and valuation related changes in financing funds	-1,118	-639
28. Financing funds at the beginning of the period	9,556	9,364
29. Financing funds at the end of the period	6,738	9,556
Composition of financing funds		
Liquidity	6,738	9,556
	6,738	9,556

in €m (previous year's figures in parentheses)	Explosion Protection	Material Handling	AG + others	Consoli- dation	Group
External sales	115.1 (115.6)	107.3 (110.3)	7.0 (7.6)	0.0 (0.0)	229.4 (233.5)
Internal sales	0.6 (0.8)	0.3 (0.1)	13.4 (12.2)	-14.3 (-13.1)	0.0 (0.0)
Division sales	115.7 (116.4)	107.6 (110.4)	20.4 (19.8)	-14.3 (-13.1)	229.4 (233.5)
(EBITDA) ¹	14.7 (7.3)	4.5 (8.7)	-1.3 (-6.5)	-4.0 (-2.2)	13.9 (7.3)
Depreciation & amortisation	-5.4 (-5.0)	-2.6 (-2.4)	-0.7 (-0.7)	0.0 (0.0)	-8.7 (-8.1)
Assets	70.4 (65.4)	51.2 (56.2)	40.3 (39.3)	-27.5 (-29.8)	134.4 (131.1)
Capex on long-term assets	4.6 (4.2)	2.6 (2.6)	1.0 (1.0)	0.0 (0.0)	8.2 (7.8)
Liabilities (including accruals)	49.6 (46.0)	37.7 (40.4)	25.0 (25.6)	-14.0 (-16.3)	98.3 (95.7)
Investment income from affiliates	0.0 (0.0)	0.0 (0.0)	3.9 (2.2)	-3.9 (-2.2)	0.0 (0.0)
Investment income from associates	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)
Number of employees (yearly average w/o apprentices)	906 (961)	788 (810)	146 (138)		1,840 (1,909)

¹ before group recoveries

Regional information

in €m (previous year's figures in parentheses)	Central	Americas	Asia/Pacific	Total
Sales by region	196.1 (199.0)	17.0 (19.4)	16.3 (15.1)	229.4 (233.5)
Total assets	124.8 (121.0)	5.7 (6.5)	3.9 (3.6)	134.4 (131.1)
Capex on long-term assets	8.1 (7.7)	0.1 (0.1)	0.0 (0.0)	8.2 (7.8)

in € 000	Group parent			
	Subscribed capital	Capital reserve	Consolidated equity earned	Cumulated other consolidated earnings
As of Jan. 1, 2002	16,500	8,234	11,288	2,398
Distribution to shareholders				
Capital increase				
Stock repurchase				
Sale of treasury shares				
Changes in the scope of consolidation		-15		
Other changes			0	
Year's net income			-3,358	
Currency translation			344	-1,058
As of Dec. 31, 2002	16,500	8,219	8,274	1,340
As of Jan. 1, 2003	16,500	8,219	8,274	1,340
Distribution to shareholders				
Capital increase				
Stock repurchase				
Sale of treasury shares				
Changes in the scope of consolidation			-150	
Other changes		-8,219	8,566	
Year's net income			2,074	
Currency translation			0	-1,156
As of Dec. 31, 2003	16,500	0	18,764	184

Group parent			Minority shareholders		Consolidated equity	
Equity according to the consolidated balance sheet	Treasury stock	Total	Minority capital	Cumulated other consolidated earnings	Total	
38,420	-3,086	35,334	919	0	919	36,253
0		0	-183		-183	-183
0		0			0	0
0	-552	-552			0	-552
0		0			0	0
-15		-15			0	-15
0		0			0	0
-3,358		-3,358	219		219	-3,139
-714		-714	90		90	-624
34,333	-3,638	30,695	1,045	0	1,045	31,740
34,333	-3,638	30,695	1,045	0	1,045	31,740
0		0	-545		-545	-545
0		0			0	0
0	-144	-144			0	-144
0		0			0	0
-150		-150	12		12	-138
347		347			0	347
2,074		2,074	243		243	2,317
-1,156		-1,156		-118	-118	-1,274
35,448	-3,782	31,666	755	-118	637	32,303

(1) General Information

These consolidated financial statements were prepared pursuant to German Commercial Code sections 290 ff.

For better clarity and transparency of the consolidated financial statements we combined some items of the consolidated financial statements and the group profit and loss account. These items are explained separately in the notes to the annual financial statement. The required additional information regarding some items is also to be found in the notes. We prepared the group profit and loss account using the total cost method.

(2) Scope of consolidation

Due to equity investments, the scope of consolidation increased by one fully consolidated enterprise that was accounted for at equity last year. Changes in the scope of consolidation do not impair comparability with the preceding year.

Companies upon which R. STAHL Aktiengesellschaft has a controlling influence are included at equity in its consolidated financial statements.

A master list of all R. STAHL equity interests is on deposit with the Schwäbisch Hall registry office under register no. 1087 Ö.

(3) Principles of consolidation

For fully consolidated subsidiaries we applied the book value method (GCC sec. 301 para. 1 no. 1) by eliminating the acquisition costs against the

prorata equity capital of the subsidiaries on the date of their initial consolidation (January 1, 1993) or on the acquisition date for subsequently purchased subsidiaries.

Resulting capitalised differences have been netted as goodwill against capital and profit reserves.

Where equity capital exceeds acquisition cost, the resulting credit difference is shown under equity capital.

For interests acquired after commencement of the fiscal year, the initial equity valuation of associated companies was carried out pro-rata temporis following the book value method (GCC sec. 312 para. 1 no.1). Debit balances arising from this were treated as goodwill and amortised in connection with the book values of equity interests.

Consolidation measures with effect on earnings are netted against group profit and capital reserves.

We eliminated intra-group receivables & liabilities, income & expense, and interim balances. Consolidation measures with effect on earnings resulted in capitalised deferred taxes in the amount of € 5,466,000 and are stated separately.

Intra-group trade accounts with associated companies were not eliminated due to their subordinate significance.

(4) Accounting and valuation principles

All of the individual financial statements included in the consolidated accounts have been prepared on the basis of uniform accounting and valuation principles. These principles correspond to those applicable to R. STAHL Aktiengesellschaft. The annual financial statements of non-consolidated associated companies have not been adjusted to the uniform group methods.

Purchased intangible fixed assets are valued at acquisition cost and amortised on a straight-line basis over their expected economic service lives.

Tangible fixed assets are capitalised at acquisition or manufacturing cost and reduced by normal depreciation. In addition to directly allocable costs, manufacturing costs include overhead capitalised as required by tax regulations.

Depreciation schedules were established based on tables issued by tax authorities. To the extent allowed by tax regulations, accelerated depreciation has been recorded. For additions in the first half of the year a full year's depreciation is recorded, while for additions in the second half, a half year's depreciation applies. As allowed by sec. 7 para. 3 of the German Income Tax Act, the accelerated depreciation method is discontinued in favour of the straight-line depreciation method in the year in which this change leads to higher depreciation expense. Low-value assets are fully depreciated in the year of acquisition. Notwithstanding this legal depreciation, we capitalised € 859,000 in fiscal 2001 for original office furnishings at our new Waldenburg location. These will be amortised linearly over 5 years.

Shares in affiliated companies and participations are valued at the lower of acquisition cost or attributable value.

Raw materials and supplies as well as merchandise are valued at the lower of acquisition cost or attributable value.

The valuation of work in progress at manufacturing cost is in accordance with GCC sec. 255 para. 2. Costs which, according to tax regulations, need not be capitalised are not included. Inventory reserves were recorded to account for obsolescence and valuation risks.

Accounts receivable and other assets are valued at nominal value. Specific reserves are provided for known risks, while a general reserve is provided for credit risks.

Marketable current-assets securities are valued at the lower of cost or market at year's end.

Pension provisions are actuarially calculated at present value based on a 6 % discount rate and 1998 mortality tables. There are no coverage deficits.

Other accruals are valued at the expected realisation amount.

Liabilities are valued at the repayment amount.

(5) Foreign currency conversion

In the consolidated financial statements, the assets and liabilities of all foreign subsidiaries are translated at the exchange rate effective at the balance sheet date. Average annual exchange rates are used for the profit and loss account. Net profit for the year is valued at the rate applicable on the balance sheet date. Currency differences arising from capital consolidation are shown in equity capital without affecting net profit for the year.

Notes to the consolidated balance sheet

(6) Fixed assets

Fixed asset evolution is not shown separately.

(7) Intangible assets

The amount capitalised represents IT software and goodwill.

Goodwill assets are amortised on the basis of an economic service life of 10-15 years.

(8) Accounts receivable and other assets

	12/31/2003		12/31/2002	
	Total € 000	Due in over one year € 000	Total € 000	Due in over one year € 000
Group				
Trade accounts receivable	49,403	55	43,851	294
Other assets	1,829	255	2,826	118

(9) Other securities

Treasury shares

The company owns 354,360 treasury shares representing 5,50 % (= € 908,000) of total share capital.

Development

	Holding 01/01/2003	Addition 03/13/2003	Disposal 12/31/2003
Shares	318,360	36,000	354,360

The additions correspond to 0.56 % of share capital (= € 92,000). The acquisition costs came to € 144,000.

As yet, there is no resolution pertaining to the future use of these shares.

Due to the further share price decline since the last balance sheet date, we depreciated the stock in the amount of € 395,000 as of December 31, 2003.

This item also includes other securities in the amount of € 231,000 (PY: € 230,000).

(10) Deferred items

Deferred items include a disagio of € 305,000.

(11) Deferred income taxes

Deferred income taxes are recorded essentially in the consolidated balance sheet and were calculated according to GCC sec. 306. This figures includes tax less carry-overs.

(12) Equity

Equity evolution is shown separately.

(13) Subscribed capital

The subscribed capital corresponds to that of R. STAHL Aktiengesellschaft divided into 6,440,000 no-par shares.

(14) Capital reserves

The group nets goodwill from capital consolidation openly against capital reserves. If a subsequent write-back of the capital reserve makes netting impossible, it is netted against profit carry-forwards.

(15) Revenue reserves

In addition to those of R. STAHL Aktiengesellschaft, consolidated revenue reserves include primarily retained earnings of subsidiaries, insofar as these were generated after the initi-

al consolidation. In 2003, subsidiaries appropriated a total of € 157,000 to other revenue reserves and € 15,000 to legal reserves.

The reserves for treasury shares were created out of existing other revenue reserves.

Moreover, € 347,000 from writing back special items with an equity portion were allocated to other profit reserves.

The capitalised difference of € 150,000 from capital consolidation that arose in 2003 was netted against other profit reserves.

(16) Difference arising from capital consolidation

This balance difference from capital consolidations must be shown separately and, due to its reserve nature, has been recorded as part of equity capital.

(17) Special item with an equity portion

Last year's special items with an equity portion were written back against other profit reserves without impact on earnings.

(18) Accruals

Other accruals comprise mainly unpaid personnel related obligations, identifiable risks relating to product sales, and warranty obligations. Restructuring accruals made in fiscal 2001 are still carried at € 953,000.

(19) Liabilities

Residual liability maturities are as follows:

Liabilities break-down in € 000 Type of liability	Residual maturity			Total	
	up to 1 year	1 to 5 years	over 5 years	12/31/ 2003	12/31/ 2002
1. Liabilities to banks (previous year)	10,694 (5,001)	4,356 (4,985)	398 (1,135)	15,448	11,121
2. Trade liabilities (previous year)	12,738 (10,802)	0 (0)	0 (0)	12,738	10,802
3. Liabilities from the receipt of endorsed bills and issuing own bills (previous year)	16 (19)	0 (0)	0 (0)	16	19
4. Liabilities to companies in which equity interests are held (previous year)	10 (10)	0 (0)	0 (0)	10	10
5. Other liabilities (previous year)	6,145 (6,580)	2,944 (2,762)	11,430 (12,090)	20,519	21,432
- thereof taxes (previous year)	1,815 (2,575)			1,815	2,575
- thereof social security (previous year)	2,025 (2,418)			2,025	2,418

Of our liabilities to banks, € 2,854,000 are secured via liens against real estate and € 3,235,000 via sureties on technical equipment and machinery.

(20) Contingent liabilities	12/31/2003	12/31/2002
	€ 000	€ 000
Liens	13	13
Carrier liability for group support institutions	9,502	8,653

(21) Other financial liabilities	12/31/2003	12/31/2002
	€ 000	€ 000
Annual payment on long-term leases	4,346	4,874

Rental and leasing agreements expire between 2004 and 2023.

(22) Derivative financial instruments

As of the balance sheet date, R. STAHL held currency options contracts (Short Calls) at a face value of USD 2,500,000.00 and CHF 1,800,000.00 that were hedged with settlement contracts (Long Puts).

The company held foreign currency futures in the amount of USD 10,600,000.00, GBP 5,500,000.00, and as of the balance sheet date.

There are no loss risks inherent to these currency hedging transactions.

Notes to the consolidated profit & loss account

(23) Sales revenue	2003	2002
	€ 000	€ 000
By division		
Explosion Protection	115,120	115,624
Material Handling	107,240	110,321
Other	6,994	7,575
	229,354	233,520

	2003	2002
	€ 000	€ 000
By region		
Central (Europe, Africa, Near & Middle East)	196,066	199,013
thereof domestic	(88,333)	(91,746)
Americas	17,000	19,426
Asia/Pacific	16,288	15,081
	229,354	233,520

(24) Other operating income	2003	2002
	€ 000	€ 000
Income from writing back the special item with an equity portion	0	17
Income from writing back accruals	706	1,140
Other income	5,603	4,070
	6,309	5,227

(25) Cost of materials	2003	2002
	€ 000	€ 000
Raw materials and supplies	76,625	77,242
Purchased services	5,441	4,398
	82,066	81,640

(26) Personnel cost	2003	2002
	€ 000	€ 000
Wages and salaries	78,423	80,157
Social security, pensions and support thereof for pension funds	20,120 (2,898)	21,367 (5,455)
	98,543	101,524

Number of employees on annual average	2003	2002
	Number	Number
Wage earners	853	888
Salaried personnel	987	1,021
Apprentices	93	103
	1,933	2,012

(27) Other operating expenses

Other operating expenses consist primarily of costs of administration and distribution, rent and lease expenses, and valuation adjustments posted to current assets.

(28) Investment income	2003	2002
	€ 000	€ 000
Investment income (associated companies)	3	5
Income from securities and financial-asset loans	23	14
Depreciation & amortisation on current financial assets and securities thereof:	-1	-472
shares in affiliated companies	(0)	(-7)
treasury shares	(0)	(-450)
	25	-453

(29) Interest income/expenses	2003	2002
	€ 000	€ 000
Other interest and similar income thereof from affiliates	453 (0)	523 (0)
Other interest and similar expense thereof to affiliates	-1,612 (0)	-1,621 (0)
	-1,159	-1,098

Break-down of interest income/expense by division	2003	2002
	€ 000	€ 000
Explosion Protection	-1,027	-1,092
Material Handling	-130	5
IT and AG	-2	-11
	-1,159	-1,098

(30) Accrual changes	2003	2002
	€ 000	€ 000
Allocations to legal reserves	15	17
Allocations to other revenue reserves	157	182
	172	199

Other disclosures

Management bodies

(31) Supervisory board members

Hans-Volker Stahl, M.B.
Münsing-Ammerland
Chairman
Asset trustee,
Private Asset Management

Hermann Eisele, PhD, M.E., Vaihingen/Enz
Vice chairman
Syndicus of Robert Bosch Foundation
Supervisory board member of REM AG
Supervisory board member hsp AG

Ernst Kern, Künzelsau¹
Power appliance electrician

Eberhard Knoblauch, M.B., Böblingen
Corporate board member of Carl Zeiss
Oberkochen
Supervisory board member of Carl Zeiss, Jena

Josef Kurth, M.Ec., Ingelfingen
Director emeritus

Heinz Grund, Braunsbach¹
Agricultural apprenticeship/mechanic

Günter Müller, Rösrath
Managing partner
of Express-Spedition
Ludwig Müller GmbH & Co. KG

Gerold Schmid, M.E., Stuttgart
Managing partner
of Repro Schmid GmbH

Monika Weidmann, Künzelsau¹
Technical draftswoman

(32) Members of the managing board

Martin Schomaker, M.B.A.
Murr – CEO
Chairman

Peter Völker, PhD, Künzelsau

(33) Management and Supervisory Board remuneration

The standard compensation for our supervisory board amounted to € 154,000 and for management to € 421,000. Variable bonuses were not paid in the year under review.

The compensation scheme for Managing Board members is contractually uniform. According to these terms and conditions, Managing Board members receive earnings-dependent royalties in addition to their fixed salaries. The earnings-dependent royalties are limited to 80 % of the regular salary. Total compensation at maximum royalties thus consist of 56 % regular salary and 44 % royalties. The earnings-dependent royalties are determined and paid at the end of the fiscal year. For fiscal 2003, our Managing Board members again did not receive earnings-dependent royalties.

Supervisory Board chairman, Hans-Volker Stahl, performed project management and external consulting services for the company in 2003 that went beyond the scope of his duties as chairman of the Supervisory Board. He charged the company for these services in the amount of € 27,521.22 net.

(34) Compensation for former members of the Managing and Supervisory Boards

Former board members and their surviving dependants received compensation in the amount of € 446,000.

Pension provisions for former board members and their surviving dependants were made in full and amount as of December 31, 2003 to € 2,640,000.

(35) Shares owned by the Managing and Supervisory Board members of R. STAHL Aktiengesellschaft

As of the balance sheet date, 11,760 shares were held by managing board members, while 358,870 shares were held by supervisory board member.

(36) Statement pursuant to sec. 161 Joint Stock Corporation Act pertaining to the German Corporate Governance Codex

R. STAHL Aktiengesellschaft is the only listed group company that made the statement pursuant to sec. 161 Joint Stock Corporation Act and made it available to our shareholders.

(37) Other disclosures

Disclosures pursuant to section 160 German Joint Stock Corporation Act were made.

(38) Cash flow accounts

The cash flow accounts were prepared according to German accounting standard no. 2 (DRS2).

Please refer to the separate discussion of this item.

(39) Division information

Explosion Protection deals with electrical and electronic apparatus, Material Handling with mechanical engineering and the respective maintenance, while IT and the parent company concentrate on services such as consulting, leasing, and holding services.

Please refer to the separate discussion of this item.

Waldenburg, February 2004
The Managing Board

¹ Employee representative

Acquisition and production costs

	01/01/ 2003	Currency differ- ences	Addition to the scope of con- solidation	Additions	Disposals
	€ 000	€ 000	€ 000	€ 000	€ 000
I. Intangible assets					
1. Industrial property rights and similar rights	7,852	-67	15	636	231
2. Goodwill	2,937	0	767	0	1,220
3. Advance payments	62	-10	0	0	52
	10,851	-77	782	636	1,503
II. Tangible assets					
1. Land and similar rights, and buildings including buildings on third-party land	21,438	-19	0	221	1,354
2. Technical equipment and machinery	30,782	-97	0	1,194	435
3. Other equipment, office and factory equipment	39,597	-315	172	5,516	2,629
4. Advance payments and work in progress	1,366	0	0	354	42
	93,183	-431	172	7,285	4,460
III. Financial assets					
1. Share in affiliated companies	35	0	0	0	35
2. Shares in associated companies	54	0	0	0	0
3. Participations	59	0	0	0	0
4. Loans to companies in which equity interests are held	1,524	0	0	299	0
5. Other loans	993	-24	0	0	625
	2,665	-24	0	299	660
	106,699	-532	954	8,220	6,623

Cumulated D & A

	Restate- ment	12/31/ 2003	01/01/ 2003	Currency differ- ences	Addition to the scope of con- solidation	Additions	Disposals	Restate- ment	12/31/ 2003	Book values 12/31/ 2003	Book values 12/31/ 2002
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
	0	8,205	4,836	-42	8	909	207	0	5,504	2,701	3,016
	0	2,484	2,218	0	330	227	1,220	0	1,555	929	719
	0	0	62	-10	0	0	52	0	0	0	0
	0	10,689	7,116	-52	338	1,136	1,479	0	7,059	3,630	3,735
	0	20,286	12,493	-5	0	489	1,092	0	11,885	8,401	8,945
	684	32,128	25,591	-71	0	1,838	413	0	26,945	5,183	5,191
	539	42,880	27,165	-248	128	5,274	2,518	0	29,801	13,079	12,432
	-1,223	455	0	0	0	0	0	0	0	455	1,366
	0	95,749	65,249	-324	128	7,601	4,023	0	68,631	27,118	27,934
	0	0	7	0	0	0	7	0	0	0	28
	0	54	54	0	0	0	0	0	54	0	0
	0	59	0	0	0	0	0	0	0	59	59
	0	1,823	0	0	0	0	0	0	0	1,823	1,524
	0	344	0	0	0	0	0	0	0	344	993
	0	2,280	61	0	0	0	7	0	54	2,226	2,604
	0	108,718	72,426	-376	466	8,737	5,509	0	75,744	32,974	34,273

Auditors' report on the complete consolidated annual financial statements of R. STAHL Aktiengesellschaft

We attach the following certificate to the annual financial statements – on whose audit we will report separately – the consolidated annual financial statements and management report:

“We examined the annual financial statements including the accounts of R. STAHL Aktiengesellschaft of Waldenburg, Germany, the consolidated financial statements and management report for the financial year from January 1 to December 31, 2003. According to the German Commercial Codex, responsibility for the preparation of consolidated financial statements and management reports rests with the legal representatives of the company. Our responsibility consists in rendering a judgement of these annual financial statements including the accounts, the consolidated annual financial statements and management report based on our audit.

We performed our audit of these consolidated annual financial statements pursuant to German Commercial Codex section 317 observing the principles of due diligence in financial statement auditing as defined by the German Auditors' Institute (Institut der Wirtschaftsprüfer, IDW). According to these principles, an audit has to be planned and executed so as to ensure that inaccuracies and procedural violations materially affecting the true representation of the company's net worth, financial, and earnings situation as stated in the consolidated financial statements and management report are being detected with sufficient certainty by applying proper accounting principles. In determining auditing procedure, knowledge about the group's business activity and the economic and legal environment, as well as expectations concerning possible mistakes are being taken into account. Within the framework of the audit we judge the efficacy of internal controlling and run mainly random

checks of documentation for information contained in the consolidated annual financial statements and management report. The audit comprises an evaluation of the annual financial statements of consolidated companies, determining the scope of consolidation, the accounting and consolidation principles applied, the main expectations of the legal representatives, and an overall judgement of the consolidated annual financial statements and management report. We are of the opinion that our audit serves as a sufficiently secure basis for our judgement.

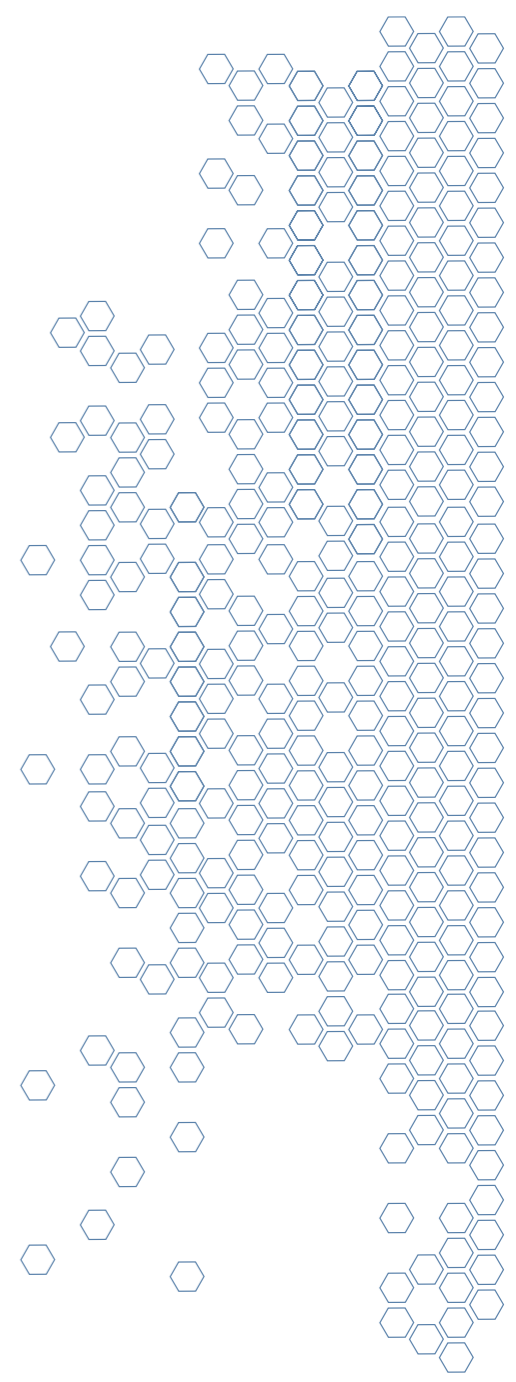
Our audit yielded no objections.

We are of the opinion that according to generally accepted accounting principles, the annual financial statements and consolidated financial statements give a true and fair view of the net worth, financial position, and earnings of the consolidated group. The consolidated management report overall represents a fair picture of the group's situation and accurately reflects risks to future development.”

Stuttgart, March 5, 2004

Ernst & Young
Deutsche Allgemeine Treuhand AG
Auditors

Dengler	Ruland
Auditor/CPA	Auditor/CPA



Group balance sheet of R. STAHL Aktiengesellschaft (Extracts) ¹
as of December 31, 2003

Assets	2003 € 000	2002 € 000
A. Fixed assets		
I. Intangible assets		
1. Industrial property rights and similar rights	170	94
2. Goodwill	121	162
	291	256
II. Tangible assets		
1. Land, land rights, and buildings including buildings on land owned by third parties	4,672	4,962
2. Technical equipment and machinery	24	34
3. Other equipment, factory and office equipment	131	141
	4,827	5,137
III. Financial assets		
1. Shares in affiliated companies	31,510	29,550
2. Participations	59	697
3. Loans to companies in which equity interest are held	1,823	1,524
	33,392	31,771
	38,510	37,164
B. Current assets		
I. Accounts receivable and other assets		
1. Receivables from affiliated companies	12,206	9,180
2. Receivables from companies in which equity interests are held	33	0
3. Other assets	269	327
	12,508	9,507
II. Securities		
1. Treasury shares	1,940	1,401
III. Cash on hand and on deposit at other financial institutions	1,050	4,035
	15,498	14,943
C. Prepaid expenses	259	3
	54,267	52,110

Equity & Liabilities	2003 € 000	2002 € 000
A. Equity		
I. Subscribed capital	16,500	16,500
II. Capital reserve	5,083	5,083
III. Revenue reserves		
1. Treasury shares provision	1,940	1,401
2. Other revenue reserves	5,336	5,874
IV. Balance sheet profit (PY: Loss)	3,266	-34
	32,125	28,824
B. Accruals		
1. Pension provisions	9,538	9,376
2. Tax accruals	36	0
3. Other accruals	1,465	1,037
	11,039	10,413
C. Liabilities		
1. Accounts payable to financial institutions	7,459	2,855
2. Trade accounts payable	161	94
3. Accounts payable to affiliated companies	1,563	7,097
4. Accounts payable to companies in which equity interests are held	10	10
5. Other liabilities	1,910	2,817
	11,103	12,873
	54,267	52,110

¹ Interested shareholders are welcome to request any parts of annual financial statements not published here at our company.

R. STAHL Aktiengesellschaft
Equity investments as of December 31, 2003

Name and company headquarters

Name and company headquarters	Group-relevant classification	Equity stake %	Equity 12/31/2003 € 000
Domestic companies			
Abraxas Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	I; n/c	100.0	-367 ¹
altro consult GmbH, Oberhausen	S; c	100.0	178
SP Solution GmbH, Oberhausen	S; c	88.0	97
GGF Gesellschaft für Grundstücksvermietung und Finanzierungsvermittlung mbH, Künzelsau	S; c	100.0	772
R. STAHL Fördertechnik GmbH, Künzelsau	S; c	100.0	5,460
R. STAHL Schaltgeräte GmbH, Waldenburg	S; c	100.0	7,614
SAE-STAHL GmbH, Köln	S; c	100.0	1,095
Supera Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Künzelsau KG, Düsseldorf	I; n/c	99.0	8 ³
Foreign companies			
R. STAHL Middle East FZE, Dubai (United Arab Emirates)	S; c	100.0	544
R. STAHL Gesellschaft m.b.H., Steyregg (Austria)	S; c	100.0	350
Clipsal Stahl Ex Pty Ltd, Sydney (Australia)	A; c	25.0	291 ²
STAHL N.V., Dendermonde (Belgium)	S; c	100.0	60
STAHL Equipamentos Industriais Ltda., São Paulo (Brazil)	S; c	100.0	51
STAHL-Fribos AG, Frick (Switzerland)	S; c	100.0	1,447
R. STAHL Ex-Proof (Shanghai) Co. Ltd., Shanghai (PR China)	S; c	100.0	68
Industrias STAHL S.A., Madrid (Spain)	S; c	100.0	1,136
Ets STAHL S.A., Argenteuil (France)	S; c	100.0	877
R. STAHL Ltd., Birmingham (UK)	S; c	100.0	1,652
R. STAHL (P) Limited, Chennai (India)	S; c	100.0	-67
R. STAHL S.r.l., Colombano/Genua (Italy)	S; c	100.0	951
R. STAHL Kabushiki Kaisha, Kawasaki (Japan)	S; c	100.0	164
R. STAHL Co. Ltd., Seoul (Korea)	S; c	100.0	139
Interstate STAHL SDN BHD, Selangor (Malaysia)	I; n/c	30.0	86 ¹
Electromach B.V., Hengelo (The Netherlands)	S; c	100.0	3,599
R. STAHL B.V., Haarlem (The Netherlands)	S; c	100.0	647
STAHL-Syberg A/S, Oslo (Norway)	S; c	55.41	1,404
Ferrometal Lda., Lissabon (Portugal)	S; c	100.0	1,150
R. STAHL Svenska AB, Järfälla (Sweden)	S; c	100.0	268
R. STAHL Pte. Ltd., Singapur (Singapore)	S; c	100.0	722
R. STAHL Inc., Salem/New Hampshire (USA)	S; c	100.0	2,164

¹ Preliminary status as of December 31, 2003. ² As of June 30, 2003 (divergent fiscal year)

³ As of December 31, 2003 (no new values known)

The companies are listed according to their group-relevant qualification as subsidiary (S), joint venture (J), associate (A) or other interest (I) indicating whether such enterprise is consolidated (c) or not consolidated (n/c).

Impressum

Publisher

R. STAHL Aktiengesellschaft
Am Bahnhof 30
D-74638 Waldenburg (Germany)

www.stahl.de

This report is also available in the
German original.

For further information

Please contact:
Judith Schäuble

Investor Relations

Telefon +49 (0) 7942 943-1217
Fax +49 (0) 7942 943-1364

investornews@stahl.de

Concept

Bilek, Krämer & Co, Stuttgart

Illustration

Jan Bazing, Stuttgart

Printer

Sigloch Media Service, Blaufelden

Locations and addresses of R. STAHL Technologies



● Distribution companies of Explosion Protection and Material Handling

○ Representations

Our excellent international distribution position is a key strength of R. STAHL Technologies. The global network of subsidiaries and representative offices brings us close to our customers in important markets *around the world*. Joint representations for Explosion Protection and Material Handling create valuable synergy at lower cost.

Central

Germany

R. STAHL Aktiengesellschaft
Waldenburg (Württ.)
Tel. +49 7942 943 0
Fax +49 7942 943 43 33
E-Mail info@stahl.de

R. STAHL Fördertechnik GmbH

Künzelsau
Tel. +49 7940 128 0
Fax +49 7940 55 665
E-Mail info.foerdertechnik@stahl.de

R. STAHL Schaltgeräte GmbH

Waldenburg (Württ.)
Tel. +49 7942 943 0
Fax +49 7942 943 43 33
E-Mail info.ex@stahl.de

altro consult GmbH

Oberhausen
Tel. +49 208 82 88 0
Fax +49 208 82 88 100
E-Mail info@altroconsult.de

SAE-STAHL GmbH

Cologne
Tel. +49 221 59 808 200
Fax +49 221 59 808 260
E-Mail office@sae-stahl.de

Belgium

STAHL N.V.
Dendermonde
Tel. +32 52 21 13 51
Fax +32 52 21 13 47
E-Mail mail@stahl.be

France

Ets. STAHL S.A.
Argenteuil
Tel. +33 1 39 98 50 60
(Material Handling)
Tel. +33 1 39 98 50 50
(Explosion Protection)
Fax +33 1 34 11 18 18
E-Mail info@stahl.fr

Great Britain

R. STAHL Ltd.
Birmingham
Tel. +44 121 767 64 00
Fax +44 121 767 64 90
E-Mail info@rstahl.co.uk

Italy

R. STAHL S.r.l.
Colombano (Genoa)
Tel. +39 0185 35 83 91-2
Fax +39 0185 35 82 19
E-Mail info@stahl.it

The Netherlands

R. STAHL B.V.
EL Haarlem
Tel. +31 23 512 52 20
Fax +31 23 512 52 23
E-Mail info@stahl4u.nl

Electromach B.V.

Hengelo
Tel. +31 74 24 72 472
Fax +31 74 24 35 925
E-Mail info@electromach.nl

Norway

STAHL Syberg A/S
Oslo
Tel. +47 23 12 45 10
Fax +47 23 12 45 11
E-Mail o.c.pedersen@stahl-syberg.no

Austria

R. STAHL Ges.m.b.H.
Steyregg
Tel. +43 732 64 11 11 0
Fax +43 732 64 11 11 33
E-Mail office@rstahl.at

Portugal

Ferrometal Lda.
S. Domingos de Rana – Cascais
Tel. +35 1 21 444 7160
Fax +35 1 21 444 7169
E-Mail ferrometal@ferrometal.pt

Sweden

R. STAHL Svenska AB.
Järfälla
Tel. +46 8 38 91 00
Fax +46 8 38 91 98
E-Mail info@rstahl.se

Switzerland

STAHL-Fribos AG
Frick
Tel. +41 62 865 40 60
Fax +41 62 865 40 80
E-Mail info@stahl-fribos.ch

Spain

Industrias STAHL S.A.
Alcobendas (Madrid)
Tel. +34 91 661 55 00
Fax +34 91 661 27 83
(Material Handling)
Fax +34 91 661 49 99
(Explosion Protection)
E-Mail stahl@idecnet.com

Americas

USA

R. STAHL Inc.

Corporate Headquarters and
Manufacturing

Salem, New Hampshire

Tel. +1 603 870 9500

Fax +1 603 870 9290

E-Mail sales@rstahl.com

R. STAHL Inc.

Material Handling Division

Charleston, South Carolina

Tel. +1 843 767 1951

Fax +1 843 767 4366

E-Mail sales@stahlus.com

Asia/Pacific

Australia

CSE Ex PTY LTD

Padstow, New South Wales

Tel. +61 2 97 90 67 19

Fax +61 2 97 90 59 49

E-Mail cse-ex@cse-ex.com

V.R. China

R. STAHL Ex-proof Co. LTD.

Shanghai

Tel. +86 21 64850011

Fax +86 21 64852954

E-Mail benjamin@rstahl.com.cn

India

R. STAHL (P) Ltd.

Chennai

Tel. +91 44 247 66 674

Fax +91 44 247 67 835

E-Mail stahl@vsnl.com

Japan

R. STAHL Kabushiki Kaisha

Kawasaki-shi, Kanagawa

Tel. +81 44 959 2612

Fax +81 44 959 2605

E-Mail sakae-nishimine@par.odn.ne.jp

Korea

R. STAHL Co. Ltd.

Seoul

Tel. +82 2 47 08 877

Fax +82 2 47 18 285

E-Mail korea@stahl.co.kr

Malaysia

Interstate-STAHL SDN BHD

Selangor Darul Ehsan

Tel. +60 3 563 66 188

Fax +60 3 563 66 313

E-Mail jeffyap@interstate.com.my

Singapore

R. STAHL Pte. Ltd.

Singapore

Explosion Protection Division

Tel. +65 6271 9595

Fax +65 6377 0111

E-Mail rstahl@singnet.com.sg

Material Handling Division

Tel. +65 6271 2220

Fax +65 6377 1550

E-Mail rstahlf@singnet.com.sg

UAE

R. STAHL Middle East FZE

Dubai

Tel. +971 4 883 58 55

Fax +971 4 883 46 85

E-Mail rstahlme@emirates.net.ae

← Five-year overview of
consolidated key figures

Reporting schedule for 2004

Financial press conference in Stuttgart	April 30, 2004
DVFA analyst conference in Frankfurt	April 30, 2004
Road show	May/June 2004
Interim report as of March 31, 2004	May 14, 2004
Annual general meeting in Neuenstein	June 18, 2004
Interim report as of June 30, 2004	August 19, 2004
Interim report as of September 30, 2004	November 11, 2004

Five-year overview of consolidated key figures

¹ Yearly average without apprentices ² without anniversary bonus ³ proposal

	2003 € 000	2002 € 000	2001 € 000	2000 € 000	1999 € 000
Net sales	229,354	233,520	240,002	228,096	215,891
Foreign share (in %)	61.5 %	60.7 %	60.0 %	59.4 %	57.8 %
EBIT	5,135	-762	-5,140	8,721	7,870
EBT	3,976	-1,860	-6,342	7,889	7,740
Taxes on income	1,659	1,279	-2,127	3,222	2,618
Net income for the year/Net loss for the year	2,317	-3,139	-4,215	4,667	5,122
Capex on tangible and intangible assets	7,921	7,139	16,403	11,959	8,356
Depreciation & amortisation on tangibles and intangible assets	8,737	8,062	8,404	6,941	6,667
Balance sheet total	134,428	131,062	146,915	140,606	138,577
Equity	36,085	35,378	39,339	49,987	48,733
Equity ratio (in %)	26.8 %	27.0 %	26.8 %	35.6 %	35.2 %
Return on equity (in %)	6.4 %	-	-	9.3 %	10.5 %
Employees ¹	1,840	1,909	2,017	1,972	1,956
thereof abroad	443	469	519	474	436
Sales per employee	125	122	119	116	110
Number of shares (in 000)	6,092	6,222	6,271	6,276	6,302
DVFA/SG earnings	649	-4,610	-5,897	2,635	4,313
DVFA/SG earnings per share (in €)	0.11	-0.74	-0.94	0.42	0.69
DVFA/SG cash earnings	10,670	6,405	534	12,425	14,167
DVFA/SG cash earnings per share (in €)	1.75	1.03	0.09	1.98	2.25
Working Capital	50,556	51,456	56,046	69,809	71,245
Dividend per share (in €)	0.20 ³	-	-	0.41 ²	0.61

R. STAHL Aktiengesellschaft, Am Bahnhof 30, D-74638 Waldenburg (Württ.), www.stahl.de