ZUMTOBEL GROUP

ANNUAL FINANCIAL REPORT 2008/09

ZUMTOBEL AG
1 MAY 2008 TO 30 APRIL 2009

Annual Financial Report 2008/09 Zumtobel AG

1 May 2008 to 30 April 2009

Five-Year Overview

in EUR million	2008/09	2007/08	2006/07	2005/06[1]	2004/05
Revenues	1,174.0	1,282.3	1,234.0	1,168.0	1,129.2
Adjusted EBITDA	121.6	162.2	154.1	137.7	132.0
as a % of revenues	*10.4*	*12.7*	*12.5*	*11.8*	*11.7*
Adjusted EBIT	78.9	123.0	112.3	99.1	90.1
as a % of revenues	*6.7*	*9.6*	*9.1*	*8.5*	*8.0*
Net profit for the year	13.3	93.5	103.6	49.5	29.1
as a % of revenues	*1.1*	*7.3*	*8.4*	*4.2*	*2.6*
Total assets	1,053.9	1,105.9	1,145.4	1,085.8	1,023.0
Equity	456.0	514.2	441.6	187.8	173.6
Equity ratio in %	*43.3*	*46.5*	*38.6*	*17.3*	*17.0*
Net debt	163.5	129.0	185.7	356.1	397.1
Cash flow from operating results	107.3	166.0	173.8	128.8	102.1
ROCE in %	11.9	18.9	17.3	15.9	14.8
Investments	64.7	66.0	54.3	49.6	45.9
as a % of revenues	*5.5*	*5.1*	*4.4*	*4.2*	*4.1*
Headcount inc. contract worker (full-time equivalent)	7,165	7,908	7,911	7,384	7,000

See section 5. Service – Financial terms for the definition of the above indicators.

[1] Note – The indicators were adjusted to reflect the application of IFRS 5 and IAS 19.

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Management Board Review

Dear Shareholders,


Andreas Ludwig


Thomas Spitzenpfeil

The 2008/09 financial year (1 May 2008 to 30 April 2009) was a period of extremes for the Zumtobel Group. Record operating results in the prior year and a good start into the reporting year were followed by substantially slower growth during the remainder of 2008/09 due to the economic downturn. As a consequence of the severe turbulence in the financial sector and the resulting unparalleled drop in demand from the commercial construction industry, the Zumtobel Group was hit by the full impact of the most severe economic crisis in over six decades beginning in the second half-year – a crisis whose global scope, intensity and speed have reached previously unknown dimensions. In contrast to earlier periods of economic weakness, this time lighting industry customers reacted significantly faster to the uncertain market situation.

Accordingly, the Zumtobel Group can look back on a year of two different speeds. Revenues for the first half of 2008/09 matched the high prior year level after an adjustment for foreign exchange effects, but the sharp economic downturn during the second six months led to a drop in revenues and subsequent decline in earnings. Group revenues fell by 13.5% during the second half year and by 8.4% in annual comparison to EUR 1,174.0 million. After an adjustment for negative currency translation effects of EUR 43.0 million – above all from a decline in the value of the British pound (GBP) and Australian dollar (AUD) in relation to the euro – Group revenues were 5.1% lower than in the previous financial year. The difference between the two six-month periods is illustrated even more clearly by the development of earnings: EBIT amounted to EUR 60.1 million before special effects (EUR 57.4 million after special effects) in the first half-year, but fell to EUR 18.8 million (minus EUR 0.4 million after special effects) in the second half because of the weak economy. For the full 12 months of 2008/09, EBIT before special effects totalled EUR 78.9 million (EUR 57.0 million after special effects). Negative special effects equalled EUR 21.9 million, and were related above all to the implementation of personnel and structural adjustments to reflect the difficult operating environment.

First successes with immediate countermeasures

The severity of the global economic crisis called for an immediate response. We therefore launched the "Excellerate" programme with an extensive range of measures in autumn 2008. This project involves an adjustment of EUR 50 million to our structural fixed costs by 2010/11. The implementation of the related measures is proceeding as scheduled at all Group levels and locations. The first positive effects were realised during the second half of 2008/09: the introduction of cost savings measures led to a year-on-year reduction of EUR 16.3 million in administrative and selling expenses during the third and fourth quarters of 2008/09. As a reaction to the substantial uncertainty connected with the future development of the economy, the Zumtobel Group prepared a number of demand scenarios. A second phase of the "Excellerate" efficiency improvement programme was started in April 2009 based on these scenarios, and further measures were launched to adjust the cost structure.

Focus on protection of liquidity

Against the backdrop of this difficult and uncertain economic environment, our efforts are focused on the improvement of cost efficiency as well as the protection of liquidity. We are working to maximise cash flow through active capacity management, the reduction of fixed costs in production, a cutback in investments, even more stringent working capital management and additional adjustments to administrative and structural costs. During the reporting year we not only reduced net working capital by an absolute amount of over EUR 36.5 million to less than EUR 196.4 million (2007/08: EUR 232.9 million) but also as a percent of revenues to 16.7% (2007/08: 18.2%). The resulting positive free cash flow of EUR 57.8 million can be termed very satisfactory in this difficult operating climate. Cash outflows of EUR 64.7 million for the purchase of plant and equipment also include investments for the new factory in the North English town of Spennymoor, and represent the last step in the plant relocation that began two years ago and was concluded with the start of operations in February 2009. With an equity ratio of 43.3% and gearing of

35.9%, the balance sheet structure of the Zumtobel Group remains very solid global recession and places the company in a good position to face the global recession.

No dividend planned for 2008/09

As a result of the general uncertainty over future developments, the Management Board and Supervisory Board of Zumtobel AG will ask the Annual General Meeting on 24 July 2009 to approve the suspension of the dividend and the retention of earnings to improve the financial power of the company. The Management Board and Supervisory Board have defined the strengthening of liquidity to safeguard the long-term development of the company as the top priority in this highly uncertain environment. We plan to resume the distribution of an attractive dividend as soon as economic conditions normalise.

Substantial decline in management salaries

The crisis-related decline in the company's performance is also reflected in lower salaries for management. This illustrates the functioning of the variable remuneration system used by the Zumtobel Group, which automatically reduces the variable components of remuneration in more difficult times. While the fixed salaries remained unchanged, the variable pay components for the Management Board in 2008/09 are roughly 35% less than the previous year. Furthermore, no payments were made from the long term performance based share incentive systems. The variable remuneration system was adjusted for the 2009/10 financial year and the maximum bonus was cut in half.

Further deterioration in economic development expected

We expect a further deterioration in the operating environment for the construction sector and – because of the late cycle nature of our business – assume the lighting industry will only reach the low point of this crisis in 2010. The June 2009 Euroconstruct forecast confirms this outlook with another substantial downward revision of growth forecasts for commercial construction in our major European markets during 2009 and 2010.

The further increase in the value of the euro over most western currencies during the past 12 months is expected to have a negative influence on the development of revenues and earnings in 2009/10 through unfavourable currency translation and transaction effects. Since economic forecasts are connected with significant uncertainty, it is not possible to issue a reliable outlook for revenues and earnings at the present time. Nevertheless, we are working to hold free cash flow at a positive level even under these unfavourable economic conditions.

We have prepared the company as best we can for this extremely difficult economic environment with our "Excellerate" efficiency improvement programme. The Zumtobel Group will be substantially leaner and more flexible after this restructuring, without losing any of its power as a market and technology leader. In addition, we are continuing to invest in new technologies and the expansion of our presence in selected developing countries in order to emerge stronger from the global recession. Supported by the existing drivers for our industry – product innovation with a focus on energy-efficient lighting and the potential of LED technology – we plan to return to a sustainable and profitable growth course after the economic climate normalises.

In conclusion, we would like to express our special thanks to the employees of the Zumtobel Group. Without their flexibility and commitment, it would have been much more difficult to confront this global crisis. Our thanks also go out to our customers, suppliers and shareholders for their trust and support.

Andreas J. Ludwig	Thomas Spitzenpfeil
Chief Executive Officer	Chief Financial Officer

Group Management Report

Zumtobel AG

1 May 2008 to 30 April 2009

1. Group Management Report

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1. Group Management Report

The Zumtobel Group utilised the option provided by § 267 (4) of the Austrian Commercial Code in connection with § 251 (3) of the Austrian Commercial Code for 2008/09 financial year. This option, which was used for the first time in 2007/08, permits the combination of the Group management report and the management report of Zumtobel AG into a common document.

1.1 The Zumtobel Group – An Overview

1.1.1 Our vision

**"We have a common vision:
We aim to be the world authority on lighting."**

The Zumtobel Group has set a goal to become the recognised worldwide authority in the lighting industry. As a group of leading lighting brands and companies, we provide complete professional lighting solutions, luminaires, lighting management and lighting components for indoor and outdoor applications. Driven by innovation and quality in all our business processes, we aim to be the first-choice global partner for our customers. As we exceed the expectations of our customers, we offer best-in-class products and services while remaining fully aware of our responsibility to the environment and society.

1.1.2 Group structure and brand strategy

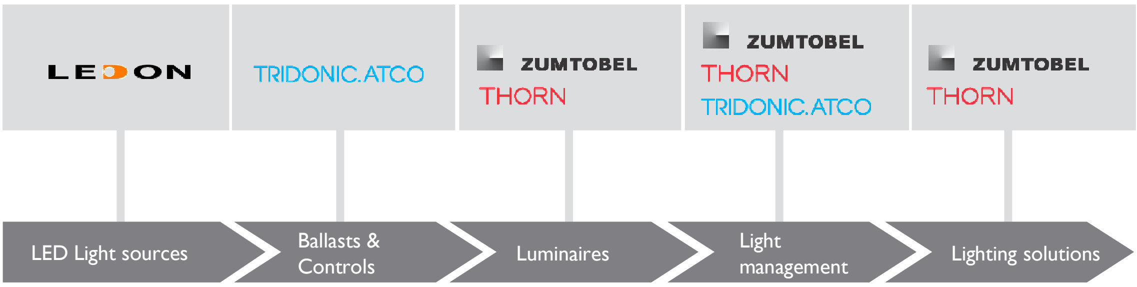
Zumtobel AG serves as the parent company of the Group and provides a wide range of management and service functions for the entire corporation. These include strategy and corporate development, human resources, corporate accounting, taxes and legal, internal audit, insurance, treasury (e.g. central financing and liquidity management for all Group companies), IT, corporate communications and investor relations. The Management Board of Zumtobel AG is responsible for the direction and management of the Group. The operations of the individual divisions are run by their respective management teams, which report directly to the Management Board. The activities and strategies of the divisions are guided and supported by the Management Board in the course of regular meetings with divisional management.

The Group pursues a multi-brand strategy, addressing different fields of business and customer target groups in the lighting marketplace with a combination of strong internationally established brands. A steady focus on innovation and new technologies as well as on energy efficiency and sustainability form the common foundation for these brands. The Zumtobel Group positions itself and its various brands in a worldwide network of decision-makers and opinion leaders that includes architects, the lighting industry, investors, wholesalers, municipalities, specifiers, planners and engineers involved in building construction and infrastructure projects. These channels give the Group a range of competitive advantages in international lighting projects.

Segment reporting is based on the Lighting Segment and the Components Segment. LED (light-emitting diodes) revenues are allocated to the individual segments according to the type of product. The Lighting Segment covers the professional luminaire, lighting management and lighting solutions business for indoor and outdoor applications, and comprises the Zumtobel and Thorn brands as well as the much smaller OEM-brand Reiss. The Zumtobel and Thorn brands are differentiated by their portfolios, customer target groups and sales channels, and thus ensure broad coverage of the international luminaire market. The Components Segment develops and markets lighting components and management systems, LED modules and systems and connection technology under the TridonicAtco brand. TridonicAtco delivers most of its products to external luminaire manufacturers, but also generates roughly 17% of its revenues from sales to the Zumtobel and Thorn brands. The Group's business with innovative LED modules and components is organised under the Ledon brand, with revenues allocated to the applicable segments.The Zumtobel Group is the European market leader in the area of professional lighting systems and one of the leading companies in the world for lighting components and light management systems. That makes the Group one of the few global players in the international lighting industry. Approximately 80% of Group revenues are generated in Europe. With over 800 suppliers, this industry remains highly fragmented and the ten largest luminaire producers cover only about one-third of the total market. In contrast, the worldwide component industry is much more consolidated.

The activities of the Zumtobel Group in the lighting sector cover the following areas of application: office and communication, education and science, industry and engineering, presentation and retail, art and culture, sport and leisure, hospitality and wellness, health and care, transit areas and car parks, orientation and safety as well as exterior lighting for streets, tunnels and public areas. In the component business, the Group positions itself as an innovative supplier with a broad-based product range.

The five-step value added chain in the field of professional lighting is covered in full by the brands of the Zumtobel Group. In the area of lighting sources, the Group has concentrated exclusively on LED technology since 2001. In the area of conventional lighting sources, e.g. light bulbs, the Group only acts as a buyer.



Size and financial power give the Zumtobel Group a solid foundation to expand its leading role in production, research and development. Economies of scale have created numerous advantages in the areas of technology, innovation and efficiency improvement, above all in competition with many small and mid-sized lighting producers.

The Zumtobel Group currently operates 22 plants on four continents and cooperates with sales companies and partners in over 70 countries.

1.1.3 Corporate strategy and growth opportunities

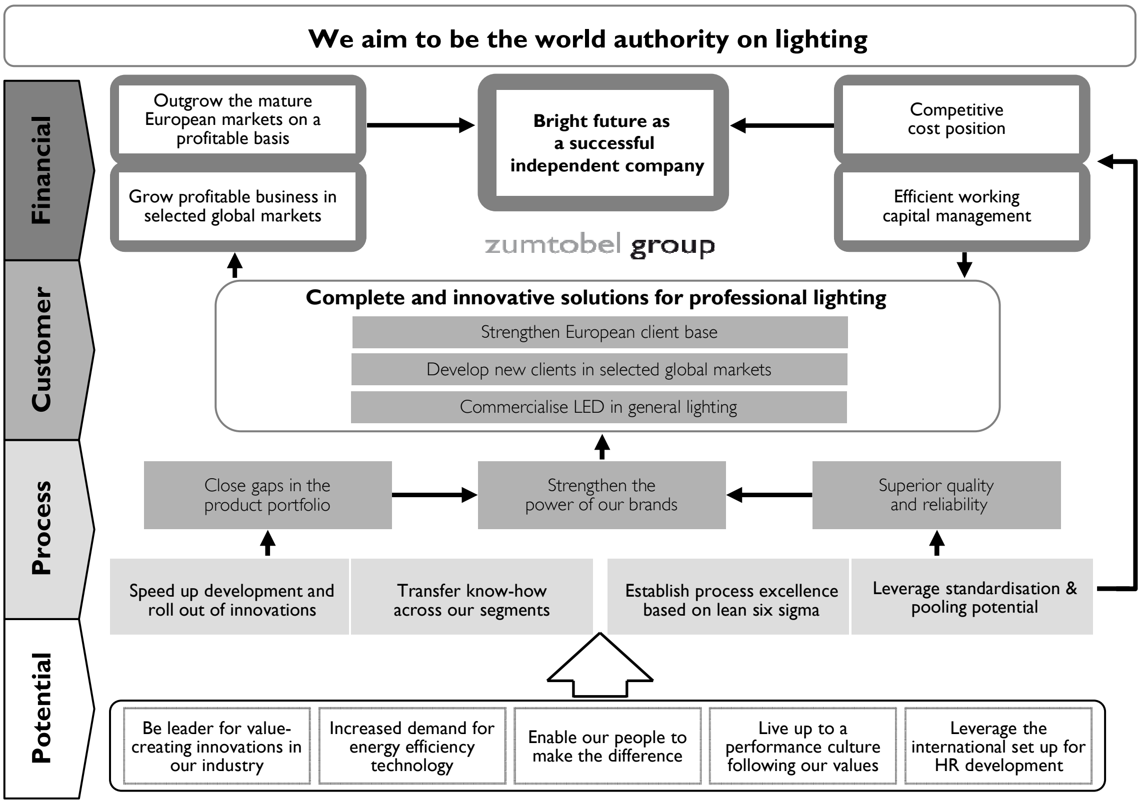
Continued implementation of corporate strategy

The primary objective of the Zumtobel Group is to offer all its stakeholders – shareholders, customers and employees – an attractive long-term perspective as a successful and independent corporation that is focused on the subject of light.

Introduction of Balanced Scorecard

In 2008/09 the Balanced Scorecard was introduced to support the management of the Zumtobel Group in accordance with strategic goals. The Balanced Scorecard is a management tool that strengthens the focus of the entire Group on long-term strategic goals, and also serves as an integral component of performance management. The strategic goals are assigned to various perspectives (potential, process, customer and financial), and thereby create a balanced view of the individual elements.

The strategic goals and considerations of the Zumtobel Group were defined in 13 workshops that were held at various management levels, and subsequently summarised in a strategy map. In addition to the traditional indicators used in the past (adjusted operating profit, working capital, revenue growth and return on capital), this strategy map also shifts the focus to non-financial factors. The development of all performance indicators is reported to the Management Board and Supervisory Board at regular intervals. A continuous process compares corporate goals with actual results, and allows for the implementation of any necessary corrective measures. The Balanced Scorecard and strategy map will improve the Group's integrated planning process, and thereby guarantee a strong link between the content and timing of strategic planning and annual budgeting.



Growth opportunities

The major drivers for organic growth in the Zumtobel Group are the prospects offered by LED technology, a growing focus on energy-efficient lighting and an increased concentration on selected global markets with high growth potential.

LED as the technology of the future

One of the key issues that will determine the future direction of the lighting industry is the potential of LED (light-emitting diode) technology. An enormous increase in performance and parallel decline in the cost of LED chips have also significantly increased the importance of LEDs for professional lighting. In applications such as emergency or advertising lights, substantially lower maintenance and operating costs now justify the higher initial investment, which is generally offset by the realised savings within a brief period. In addition, the smaller size of LED lights and other properties such as robustness, long service life, absence of UV-radiation etc. have opened a wide range of new opportunities for product design and functionality. As an application specialist the Zumtobel Group intends to utilise these opportunities in close cooperation with architects, designers and lighting planners. From a technological standpoint, the Group has positioned itself with a clear focus on white LED light conversion and high-efficiency LED lighting sources for professional applications.

Energy-efficiency as growth driver

The subject of lighting is receiving greater attention in connection with energy savings and the reduction of CO2 emissions. Lighting is currently responsible for 19% of worldwide energy consumption and the most promising opportunities for energy savings (69%) can be found in the commercial sector, e.g. in office buildings, factories and exterior lighting – in other words, applications that form the core expertise of the Zumtobel Group. Although the prohibition of light bulbs has raised public awareness for this subject (the lighting solutions developed by the Zumtobel Group are based almost exclusively on more energy-efficient lamps, such as fluorescent tubes or metal halide lamps), comprehensive intelligent lighting systems have a significantly greater potential for energy savings that ranges up to 80% of electricity consumption. This potential can be realised through the combination of various optimisation measures, beginning with the design of the luminaire and the improvement of thermal management and light distribution (reflector surfaces, reflector profiles, diffuser optics etc.) to the use of dimmable electronic ballasts as a substitute for their significantly less efficient magnetic counterparts and the use of intelligent control systems that focus on time management and presence detection to optimally regulate light levels. Energy-efficient products are responsible for over 70% of Group revenues generated by the lighting business, while the comparable figure for the component business is 67%. The development of this business is supported by marketing campaigns such as the Humanergy Balance at Zumtobel, Performance, Efficiency & Comfort at Thorn and Ecolution at TridonicAtco. A key element of all these campaigns is to communicate the perfect balance between the positive effects of energy savings and optimal lighting quality. Politics has also recognised the enormous potential for CO_2 reduction that can be realised through energy-efficient professional lighting: The European Union has defined a framework with its directives regarding the energy efficiency of buildings, products and services, and the successive implementation of these regulations into national law is expected to create additional demand. The Zumtobel Group helps to design and accompanies this legislative process through its membership in the Federation of National Manufacturers Associations for Luminaires and Electrotechnical Components for Luminaires in the European Union (CELMA) as well as participation in other professional associations.

Stronger focus on selected global markets

The Zumtobel Group is continuing to develop and expand its international sales network, which is comprised of sales subsidiaries in large or potentially stronger markets as well as specialist teams that manage international projects and the key account business and also operate in countries where the Group does not have its own sales organisation. We assume the markets in the emerging countries will soon be able to realise renewed prospects for strong growth – despite the current negative influence of the financial crisis – and therefore implemented a range of measures in spring 2009 to strengthen our presence in Eastern Europe, China, the Middle East, India and South-East Asia. In these markets a stronger local sales presence, clear positioning and brand communication combined with well-defined management responsibilities and the development of regionally focused product portfolios should improve market penetration and support sustainable growth.

Acquisition strategy

A low level of debt gives the Zumtobel Group a solid balance sheet structure, which provides the necessary financial flexibility for strategic steps. The generation of growth through targeted acquisitions is a strategic option at certain times, as long as the acquisition target and purchase price fit within the defined financial and strategic framework. The Zumtobel Group proceeds in a disciplined manner, whereby all acquisition targets must meet at least one of the three following criteria: regional expansion, innovative applications and/or new technologies. The goal is to create added value within the existing international sales and production network through the utilisation of synergies, market opportunities and application know-how.

Rapid adjustments to meet changing economic environment

Adjustments to reflect difficult market climate

The Zumtobel Group has felt the full impact of the global financial crisis and its spread to the real economy, in particular to the commercial construction sector, since the second half of the 2008/09 financial year. This crisis triggered an unparalleled drop in demand – although with different intensity – on all of the Group's key markets. However, what is completely new is the intensity and speed of the global recession as well as the pervasive uncertainty over the economic outlook. The management of the Zumtobel Group has reacted to these developments by initiating and in part implementing appropriate and in some cases far-reaching measures for cost and liquidity management to safeguard the realisation of strategic goals.

Protection of liquidity and optimisation of cost structure

The economic crisis and uncertainty over future developments have made the maintenance of a healthy financial basis and the protection of liquidity top priority. The main short-term goals of the Zumtobel Group are to adjust the cost structure as quickly as possible to meet the challenges posed by the market and the decline in sales volumes as well as to hold free cash flow at a positive level even under these difficult conditions. The Group's financial performance indicators were adjusted accordingly to meet this operating environment, and are now focused even more on free cash flow and cost management.

Additional measures

Cash flow is secured through active capacity management, a reduction in investments, more stringent working capital management and additional adjustments to administrative and structural costs. The "Excellerate" efficiency improvement programme that was launched during the second quarter of 2008/09 should result in a sustainable decline of roughly EUR 50 million in operating and personnel costs by the end of the 2010/11 financial year. The implementation of measures to realise this goal is proceeding as planned and will be pursued at all levels and locations in the Group. As a reaction to the high uncertainty over the future, the Zumtobel Group has also prepared various scenarios for the development of the economy and market demand. A second phase of the "Excellerate" efficiency improvement programme was started in April 2009 in order to further reduce costs.

Rapid adjustment of capacity

This second phase includes additional adjustments to the workforce in the areas of production, administration and sales to reflect the increased decline in sales volumes. Our lighting plant in the Romanian city of Curtici was unable to meet the original business plan because of the continuing decline in revenues. The shutdown of this facility and the shift of production lines to the remaining plants will improve capacity utilisation at other Group locations without endangering flexibility or deliveries to customers.

Cutback in investments

Plans for 2009/10 call for a reduction in investments to the necessary maintenance expenditures and research and development for new products. However, neither the innovation power – based on the ratio of new products – nor the performance capability of the plants should be impaired by these measures.

Higher cash inflows through reduction of working capital

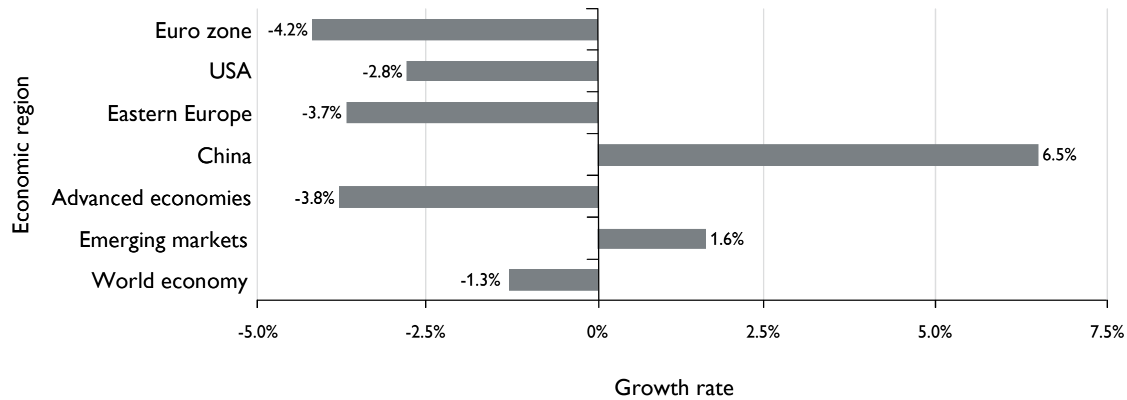
Activities will continue in order to stabilise the positive development of working capital as a per cent of rolling 12-month revenues at the current good level. Appropriate steps will be taken to reduce stocks and accounts receivable as quickly as possible in proportion to the development of revenues.

1.2 General Economic Environment

Global economy slides into the deepest recession in more than 60 years

The reporting year for Zumtobel AG (1 May 2008 to 30 April 2009) was characterised by the increasingly negative effects of the financial crisis on the real economy. Economic indicators followed a clear upward trend through mid-2008, but the collapse of the Lehman Brothers investment bank in September 2008 and subsequent loss of confidence in the global financial sector led to a dramatic decline in lending and an unparalleled drop in demand across all industrial branches. None of the economic experts were able to exactly forecast the speed or scope of the resulting slump in demand for manufacturers. Central banks around the world attempted to counteract these developments with massive interest rate cuts and financial market intervention. According to the International Monetary Fund (IMF), the worldwide economy grew by 3.2% in 2008 due to relatively sound momentum during the first six months. However, nearly all industrialised countries reported sharp declines in the final quarter of the year. Economic output in the USA fell by 3.8% during the fourth quarter of 2008, and the emerging markets were unable to match the strong growth recorded in earlier years.

Economic development outlook for 2009[2]



Experts are now predicting the deepest recession in more than 60 years for 2009, with the IMF estimating a decline of 1.3% in global output. The USA should perform relatively well with a minus of 2.8% because of its early slide into the economic crisis, but forecasts for the Euro zone are substantially lower with a minus of 4.2%. The slump in demand is expected to have a particularly strong effect on exporting countries such as Germany and Japan as well as raw material producers like Russia. These countries are facing a minus 6% in economic performance according to the IMF. The moderate increase of 1.6% in economic growth from the emerging markets will be unable to offset the 3.8% decline in the industrial countries, although IMF estimates indicate that China should continue to record a comparatively high increase of 6.5%. Since economists calculated the strongest declines for the first months of 2009, the 2008/09 financial year of the Zumtobel Group – which ended on 30 April – was hit by the full impact of these developments.

[2] Source – IMF forecast, April 2009

1.3 The Zumtobel Share

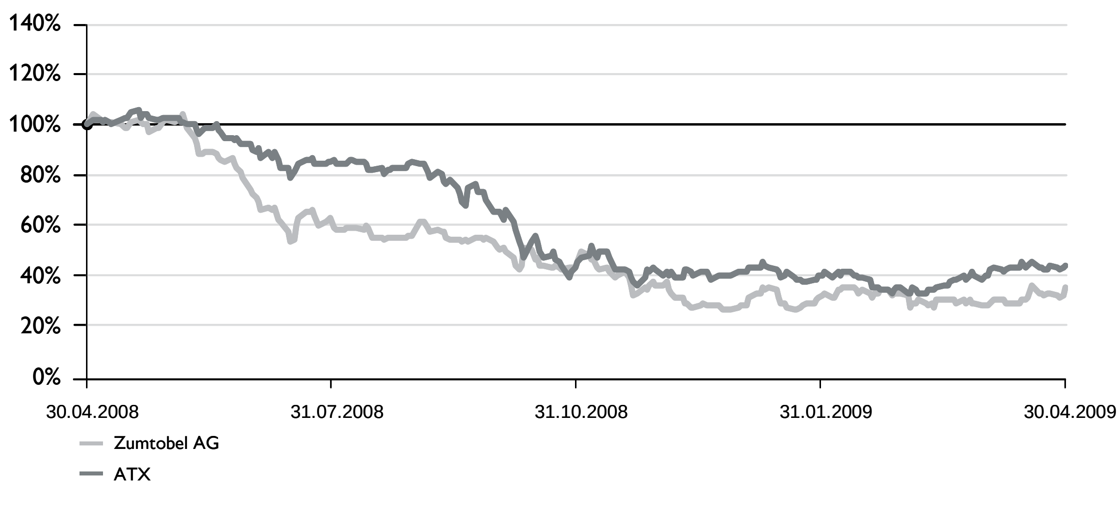
Austrian ATX loses more than half its value

The year 2008 may well go down as one of the weakest in stock exchange history. Capital market expectations of an approaching global recession triggered a sharp, across the board drop in share prices. During the reporting year for Zumtobel AG (1 May 2008 to 30 April 2009), key international indexes recorded a significant decline in value: for example, the EuroStoxx 50 (Europe) with minus 38%, the Dow Jones (USA) with minus 36% and the DAX (Germany) with minus 31%. The Vienna Stock Exchange was unable to detach from the unfavourable worldwide economic climate, and was also negatively affected by the reserved attitude of international investors towards Central and Eastern Europe – a region where Austrian companies, and above all Austrian banks, have substantial interests. The ATX (Austrian Traded Index), which also includes the Zumtobel share, consequently lost 57% of its value and closed the year with the worst performance since its creation. This downward trend affected small and mid-sized corporations to a larger extent because of their limited market liquidity.

Zumtobel share affected by weak capital markets

The Zumtobel share was also drawn into the downward spiral on global stock markets during 2008/09. In addition to the unfavourable climate on capital markets, growing weakness in the construction sector and related industries had a negative effect on the share's performance. The Zumtobel share reached an annual high of EUR 20.64 on the first trading day of the reporting year and remained near EUR 20 until early June 2008. However, fears of a global recession and worries over the downward adjustment of profit forecasts subsequently led to a sharp drop in the share price that continued with the spread of the financial crisis to the real economy. The Zumtobel share fell below the EUR 10-mark for the first time at the end of September and declined further to close 2008 at EUR 5.58. Significant investor uncertainty over developments on financial markets, and therefore also over the development of the Zumtobel share, was reflected in a price range of EUR 5.12 to 6.80 during the first months of 2009. A deterioration in the Group's operating indicators led to a downgrade in the company's rating by financial analysts. The Zumtobel share closed the financial year on 30 April 2009 at EUR 6.80, which represents a drop of 67% in 12-month comparison. Modest signs of recovery were noted on capital markets at the beginning of the 2009/10 financial year, which also benefited Zumtobel and supported a sound improvement to EUR 8.51 by the copy deadline for this annual financial report in mid-June.

Development of the Zumtobel Share



Position in leading Austrian ATX index confirmed

The market capitalisation of Zumtobel also reflected the decline in the share price. Based on an unchanged number of shares in year-on-year comparison (44.7 million shares of common stock), the company was valued at EUR 304 million as of 30 April 2009. Zumtobel ranked 18th in the ATX listing of the 20 most liquid shares in Austria based on trading volume. A ranking based on market capitalisation placed the share at position 20. The average daily turnover for the reporting period was 129,757 shares, compared with 153,795 in the previous year.

Key Data on the Zumtobel Share for the FY 2008/09

Closing price at 30.04.08	€ 19.64	Currency	EUR
Closing price at 30.04.09	€ 6.80	ISIN	AT0000837307
Performance FY 2008/09	(65.4)%	Ticker symbol Vienna Stock Exchange (XETRA)	ZAG
Performance since IPO	(66.8)%	Market segment	Prime Market
Market capitalisation at 30.04.09	€ 304 Mio	Reuters symbol	ZUMV.VI
Share price – high at 02.05.08	€ 20.49	Bloomberg symbol	ZAG AV
Ø Turnover per day (shares)	129,757	Datastream	O:ZAG
Free float	60.7%	Number of issued shares	44,704,344

Slight change in shareholder structure

The shareholder structure of Zumtobel AG changed slightly in comparison with the previous year. The majority of the shares are still held by institutional investors, primarily from the German-speaking and Anglo-Saxon countries. Company estimates indicate that the share of private investors remains under 10%. In mid-April 2009 the British insurance company Aviva plc. announced that it held 5.1% of the voting rights in Zumtobel AG. The stake held by the Zumtobel Family remains unchanged at 34.2%. Free float consequently equalled 60.7% at the end of April 2009. Following a share buyback programme that was carried out from 11 August 2008 to 18 December 2008, 4.5% of the company's shares are now held as treasury stock.

Investor relations more important than ever

Professional investor relations have had a high priority for the Zumtobel Group since the initial public offering. In keeping with our philosophy of fair disclosure, the provision of transparent information to all capital market participants at the same time has always been a focal point of our work in this area. The same approach applies even more in difficult market periods. We therefore organised a wide range of events for private and institutional investors as well as financial analysts in 2008/09. These activities again included a large number of presentations and road shows at key international financial centres like London, New York, Zurich, Frankfurt, Paris and Vienna. In addition, management held numerous conferences for institutional investors and analysts. As in the previous year, more than 200 one-on-one meetings and conference calls took place at the Management Board and investor relations level in 2008/09. The number of well-known Austrian and international investment banks that regularly report on the Zumtobel share and issue evaluations of the company rose from 10 to 12 during the reporting year with the introduction of coverage by HSBC and Deutsche Bank.

Contact Zumtobel AG: A wide range of important information on Zumtobel AG can be found on our homepage: *www.zumtobelgroup.com.* You can also contact our investor relations department directly:

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1.4 Significant Events since 30 April 2008

Acquisition in new areas of application

The acquisition of Space Cannon VH SRL, which was announced in April 2008, was consolidated as of 5 May 2008. Space Cannon is specialised above all in LED-based solutions for exterior, facade and event lighting.

New loan agreement safeguards long-term financing

On 12 June 2008 a five-year credit arrangement was concluded with a consortium of seven banks. This credit has a total volume of EUR 480 million: EUR 186 million were used to refinance existing liabilities, and the remainder of EUR 294 million is available for use at the discretion of the company.

Sale of former plant site in Spennymoor

A legally binding contract was signed with a British property developer on 8 December 2008 for the sale of the former plant location in the North English town of Spennymoor. The sale price totalled GBP 20.4 million and is payable in five annual instalments of GBP 4.0 million each; the first payment was received as agreed at the beginning of March 2009. The full payment of the purchase price is secured by way of legal charge over the property in favour of Thorn Lighting Limited. This sale represents the last major step in the "LITE" project, which was started in October 2006 to optimise the property portfolio of Zumtobel Group.

Conclusion of share buyback programme

Zumtobel AG concluded its share buyback programme on 18 December 2008. A total of 1,943,555 shares, or 4.35% of share capital, were purchased on the Vienna Stock Exchange during the period from 11 August 2008 to 18 December 2008 at an average price of EUR 8.91 per share. No further buybacks are planned for the time being.

Opening of new lighting plant in Spennymoor

Operations at the new lighting plant in Spennymoor started during February 2009. The new production building has 40,000 m² of space, and includes a lighting plant for the Thorn Brand and a components plant for TridonicAtco as well as a new customer and training centre (Thorn Academy of Light).

Shutdown of lighting plant in Curtici / RO

In April 2009 the Zumtobel Group announced its decision to close the lighting plant in Curtici / Romania as a reaction to the decline in demand that has resulted from the economic crisis. This shutdown will affect 180 employees. Production from the Romanian plant will be transferred to other Zumtobel lighting plants in Europe.

No other significant events occurred during the reporting period.

1.5 Related Party Transactions

Related parties include the Management Board and Supervisory Board of Zumtobel AG. As of the balance sheet date on 30 April 2009, there were no business relations with related parties.

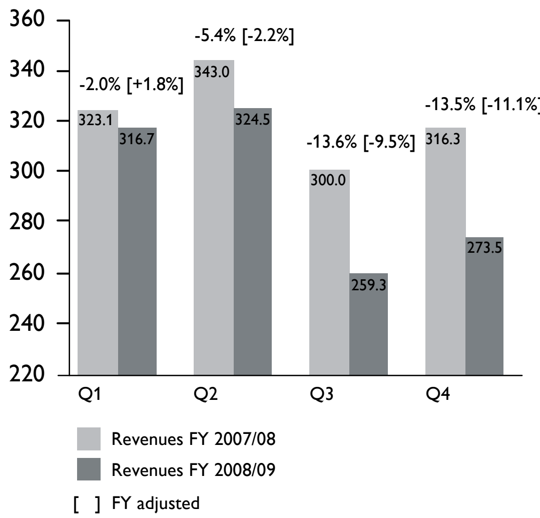
The Group has concluded supply and delivery agreements with associated companies and joint ventures, which reflect normal market conditions.

1.6 Review of Operations

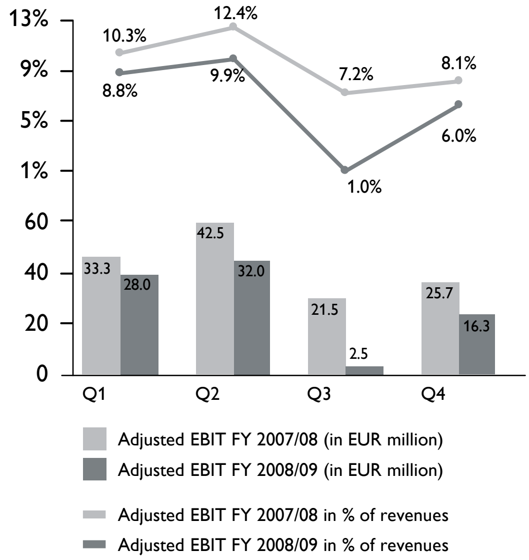
1.6.1 At a glance

The Zumtobel Group can look back on a period of two speeds during the reporting year, which parallel the development of the global economy. Group revenues for the full 12 months of 2008/09 fell 8.4% to EUR 1,174.0 million. After an adjustment for negative foreign exchange effects, Group revenues were 5.1% lower than in the previous year. Revenues for the first half of 2008/09 matched the high prior year level after an adjustment for foreign exchange effects, but the strong economic downturn during the second six months led to a drop in revenues and earnings. In the second six months revenues fell by 13.5% below the comparable prior year level and by 10.1% after an adjustment for foreign currency effects.

Revenues (in EUR million)



Adjusted EBIT



EBIT adjusted for special effects amounted to EUR 78.9 million in 2008/09 (first half-year EUR 60.1 million and second half-year EUR 18.8 million), which is roughly one-third less than the record prior year value. As a per cent of revenues, the EBIT margin adjusted for special effects equalled 6.7% (2007/08: 9.6%).

The difference between the two six-month periods is illustrated even more clearly by the development of EBIT after special effects. EBIT equalled EUR 57.4 million for the first six months, but the weak economy and necessary exceptional restructuring measures prevented a further improvement during the second half-year. EBIT after special effects totalled EUR 57.0 million for the full 12 months of 2008/09. Negative special effects equalled EUR 21.9 million, and were related above all to the implementation of personnel and structural adjustments to reflect the difficult operating environment. The first positive effects of these measures on the cost structure of the Zumtobel Group were realised during the second six months of the reporting year.

1.6.2 Revenues

>> Revenue decline of 5.1% after foreign exchange effects
>> Currency translation effects reduce growth by EUR 43.0 million
>> Both segments influenced by sharp economic downturn
>> All markets negatively affected by recession
>> 37.0% increase in revenues from LED-based products

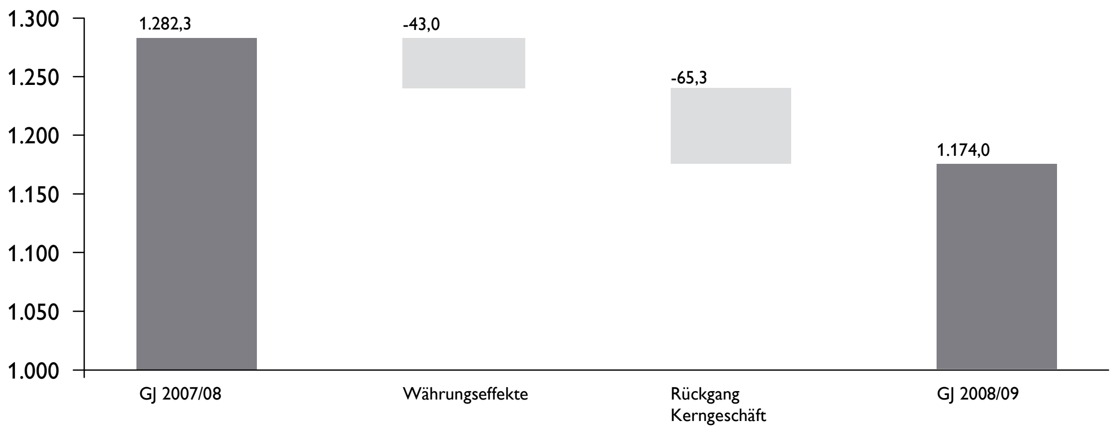
Revenue decline of 5.1% after foreign exchange effects

Revenues recorded by the Zumtobel Group in 2008/09 (1 May 2008 to 30 April 2009) fell by 8.4% to EUR 1,174.0 million (2007/08: EUR 1,282.3 million). This development was also influenced by negative currency translation effects of EUR 43.0 million, which represent 3.3% of revenues. After an adjustment for these foreign exchange factors, revenues declined by 5.1% in year-on-year comparison. Revenues adjusted for foreign exchange effects matched the high prior year level for the first six months of 2008/09, but the second half of the year was characterised by a notable slowdown in economic growth on all relevant markets for the Zumtobel Group. This situation was reflected in a decline of 10.3% in revenues adjusted for foreign exchange effects in relation to the comparable period of 2007/08

Currency translation effects reduce growth by EUR 43.0 million

These foreign exchange effects resulted from the strong rise in the value of the euro, above all in relation to the British pound (GBP) and the Australian dollar (AUD). The increase in the value of the euro – based on average monthly exchange rates for the year – led to a reduction of 17.6% or EUR 33.9 million for the British pound and 11.9% or EUR 8.9 million for the Australian dollar. Further negative effects resulted from a decline in the value of revenues recorded in the New Zealand dollar (NZD), Swedish krone (SEK) and several Asian currencies. These developments were only offset to a limited extent by positive effects from the Swiss franc (CHF), US dollar (USD), Chinese yuan (CNY) and a number of East European currencies. The total translation effect across all currencies was negative at EUR 43.0 million.

Umsatzentwicklung (in Mio EUR)



Lighting Segment affected by postponed and cancelled projects

The Lighting Segment was affected to an above-average degree by the above-mentioned currency translation effects in 2008/09 (EUR 31.8 million). Revenues fell by 8.2% to EUR 871.4 million for the reporting year (2007/08: EUR 948.9 million). After an adjustment for these foreign exchange effects, the decrease equalled 4.8%, and reflects a decline of 0.4% for the first half-year and 9.6% in the second half-year. The pace of the global economic downturn accelerated during the third and fourth quarters of 2008/09, and led to the increasing postponement or cancellation of ongoing projects as well as rising pressure on prices.

Components Segment affected by sharp downturn in lighting industry

The development of business in the Components Segment was negatively affected by EUR 11.2 million of foreign exchange effects in 2008/09. Revenues declined 8.7% (minus 5.8% after an adjustment for foreign exchange effects) to EUR 365.8 million (2007/08: EUR 400.4 million). After an adjustment for foreign exchange factors, growth totalled plus 3.0% for the first half-year and minus 15.5% for the second half-year. Growing market weakness during the third and fourth quarters led to a substantial decline in incoming orders. Lighting industry customers reacted to the drop in market demand and the unusual uncertainty over the future development of the economy with smaller orders and the reduction of inventories. In spite of the unfavourable economic climate, the substitution effect in the components business to technologically more sophisticated, higher priced electronic ballasts remained unchanged during the reporting year.

Segment development in EUR million	2008/09	2007/08	Change in %	FX adjusted in %
Lighting Segment	871.4	948.9	(8.2)	(4.8)
Components Segment	365.8	400.4	(8.7)	(5.8)
Other & Consolidation	(63.1)	(66.9)	5.7	-
Zumtobel Group	1,174.0	1,282.3	(8.4)	(5.1)

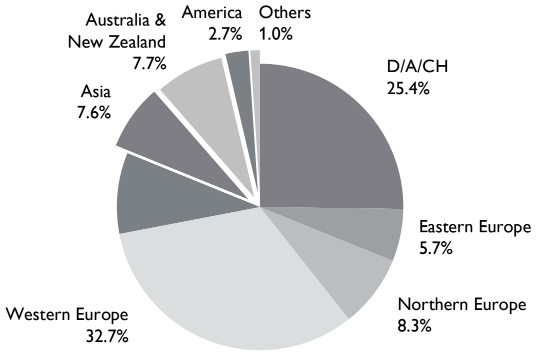
37.0% increase in revenues from LED-based products

In the area of future-oriented light-emitting diode (LED) technology, the Zumtobel Group was able to continue its growth during the reporting year. Revenues from LED-based products and solutions rose by 37.0% to EUR 50.6 million (2007/08: EUR 37.0 million), and by 26.3% after an adjustment for the acquisition of Space Cannon.

Development of revenues by region

2008/09	Revenues in EUR million	Change in %
D/A/CH	298.5	(3.4)
Eastern Europe	66.7	(1.8)
Northern Europe	97.5	(8.7)
Western Europe	383.5	(10.3)
Southern Europe	105.7	(18.6)
Europe	**952.0**	**(8.6)**
Asia	88.7	1.5
Australia & New Zealand	89.9	(16.3)
America	31.9	(10.2)
Others	11.5	5.5
Total	**1174.0**	**(8.4)**

Distribution of revenues



FX-adjusted revenue decline of 5.2% in Europe

The global recession has now spread to all European markets. Revenues recorded by the Zumtobel Group in Europe declined 8.6% to EUR 952.0 million for the reporting year (2007/08: EUR 1,041.0 million). This represents 81.1% of Group revenues for 2008/09. The decline in Group revenues compared with the previous year was also caused by negative currency translation effects of EUR 34.9 million, which represent 3.4% of European revenues.

All markets affected by recession

The D/A/CH region (Germany, Austria and Switzerland) registered a strong 7.4% decline in market demand during the second half of 2008/09, which represented a major factor for the 3.4% drop in revenues for the reporting year. The previous growth market of Eastern Europe was also unable to continue the positive development recorded in the first half-year (plus 6.3%), with revenues declining 1.8% for the reporting period. In Northern Europe, the stable development of revenues during the first six months was followed by a sharp two-digit drop during the second half of 2008/09. The development of business in Sweden was also negatively affected by a decline in the value of the Swedish krone (SEK) in relation to the euro. In Western Europe, market weakness in France (minus 4.6%) and the above-mentioned decline in the British pound (GBP) had a substantial impact on revenues as expected. This trend was signalled during the first half-year by an 8.0% decrease in revenues, which further deteriorated during the second half of the year. Excluding currency translation effects, the year-on-year development of revenues in Great Britain would have only been slightly negative. Southern Europe was also affected by the economic crisis during the first half-year. In particular, business in the Components Segment was negatively influenced by slower economic growth in Italy and Spain. Revenues in Southern Europe fell by 18.6% during the reporting year.

In Asia, revenues increased slightly (plus 1.5%) over the prior year level. The American region continued to suffer from the extremely weak operating environment in the construction industry, with revenues falling by 10.2% for the reporting year. Revenues in Australia/New Zealand declined 16.3% in 2008/09 – or by roughly 5% after an adjustment for the decrease in the value of the AUD and NZD in relation to the euro.

1.6.3 Earnings

>> Second half-year earnings strongly influenced by economic crisis
>> Efficiency improvement programme brings first positive results
>> Reduction of EUR 11.3 million in administrative and selling expenses
>> Significant special effects of minus EUR 21.9 million influence operating profit
>> Adjusted EBIT margin equals 6.7%
>> Improvement in financial results despite negative non-recurring effects
>> Profit before tax falls to EUR 29.3 million
>> Net profit totals EUR 13.3 million

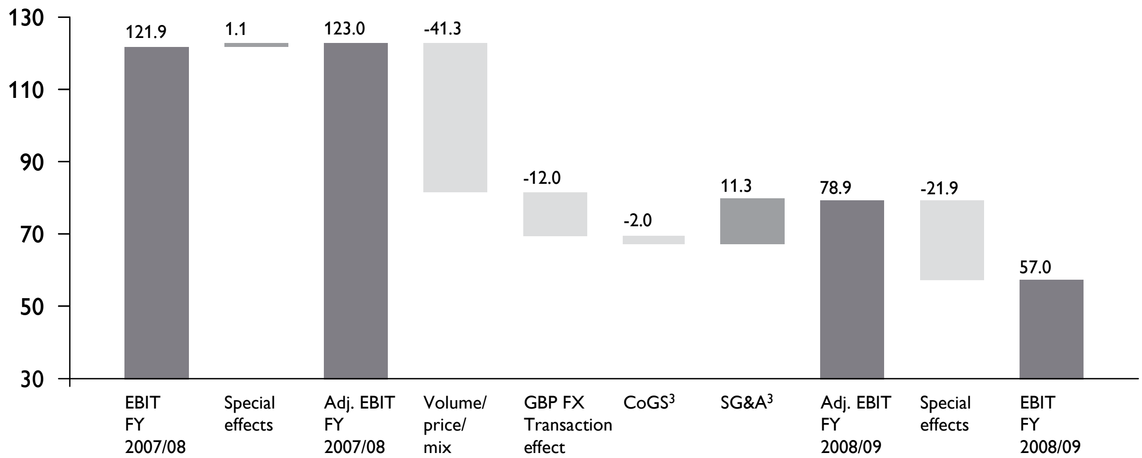
Income statement in EUR million	2008/09	2007/08	Change in %
Revenues	1,174.0	1,282.3	(8.4)
Cost of goods sold	(739.9)	(792.9)	6.7
Gross profit	434.1	489.5	(11.3)
as a % of revenues	*37.0*	*38.2*	
SG&A expenses adjusted for special effects	(355.2)	(366.5)	3.1
Adjusted EBIT	78.9	123.0	(35.8)
as a % of revenues	*6.7*	*9.6*	
Special effects	(21.9)	(1.1)	<(100)
EBIT	57.0	121.9	(53.2)
Financial results	(27.7)	(34.0)	18.3
Profit before tax	29.3	87.9	(66.7)
Income taxes	(6.3)	6.1	<(100)
Net profit for the year from discontinued operations	(9.6)	(0.5)	<(100)
Net profit for the year	13.3	93.5	(85.8)
Depreciation and amortisation	53.0	39.3	35.0
Earnings per share from continuing operations (in EUR)	0.53	2.09	(74.8)

Note: EBITDA amounted to EUR 110.0 million in 2008/09.

Second half-year earnings negatively influenced by economic crisis

The difference between the two six-month periods in the reporting year is illustrated even more clearly by the development of EBIT after special effects. This indicator equalled EUR 57.4 million for the first half-year, but failed to increase in the second half because of the weak economy and necessary exceptional restructuring expenses. For the full 12 months of 2008/09, EBIT after special effects totalled EUR 57.0 million. The high negative special effects were related above all to personnel and structural adjustments implemented in autumn 2008 to cope with the difficult operating environment.

Development of adjusted EBIT (in EUR million)



in EUR million	1st Half-Year	2nd Half-Year	Full year
EBIT 07/08	74.7	47.2	121.9
Special effects	1.1	0.0	1.1
Adjusted EBIT	75.7	47.2	123.0
Volume/price/mix	(9.6)	(31.7)	(41.3)
GBP FX Transaction Effect	(6.0)	(6.0)	(12.0)
CoGS	5.0	(7.0)	(2.0)
there of Expenditures for research and development	(2.5)	(3.3)	(5.7)
there of Depreciation	(1.3)	(1.5)	(2.8)
SG&A	(5.0)	16.3	11.3
Adjusted EBIT	60.1	18.8	78.9
Special effects	(2.7)	(19.2)	(21.9)
EBIT 08/09	57.4	(0.4)	57.0

Efficiency improvement programme brings first positive results

The gross profit margin fell by 120 basis points to 37.0% of revenues in 2008/09. The development of gross profit was negatively influenced – above all during the second half-year – by the substantial decline in revenues, significant negative effects from the increasing value of the euro and higher expenditures for research and development. The unfavourable year-on-year change in the GBP/EUR exchange rate was responsible for negative foreign transaction effects of roughly EUR 12 million alone on exports to Great Britain. Personnel expenses included in the cost of goods sold nearly matched the prior year level (2007/08: 14.5%), equalling 15.3% for the reporting year in spite of the significant decline in revenues. This positive

[3] GoGS = Cost of goods sold
SG&A = Selling, general and administrative expenses

factor was supported by a reduction of nearly 700 employees (including contract workers) in the production area. As a result of capacity adjustments, direct personnel expenses included in the cost of goods sold decreased in proportion to revenues. The material component of the cost of goods sold fell from 43.0% to 42.7% (or to 41.7% after an adjustment for the GBP currency transaction effect) due to lower prices for raw materials (e.g. aluminium, cooper and plastic) and foreign exchange hedges (e.g. to the USD) in the procurement area. Accordingly, the EBIT reconciliation shows gross savings of roughly EUR 6.5 million from the material and personnel components of the cost of goods sold in relation to the prior year. In contrast, research and development expenses included in the cost of goods sold rose by EUR 5.7 million to EUR 32.8 million (plus 21.1% in relation to 2007/08), while depreciation and amortisation increased by EUR 2.8 million to EUR 34.5 million. A large part of the higher development costs were invested in the expansion of LED activities.

EUR 11.3 million reduction in administrative and selling expenses

Administrative, selling and other expenses – adjusted for special effects – rose by 2.8% year-on-year during the first half of 2008/09 due to wage and salary increases mandated by collective bargaining agreements. However, the implementation of cost savings measures supported an 8.8% drop in administrative and selling expenses during the second six months compared with the same period in 2007/08. On an annual basis, the cost savings totalled EUR 11.3 million or 3.1% versus the prior year.

Significant special effects influence operating profit

Results for the 2008/09 financial year were influenced by significant special effects of EUR 21.9 million. The sale of the former plant location in the North English city of Spennymoor made a positive non-recurring contribution of EUR 17.4 million to EBIT (proceeds on sale less book value). This income was contrasted by restructuring costs of EUR 28.7 million for severance compensation and other expenses related to the "Excellerate" efficiency improvement programme as well as rationalisation measures resulting from the construction of the new plant in Spennymoor. Negative special effects recognised in 2008/09 also included impairment charges of EUR 6.5 million to goodwill (Atco Group Australia with EUR 4.7 million and Space Cannon with EUR 1.8 million) as well as a special write down of EUR 2.9 million that was related to the shutdown of the lighting plant in Romania.

The following table shows the adjustment of reported EBIT to reflect the above-mentioned special effects:

Adjusted EBIT in EUR million	2008/09	2007/08	Change in %
Reported EBIT	57.0	121.9	(53.2)
thereof special effects	(21.9)	(1.1)	<(100)
Adjusted EBIT	78.9	123.0	(35.8)
as a % of revenues	*6.7*	*9.6*	

Adjusted EBIT margin equals 6.7%

EBIT adjusted for special effects declined by EUR 44.1 million or 35.8% to EUR 78.9 million in 2008/09 (2007/08: EUR 123.0 million). This represents a year-on-year decline of 290 basis points in the return on sales to 6.7%.

Improvement in financial results despite negative non-recurring effects

Financial results improved by EUR 6.3 million in spite of the negative non-recurring effects to equal net expenses of EUR 27.7 million. Interest expense reflected the prior year level at EUR 22.6 million but, in contrast to 2007/08, includes non-recurring costs of roughly EUR 4.4 million for the premature refinancing of the loan contracted in 2001 to finance the Thorn acquisition as well as finance charges of EUR 1.7 million from the lease for the new plant in England. The remaining interest expense for 2008/09 equalled EUR 16.5 million (2007/08: EUR 22.6 million) and is comprised primarily of interest on current loans. Other financial income and expenses consist chiefly of valuation effects and totalled minus EUR 8.8 million (2007/08: minus EUR 15.7 million). Additional information on this subject is provided under section 2.5.4.5 of the notes.

Financial result in EUR million	2008/09	2007/08	Change in %
Interest expense	(22.6)	(22.6)	(0.2)
Interest income	2.1	4.4	(52.3)
Net financing costs	(20.5)	(18.2)	(13.0)
Other financial income and expenses	(8.8)	(15.7)	44.0
Profit/(loss) from associated companies	1.6	(0.1)	>100
Financial results	(27.7)	(34.0)	18.3

Profit before tax falls to EUR 29.3 million

Profit before tax fell by 66.7% to EUR 29.3 million in 2008/09, while current tax expense amounted to EUR 6.3 million. In contrast to the past two financial years, there was no partial reversal of valuation adjustments to deferred tax assets – which are related to tax loss carryforwards –in 2008/09 because of the lower level of earnings.

Net profit totals EUR 13.3 million

Results from discontinued operations totalled minus EUR 9.6 million. This position includes the effects of activities in the area of residential lighting that were discontinued as a consequence of the economic crisis (EUR 7.1 million) as well as a purchase price adjustment from a divestiture in an earlier financial year. Net profit (including minority interests) therefore declined substantially to EUR 13.3 million for the reporting year (2007/08: EUR 93.5 million). For the shareholders of Zumtobel AG, earnings per share from continuing operations (diluted on the basis of 43.6 million shares) equalled EUR 0.53 (2007/08: EUR 2.09 based on 44.8 million shares).

1.6.4 Economic position of Zumtobel AG and dividend

Function of Zumtobel AG

Zumtobel AG serves as the parent company of the Zumtobel Group, and provides corporate management and other services in its function as a strategic and financial holding company. These functions cover the areas of strategy and corporate development, human resources, accounting, taxes and legal, internal audit, insurance, treasury (including, among others, central financing and liquidity management for the Group), IT, corporate communications and investor relations. In addition, the company manages the majority of the properties owned in Austria. Zumtobel AG had no branch offices during the reporting year.

Individual financial statements of Zumtobel AG

Net revenues of EUR 34.7 million for 2008/09 (2007/08: EUR 32.7 million) include EUR 18.8 million (2007/08: EUR 16.6 million) of IT services, EUR 7.6 million (2007/08: EUR 7.6 million) of rental income and EUR 8.3 million (2007/08: EUR 8.5 million) of other services.

Operating profit declined EUR 2.0 million below the prior year level and was negative at EUR 4.6 million. Income from subsidiaries amounted to EUR 35.1 million compared with EUR 46.5 million in the prior year. A total of EUR 15.0 million was withdrawn from TridonicAtco GmbH & Co KG (the parent company of the TridonicAtco Division) in 2008/09 (2007/08: EUR 26.3 million). The distribution from Zumtobel Lighting GmbH, the parent company of the Zumtobel Lighting Division, equalled EUR 20 million as in the prior year. An impairment charge of EUR 23.6 million (2007/08: EUR 2.0 million) was recognised to the investment in Zumtobel LED Holding GmbH.

Net profit fell from EUR 32.4 million in the prior year to minus EUR 7.1 million, primarily because of lower income from investments in other companies. In connection with the refinancing of the acquisition credit, a repayment of EUR 61.7 million was made on the previous agreement and a new agreement was concluded for EUR 62.0 million.

Suspension of dividend to strengthen financial power

Zumtobel AG had retained earnings of EUR 29.2 million at the end of the 2008/09 financial year (2007/08: EUR 60.3 million). Against the backdrop of the difficult economic environment and general uncertainty over future developments, the Management Board and Supervisory Board of Zumtobel AG will ask the Annual General Meeting on 24 July 2009 to approve the suspension of the dividend and the retention of earnings to improve the financial power of the company. The Management Board and Supervisory Board have defined the strengthening of liquidity to safeguard the long-term development of the company as the top priority in this highly uncertain environment.

1.6.5 Seasonality, cash flow and asset position

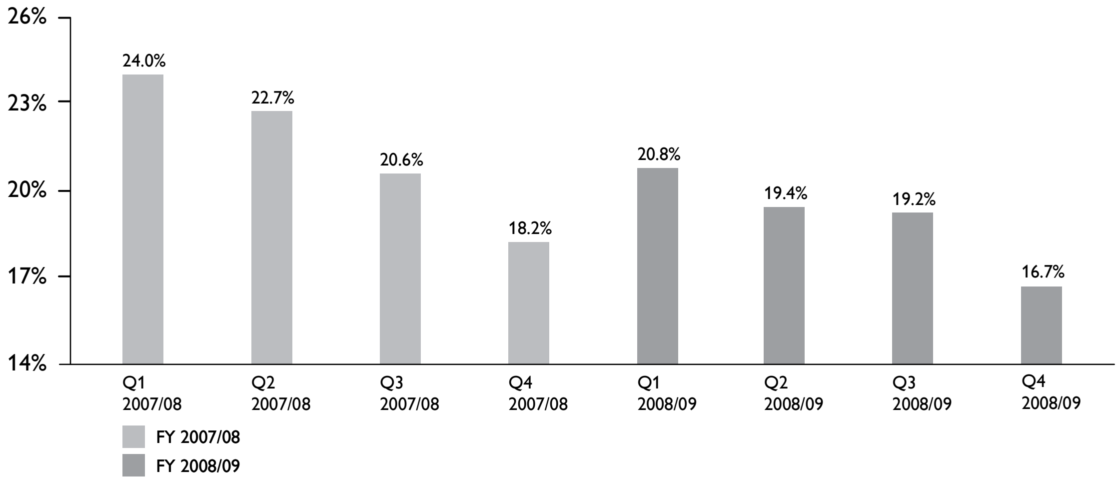
Strong seasonality shapes development of business

Independent of the economic crisis, the development of business in the Zumtobel Group is subject to strong seasonality: during the first half of the financial year (1 May to 31 October) the volume of business is higher because most construction projects are concluded during the summer and autumn and the installation of the lighting represents one of the last steps prior to completion. During the third quarter (1 November to 31 January), revenues are substantially lower as a result of the Christmas and winter break in the construction branch. In the fourth quarter (1 February to 30 April) the pace of business begins to accelerate once again. Earnings reflect the development of revenues, and are also subject to seasonality. As illustrated by adjusted EBIT, the third quarter shows a significantly lower level.

Positive development of working capital continues

The development of working capital again followed the seasonal pattern of business, rising during the first half-year in proportion to the higher volume of business, but declining gradually during the second six months. Expressed as a per cent of rolling 12-month revenues, working capital declined on an annual basis for the seventh quarter in succession to equal 16.7% of revenues as of 30 April 2009 (2007/08: 18.2%). This significant improvement released liquidity of EUR 26.8 million (2007/08: EUR 9.8 million). It was supported above all by a decline in trade receivables, which is also rel ated to an increase in factoring to EUR 49.0 million as of 31 April 2009 (2007/08: EUR 31.6 million).

Working capital as a % of rolling 12-month revenues



Operating cash flow declines 26.9%

Cash flow from operating activities totalled EUR 114.1 million for the reporting year (2007/08: EUR 156.0 million). The decline in comparison with the prior year resulted chiefly from the substantial drop in operating profit.

EUR 12.2 million increase in cash flow from investing activities

Capital expenditure in the Zumtobel Group amounted to EUR 64.7 million in 2008/09 (2007/08: EUR 66.0 million). In addition to maintenance and modernisation investments in buildings and production facilities (e. g. installations and equipment for the new plant in Spennymoor), capital expenditure also includes the production of tools for new products (approx. EUR 5.0 million) as well as EUR 13.1 million (2007/08: EUR 12.7 million) of capitalised research and development costs. Depreciation and amortisation in the Zumtobel Group, excluding special effects, totalled EUR 42.7 million (2007/08: EUR 39.3 million).

Cash inflows from the disposal of non-current assets equalled EUR 4.1 million (2007/08: EUR 11.6 million) and was comprised chiefly of the first scheduled instalment payment in March 2009 from the sale of the former plant site in Spennymoor. Additional funds of EUR 11.7 million were generated by the sale of financial assets. The decrease in liquid funds resulting from changes in the consolidation range was related above all to the acquisition of Space Cannon VH SRL.

Free cash flow declines to EUR 57.8 million

Free cash flow fell by nearly one-half from the prior year level of EUR 111.8 million to EUR 57.8 million because of the substantially lower cash flow from operating activities and higher cash outflows for investments. Cash outflows from financing activities were comprised primarily of the EUR 31.3 million dividend payment for the 2007/08 financial year (payment in 2007/08 for 2006/07: EUR 22.6 million) as well as payments of EUR 17.3 million related to the share buyback carried out in the first half-year and interest expense of EUR 17.4 million on financial liabilities. Cash inflows from financing activities resulted from an increase in borrowings. Net debt rose to EUR 163.5 million as of 30 April 2009 (2007/08: EUR 129.0 million) and exceeded the prior year value by EUR 34.5 million.

Stable liquidity position

A financing agreement concluded in June 2008 – which has a volume of EUR 480 million and a term of five years – gives the Zumtobel Group sufficient financial latitude. This agreement requires compliance with specific financial covenants, i.e. a debt coverage ratio of less than 3.5 and an equity ratio of more than 25%. These financial covenants were met in full as of 30 April 2009 with a debt coverage ratio of 1.49 and an equity ratio of 43.3%.

Balance sheet data in EUR million	30 April 2009	30 April 2008
Total assets	1,053.9	1,105.9
Net debt	163.5	129.0
Equity	456.0	514.2
Equity ratio in %	*43.3*	*46.5*
Gearing in %	*35.9*	*25.1*
Average capital employed	664.0	650.2
ROCE in %	*11.9*	*18.9*
Investments	64.7	66.0
Working capital	196.4	232.9
As a % of rolling 12 month revenues	*16.7*	*18.2*

Solid balance sheet structure

The balance sheet structure of the Zumtobel Group did not change significantly during 2008/09. The equity ratio decreased to 43.3% as of 30 April 2008 (2007/08: 46.5%). The main reasons for this decline were: lower annual net profit of EUR 13.3 million (2007/08: EUR 93.5 million), the dividend of EUR 31.3 million (2007/08: EUR 22.3 million) paid by Zumtobel AG, an increase of minus EUR 14.4 million in actuarial gains /

losses from the provisions for pensions and severance compensation and the repurchase of the company's shares for EUR 17.3 million.

Investments were financed from current cash flow and long-term debt. Gearing rose from 25.1% to 35.9% during the reporting year because of the increase in net liabilities.

1.7 Human Resources

Committed and motivated employees and managers represent a key factor for the success of a company, above all in difficult economic times. A group-wide corporate culture that is based on achievement, responsibility, openness and entrepreneurial spirit forms a sound foundation for the successful implementation of the necessary measures to master the economic crisis.

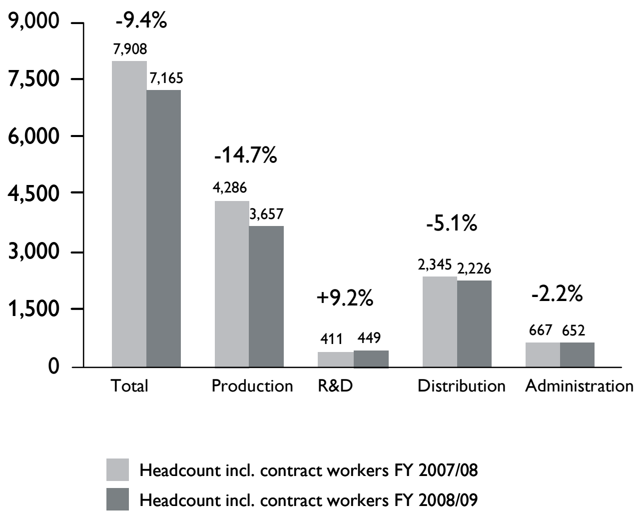
The economic crisis as a major challenge for human resource management in 2008/09

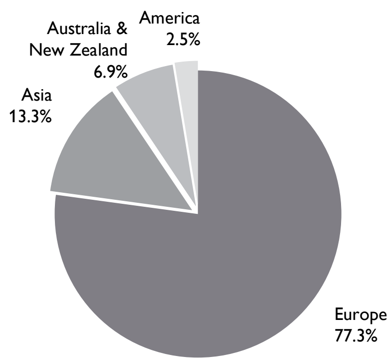
Crisis-related workforce reduction

As a result of the significant deterioration in the economic environment and the related effects on the Group, workforce reductions were carried out in many areas to adjust personnel capacity and costs to reflect the development of the market. The goal of these measures is to safeguard the long-term success of the Zumtobel Group and thereby protect the related jobs. The measures required to adjust the workforce were defined and implemented in close cooperation with employee representatives based on socially acceptable criteria. In order to protect as many jobs as possible, creative and flexible solutions for each location were developed in accordance with legal regulations and collective bargaining agreements. These measures include educational leave, state-supported qualification measures, reduced working hours, agreements to suspend employment and temporary reductions in working time.

The number of full-time employees in the Zumtobel Group fell by 743 year-on-year to equal 7,165 (including temporary personnel) as of 30 April 2009. This reduction was focused primarily on production and administration employees as well as contract workers (minus 38% to 124). In contrast, the number of employees in research and development rose by 38 (plus 9.2%). This increase reflects the Group's goal to also expand the outstanding technological position of the Zumtobel Group even in times of crisis. The distribution and development of the workforce by activity and region are shown in the following graph:

Breakdown by activity and region





Productivity and revenues per employee

The development of labour productivity reflected the substantially weaker operating results for the reporting year, declining from 32.6% in 2007/08 to 20.4% for 2008/09. Average revenues per employee (including contract workers) fell from EUR 162.500 to EUR 152.000.

Workplace safety

Further decline in work accidents

The issue of workplace safety again received high priority during the reporting year. The measures introduced at all plants in 2007/08 to reduce work-related accidents were continued and in some cases expanded in 2008/09. The reporting and analysis of near-miss accidents was introduced at a number of locations to increase the employee awareness for this subject. These activities led to a decline in work accidents throughout the Group; the TRI-rate (Total Recorded Injuries = number of work accidents based on one million work hours) showed the following development:

TRI Rate	2008/09	2007/08	2006/07
Lighting Segment	17.4	23.9	29.4
Components Segment	12.2	10.7	15.4

Training in the Zumtobel Group

The Zumtobel Group places high value on continuing education and training for its employees.

Training at in-house academies

The two in-house academies that were founded two years ago as an addition to the Zumtobel Academy of Light – the Thorn Academy of Light and the TridonicAtco Academy – further expanded their offerings during the reporting year. Experts from all relevant areas held brand-specific training courses for members of the sales force, which focused on the Group's products and applications as well as business processes. At the new plant in Spennymoor, a modern training centre was opened for employees with the Thorn Academy of Light. The programme that leads to qualification as a Zumtobel Lighting Solutions Consultant, which has already become a lighting industry benchmark for sales staff training, was further improved. In order to support the innovation strategy followed by the Zumtobel Group, an extensive training initiative was launched in the area of LED technology.

Apprenticeships and management trainee programme

The apprentice training programme operated by the Group for many years in Austria and Germany remains a key focal point of HR development. In spite of the ongoing economic crisis, apprentice training was continued at the same high level to safeguard access to the best trained specialists over the long-term. All apprentices are guaranteed a job with the Zumtobel Group after the completion of their programmes. First successes have also been realised from the international trainee programme that was started in 2006: all five trainees from the "second generation" were offered excellent positions with the Group after the conclusion of their 24-month programme.

Lean Six Sigma training initiative in Lighting Segment

In addition to the long-term local qualification improvement campaigns started in recent years (e. g. for production specialists at the largest lighting plant in Dornbirn), a Lean Six Sigma training initiative was launched at all European lighting plants. A total of 170 so-called Yellow, Green and Black Belts have now been trained in the Lean Six Sigma method, which focuses on sustainable quality, productivity and processes as a means of improving delivery times and reducing throughput cycles. This highly practice-oriented learning approach makes it possible to transfer solutions directly from the training courses into improvement measures at the plants.

Continuing education for the production employees at the Components Segment was also a focus of activities during the reporting year. In Austria, the Group utilised the state-supported educational leave programme to improve the qualification of production employees. In addition, the recruiting offensive for electrical engineering specialists was expanded to include intensified contacts with selected universities in Europe, practical training stays for Austrian students at European locations of the Zumtobel Group and increased participation at job fairs in Austria and other countries.

Executive development and succession planning

The Leadership Development Programme has made a successful contribution for many years to the identification of high potentials with exceptional personal and professional skills throughout the Zumtobel Group. These men and women are identified through a systematic annual process and subsequently coached as part of a comprehensive succession planning scheme. During the reporting year 70% of all upper level management functions in the Group were filled internally – which is 10% more than in the previous year.

Corporate Values and social responsibility

Identification of employees with shared values

Its Corporate Values underscore the commitment of the Zumtobel Group to customers and employees as well as to business excellence and integrity. The corporate Code of Conduct is based on these values, and also implements the guidelines of the Partnering Against Corruption Initiative (PACI). The latter was started by the World Economic Forum in Davos, which the Zumtobel Group joined in September 2004 as the first company from Austria. The Zumtobel Code of Conduct provides detailed regulations for the behaviour expected from employees in sensitive areas of business life e.g. in relation to the fight against corruption and zero tolerance against all forms of discrimination.

Worldwide employee satisfaction survey

An anonymous survey gave the employees in the Zumtobel Group an opportunity to rate their satisfaction with the working environment and also evaluate the realisation of Corporate Values in everyday working activities. These questionnaires were completed by 60% of the workforce. Excellent ratings were received in the areas of customer orientation and team orientation, while a potential for improvement was identified above all in the active promotion of educational and training measures. One reaction to these results was the development of mandatory training courses for all managers in the Zumtobel Group, which focus on providing effective support for employee training.

Integration of foreign employees

The integration of foreign employees and employees with migrant backgrounds is assisted by language courses that are held during and after working hours and paid for by the company.

Support for women and measures to help combine career and family

All plants have implemented measures to reintegrate employees who want to return to work after parental leave, which reflect and in some cases exceed legal requirements. Models for flexible working time and opportunities for working at home strengthen the compatibility of family and career. In addition, TridonicAtco offers subsidised day care at its largest plant in Dornbirn.

Support for handi-capped employees

In order to support employees with handicaps, the Group offers a vocational training programme in Austria for young people with learning disabilities. Specially supervised jobs are then made available to these young men and women after the completion of the programme.

Achievement-oriented corporate culture

Performance-based remuneration

In order to strengthen motivation and identification with corporate goals, key employees and members of the sales force receive remuneration that is comprised of fixed and variable components. The variable component of annual income is dependent on the fulfilment of individual and segment or corporate targets that are established together with the responsible manager at the beginning of the year.

Standardisation of performance management

The annual employee review meeting has served as a standard for individual career planning and the development of skills in the Zumtobel companies for many years, and forms the basis for a consistent performance management process. During the reporting period, an IT-based employee and manager self-service instrument was implemented for top management, mid-level management and technical specialists to standardise this process and improve its quality. The review discussions with employees cover performance over the past year in terms of expertise and behaviour as well as the definition of targets for the coming year and the preparation of a personal development plan.

Salesperson of the Year Award

The Sales Excellence project in the Lighting Segment was followed up with the implementation of a European management system that is designed to improve sales efficiency based on a comprehensive and sustainable approach. This management system guarantees consistent and transparent performance appraisal as well as the identification and development of potential in the sales force. Another incentive was formed by the introduction of the Salesperson of the Year Award, which recognises outstanding performance by sales staff in all European units as well as the best new sales talents. This award will be presented annually in the future.

1.8 Procurement

Procurement is viewed as a value-creating process in the Zumtobel Group, with product quality, price, supplier reliability, service and innovation forming the focal points of strategy. The Lighting Segment and the Components Segment pursue separate procurement strategies because their requirements are different. However, both segments follow a best-in-class approach in order to best meet their specific requirements and strengthen the competitive position of the Group.

1.8.1 Lighting Segment

Centrally coordinated procurement network

In order to optimally utilise the opportunities offered by the increasing globalisation of procurement markets, the procurement organisation was restructured at the beginning of 2009 and a centrally coordinated network was developed to replace the largely decentralised purchasing functions. This new organisational unit is responsible for the procurement of raw materials and other supplies as well as the related logistics. The most important groups of materials for the Lighting Segment are electronic components (e.g. ballasts), metals (e. g. aluminium, steel) and plastic granulate. The goals of activities in this area are to identify and realise synergies on the procurement market through coordinated actions between the local production facilities and headquarters. The compilation of individual orders into a larger single volume is intended to strengthen negotiating positions with suppliers and thereby reduce costs.

In order to intensify cooperation with key suppliers and support local procurement departments in the search for new sources, a central supplier pool and system for supplier evaluation and management were created. The Lighting Segment promotes quality improvement by maintaining long-term relationships with its most important suppliers.

1.8.2 Components Segment

Supplier integration and "lead buyer" approach

The procurement organisation in the Components Segment plays a key role in strengthening the competitive position of TridonicAtco. The most important materials for the Components Segment are electronic components, steel and copper wire. A flexible multi-sourcing strategy and the integration of suppliers as partners have lead to a reduction in costs and the optimisation of processes. Alternative suppliers guarantee maximum flexibility when there are fluctuations in demand, prevent dependency and lessen the risk of supplier bottlenecks. They also maintain a competitive position between equally qualified suppliers. The centrally managed bundling of procurement for most material groups ("lead buyer") improves the negotiating position with often globalised suppliers and also support a coordinated strategic process in the material group. The resulting economies of scale are reflected in a reduction of direct and indirect procurement costs.

The Components Segment has established a systematic global process for the evaluation and auditing of suppliers. Longstanding analysis systems support the implementation of measures for the joint development of suppliers. Based on the corporate values and the code of conduct, TridonicAtco requires its supplier chain to comply with social, quality and environmental standards. A supplier code forms a fixed element of auditing in this area.

In November 2008 TridonicAtco introduced a competition for the "Excellent Supplier Award" to recognise outstanding services from suppliers. This award will be presented annually in the future.

1.9 Environmental Protection

Energy efficiency and a sustainable approach to the consumption of natural resources are of great importance for the Zumtobel Group. This commitment is illustrated by the development of innovative and energy-efficient products and lighting solutions as well as environmentally friendly production operations that conserve resources. As a company with production facilities around the world, the Group respects internationally recognised quality and environmental standards. The Zumtobel Group meets all legal requirements for product certification (CE and ENEC mark certification schemes) and environmental protection, including major EU guidelines such as REACH (registration / thresholds for dangerous chemical substances), RoHS (thresholds for dangerous contents), WEEE (disposal of electrical and electronic equipment), directives on batteries/rechargeable batteries and ballasts as well as the Ecodesign guideline.

Focus of environmental protection

The production of luminaires and components requires comparatively little energy and a relatively low volume of water. The processes used by TridonicAtco to manufacture electronic components use no water at all. Environmental management in the Zumtobel Group plants is concentrated on the steady reduction of energy consumption, environmentally compatible packaging concepts and the avoidance of unnecessary packaging as well as the systematic separation and optimal recycling of waste. Additional focal points are materials and emissions, whereby the goals are to cut emissions as well as to minimise the use of legally permitted but still dangerous substances and/or to substitute safe alternative materials. For example, cables containing PVC are being systematically replaced by PVC-free cables in the production of luminaires. Emissions were also significantly reduced through the refitting of plants with state-of-the-art power laminating equipment.

Step-by-step ISO 14001 certification of all plants

The production processes in all Zumtobel Group plants are geared to the efficient use of resources and continually optimised in accordance with the Lean Six Sigma method. In order to ensure maximum quality and optimal protection of the environment, the Group has implemented internationally recognised management systems. With the exception of the two factories in the United States, all Group production plants have been certified in accordance with the ISO 9001 quality management standard. The Zumtobel Group is also targeting the successive certification of all its production facilities worldwide according to the ISO 14001 environmental management standard. Six plants are currently certified under ISO 14001 (2007/08: four plants),

Environmentally friendly transportation concepts

The transportation concepts in both segments are based on economic and ecological criteria and continuously optimised according to Lean Six Sigma principles. Carriers are selected, among others, according to environmental criteria and rail transport is given preference above all for deliveries in Austria, Switzerland, Slovenia and Croatia. Another important element of the transportation concept is the use of logistics systems. In Lighting Segment transportation is bundled through a so-called HUB system (a star-shaped transportation network with a central hub). A new double-rack system was implemented in 2008/09 to improve the loading of trucks, and led to a significant improvement in utilisation. The steady optimisation of the commissioning process has also increased the efficient use of transportation resources.

1.9.1 Lighting Segment

Environmental management

In the Lighting Segment, the plant in Landskrona / Sweden has been certified according to ISO 14001 for many years. The main lighting plant in Dornbirn / Austria was certified under this standard during the reporting year and also received the “Ökoprofit” seal from the Vorarlberg state government for the thirteenth time. In connection with this certification, the Lighting Segment issued worldwide guidelines for environmental protection, health and workplace safety. Similar audits are also scheduled for the plants in England, Germany and France during the 2009 calendar year.

2008/09 milestones for environmental protection

The recent opening of the new lighting plant in Spennymoor / Great Britain marked the most significant progress towards environmental protection in the production area. Alone the optimisation and streamlining of production processes reduced material flows by 42%. The plant's CO2-balance was also cut by roughly one-fourth with modern lighting solutions and a bio-mass warm water treatment plant. At the main Zumtobel plant in Dornbirn, activities continued to improve waste management: 95% of the total waste at this facility is now recycled, with the related proceeds totalling EUR 0.7 million for the reporting year. The remaining volume of waste has decreased from 125 tonnes to roughly 85 tonnes per year since 2000. An environmentally compatible cleaning station for tools was also installed at the Dornbirn plant during the reporting year, which substitutes more environmentally compatible materials for hazardous goods and also reduces the risk of fire.

Paper bale presses were installed at the plants in Usingen / Germany and Les Andelys / France to reduce the volume of waste and accordingly decrease the number of collection runs. The cabins and robots in the powder laminating aggregate at Les Andelys were also replaced, which led to a substantial reduction in the quantity of lacquer required. Waste management remained an important focal point of activities at the plant in Lemgo / Germany: this facility generated 447 tonnes of waste in 2008/09 and nearly reached the good prior year level. The slight increase resulted, among others, from inventory adjustments. The remaining volume of waste in Lemgo was cut by a further 2.5 tonnes to only 43 tonnes by the consistent application of a dual system.

1.9.2 Components Segment

Environmental management

The main TridonicAtco plant in Dornbirn has been certified according to ISO 14001 since 2004, and in 2008 was awarded the "Ökoprofit" seal by the Vorarlberg state government for the thirteenth time. In 2008/09 this plant also became the first in the Group to receive certification under the OHSAS 18001 industrial health and safety management standards. In connection with this certification, TridonicAtco transformed its existing environmental standards into a comprehensive policy for quality and risk management as well as environmental, workplace safety and health protection. The TridonicAtco electronics plant in Shenzhen / China received its first certification according to ISO 14001 in 2008/09. The connection technology plant in Innsbruck has been certified under ISO 14001 since 2007 and was named a sustainable company by Tyrol as part of this state's 2008 sustainability check. Plans also call for the certification of the electronics plants in Switzerland and Great Britain according to ISO 14001 in 2010.

2008/09 milestones for environmental protection

TridonicAtco also improved its overall environmental performance during the reporting year. At the main plant in Dornbirn, a Six Sigma project was launched to reduce energy costs. The initial results show a reduction of roughly 50,000 kWh in energy consumption during each of the first two monitoring months, which represent a monthly CO2-reduction of 7,200 kg. This project will be continued in 2009/10 because of its significant potential. Activities at the electronics plant in Dornbirn focused on the reduction of noise emissions and soldering waste. A new baling press in the waste storage area makes it possible to press discarded boxes at any time without creating disturbing noise for neighbouring residents. A further advantage of this new equipment is that the pressed carton bales can be sold without further processing. The investment in a new monitoring system and dross separation aggregate led to a reduction of 5,180 kg (= 29%) in soldering waste.

At the electronics plant in Ennenda / Switzerland, extensive improvements to the value-added chain resulted in a 38.7% drop in production waste. This plant was also able to reduce the waste from wave soldering by 68% as part of an improvement project. The two magnetic plants in Fürstenfeld / Austria and Melbourne / Australia cut material requirements (lacquer and styrene) by a total of 100.4 tonnes by converting the impregnation process. A new groundwater well was built at the TridonicAtco plant in Innsbruck, which will expand groundwater cooling to the entire production area and thereby eliminate the need for expensive and energy-consuming air conditioning with electricity and municipal water sources. Moreover, the new well will complete the water cycle that also heats the warehouse.

The optimisation of packaging concepts represented the focal point for LED production at Ledon in Jennersdorf: The packaging of LED chains was converted from plastic foils to cartons, and the packaging of special order products for customers was in part converted to returnable or recycled coverings.

1.10 Research and Development

Key data on research and development

Expenditures for research and development (R&D) include expenses recognised to the income statement as well as capitalised development costs. In accordance with its goal to also expand the outstanding technology position of the Zumtobel Group even in less favourable economic times, expenses for research and development were increased by 15.7% to EUR 47.6 million during the reporting year. Energy efficiency and LED remain the primary focal points of R&D activities in the Zumtobel Group. The significance of R&D and the Group's innovation culture is also reflected in the number of employees working in this area, which rose from 5.2% to 6.3% of the total workforce in 2008/09.

Expenditures for research and development in EUR million	2008/09	2007/08	Change in %
R&D through P&L	34.5	28.4	21.5
Capitalised R&D	13.1	12.7	2.9
R&D total	47.6	41.1	15.7
as a % of revenues	*4.1*	*3.2*	
Headcount (full-time equivalent) Research and development	449	411	9.2

1.10.1 LED technology

High expertise in white LED light

LED's (light-emitting diodes) are small, very strong lighting points with high energy efficiency and a long service life. From a technological standpoint, the Zumtobel Group positions its products with a clear focus on white light conversion and high-efficiency white LED light sources for professional lighting. The development and production of innovative LED modules and components for both the Lighting Segment and the Components Segment is managed primarily by Ledon Lighting GmbH, a member company of the Zumtobel Group. In 2008/09 Ledon developed and patented LED light engines that generate white light with maximum colour consistency and homogeneity, even in applications that include highly bundled optics. These LED modules can be integrated in luminaires and provide a lighting flux of over 1,300 lumens in a narrow light beam. The first products to utilise this technology are the Zumtobel TEMPURA, ARCOS and VIVO spotlights. A further technological innovation was realised with new LED modules that permit the variable selection of specific white colour temperatures ranging from warm white (2,700 Kelvin) to cold white (8,000 Kelvin) and at the same time operate with maximum efficiency.

Marketable products developed from project solutions

Media facade project solutions that were originally designed to meet specific customer requirements were developed into marketable standard products during the reporting year. HEDERA, an LED lighting module with a wide range of colour and lighting options, is well suited for functional and decorative applications. HILIO is the name of an LED lighting line with a very small diameter, which is suitable for the architectonic design of lines, corners and edges. Its capabilities were demonstrated in an impressive manner at the African Expo pavilion in the Spanish city of Saragossa. CAPIX is an adjustable LED chain that uses intelligent controls to design colours and effects and also permits the display of videos.

Strengthening of strategic cooperation with CREE

In order to further expand the range of innovative LED products, the Zumtobel Group intensified the cooperation with the leading US LED-chip producer CREE that was started in spring 2008. These two companies have signed a cooperation agreement that allows the Zumtobel Group to adapt a technologically innovative CREE downlight for the European market and to sell this product in Europe and selected export regions exclusively under the Zumtobel and Thorn brand names. The Zumtobel Group will therefore be in a position to market LED luminaires with new and unique technological properties. Furthermore, the existing strategic cooperation gives the Zumtobel Group continued access to the most efficient high-performance chips, and represents a good complement to the strategic partnership with the Japanese chip manufacturer Toyoda Gosei in the low and middle performance segment.

1.10.2 Lighting Segment

Focus on energy-efficient solutions

R&D activities in the Lighting Segment focused primarily on the use of LEDs in general lighting, on energy-saving control gear and on high-quality lighting management systems. A total of 55 new patents were registered during the reporting year.

Expansion of LED luminaire portfolio for both brands

The Zumtobel and Thorn brands now include downlights and spotlights with LED modules. The portfolio is rounded out by two downlight series – CRAYON for the Zumtobel brand and BASELED for the Thorn brand – both of which are based on CREE technology.

Existing luminaire lines such as the Zumtobel Mello Light and the Thorn MENLO were optimised to further enhance their efficiency. The resulting significant energy efficiency improvements will allow for extremely short amortisation periods on replacement investments.

New high-bay reflector luminaires with fluorescent lamps were developed for both brands, which will complement the existing high-pressure lamp product lines. These luminaires make it possible to adjust artificial lighting as needed and according to the time of day, and thereby support notable energy savings in the area of industrial lighting. This benefit will be supported by a longer service life and related longer replacement intervals for the luminaires.

Increase in innovation leadership

ECOOS, a Zumtobel brand product, was developed primarily for applications in schools and offices. It is a high-efficiency prism luminaire with sophisticated lighting technology and a completely transparent housing that can direct light not only to the task area on the workplace but also onto walls and ceilings. This luminaire creates balanced and highly efficient lighting in a room with only a single product.

Stronger competitive position for Thorn

Work also continued to modernise the exterior lighting portfolio. The development of the PLURIO lighting series and the LIBERTY floodlight programme for the Thorn brand was concluded. In addition, the QBA and CONTRAST floodlight product lines were expanded to include LED-based models. The ALUMET programme was extended to include models that make it possible to set lighting accents in urban areas with spotlight effects.

Modern light management systems are essential for the energy-efficient use of luminaires. This requirement is reflected in the further development of the high-quality LITENET system, which is intended for large buildings and can be integrated into building controls. Another line of products that meets this criterion is DIMLITE with its simple "plug and play" system for smaller applications, which allows for the control of various lighting elements and is compatible with attendance und daylight sensors.

The interactive VIVALDI visualisation software is a tool that supports the Humanergy Balance lighting concepts and makes energy efficiency and lighting quality visible and measurable for planners, architects and customers. The new Lifecycle Cost Calculator enables users to compute economic efficiency, while an energy chart provides information on energy consumption and CO_2 emissions.

1.10.3 Components Segment

Development focused on energy efficiency

R&D activities at TridonicAtco were concentrated on energy-efficient and environmentally compatible lighting technology in 2008/09. This focus is underscored by the registration of 60 new patents during the past financial year.

Continued roll-out of new processor technology

"xitec", a processor technology developed by TridonicAtco, bundles nearly two decades of experience and development know-how in dimmable and non-dimmable ballasts. The impressive results are a high degree of integration and a wide range of innovative functions for intelligent luminaires and light management. This technology is used exclusively in the TridonicAtco product lines and supports the development of future-oriented, intelligent control gear with high functionality and energy efficiency.

TridonicAtco continued its programme to convert the entire portfolio of electronic control gear for fluorescent lamps, high-pressure lamps and emergency lighting units to the new "xitec" processor technology. Innovative properties such as space-saving housings, optimised lamp operations in emergency modes, efficient battery controls and preventive protection measures create a wide range of benefits for users of emergency lighting.

Improved thermal management cuts energy loss

In the area of non-dimmable ballasts for linear fluorescent lamps, TridonicAtco completed the modernisation of its low-cost line of standard products for individual power stages. Energy efficiency played an important role in this process, and improved thermal management led to a reduction in energy loss.

New ballast family for multi-lamp operations

A new line of ballasts for multi-lamp operations was launched in autumn 2008. It provides even greater user benefits and significantly streamlines the ballast product line. The reduced number of devices will create numerous advantages for customers: wholesalers and lighting producers will be able to streamline their component and lighting stocks, since luminaires with multi-lamp ballasts can be outfitted with different lamps of the same length. Planners, operators and facility managers will also gain added flexibility because the lighting intensity can be adjusted accordingly if the use of the object changes or there is a turnover in tenants.

The range of control gear for high-pressure lamps was expanded to include a completely new product line as well as new exterior lighting with up to 250W. The key features include reliability and energy efficiency as well as compact dimensions, low weight and outstanding lamp management.

LED module for advertising and signage

The colour properties of the successful SIGNAGE product line for advertising lighting were modified to supply even better colour homogeneity between the individual fluorescent letters. Colours that can be specifically matched to meet customer requirements are a unique selling property of the TridonicAtco Division, and provide optimal energy efficiency in use. The product line was also improved with the introduction of more robust housings that offer greater protection against dirt and moisture, and thereby permit applications under more difficult conditions.

LED module for showcase lighting

The LED TALEXX engine line, which was designed for applications in the shop and retail sector, was expanded to include a special product for the refrigeration and freezer segment. This series represents an alternative to fluorescent lighting in refrigeration units, shelves and freezers with temperatures up to minus 40°C. The product line in standard white tones (daylight, neutral and warm white) will be enlarged to include specific colours that are especially well suited for the presentation of items such as meat, cheese or salads.

"Corridor" function installed in all dimmable ballasts

In the area of light management solutions, a "corridor" function was added to all dimmable control gears. This function extends the properties of attendance-controlled lighting systems to provide added benefits for energy efficiency, security and comfort in a wide range of applications.

1.11 Significant Events after the Balance Sheet Date

Extensive cross-licensing agreement with Philips

The Zumtobel Group and the Dutch Royal Philips Electronics signed an extensive worldwide cross-licensing agreement in May 2009 for current and future patents in the areas of lighting technology and solid state lighting. In particular, the agreement covers driver and control technologies for changing intensity and colour of conventional and solid state lighting systems. As a result of this agreement the Zumtobel Group with all its brands becomes a qualified supplier under the Philips LED-based luminaires licensing programme. One immediate benefits of this status is that customers of the Zumtobel Group's OEM brands will be exempted from paying royalties to Philips.

No other significant events occurred after the balance sheet date.

1.12 Risk Management

Systematic approach for the early identification of opportunities and risks

The Zumtobel Group is well aware that an appropriate risk management system – as well as an internal control system – represents an important factor for maintaining and expanding its competitive position. Risk management in the Zumtobel Group covers the direct interaction and handling of risk to protect the asset, financial and earnings positions of the Group and to support the identification of opportunities and the evaluation of entrepreneurial decisions. The goal of risk management is to identify risks and opportunities at an early stage through a systematic approach, and thereby permit the implementation of suitable measures to deal with changes in the operating environment. Risk management in the Zumtobel Group is an independent strategic process that forms an integral part of operational management. The basic instruments for the monitoring and management of risks are standardised planning and controlling processes, Group guidelines, regular reporting and the internal control system (see section 1.13).

Risk management based on recognised best practices and standards

The Corporate financial analysis and risk management department, a part of Group controlling at the corporate headquarters, is responsible for the continuous development of risk management processes as well as the coordination of Group-wide risk management and risk monitoring. The risk management system used by the Zumtobel Group is closely linked to corporate controlling processes and the internal control system. The underlying framework for these two systems is formed by the COSO[4] model for "Enterprise Risk Management – Integrated Framework" (COSO II, 2004), an internationally recognised guideline for risk management and internal control. Activities in 2008/09 focused on the further development of risk management processes in connection with the integration of new companies and fields of business as well as the analysis of the possible effects of the financial crisis on the economy and thereby on the performance of the Zumtobel Group.

Reporting plays a central role in the monitoring and management of economic risks. The managers of the operating units provide the Management Board with regular information on the current and expected development of business as well as the existing risks and available opportunities. The Supervisory Board is also regularly informed of the major risks faced by the Group. In addition to the monthly financial report, a performance and risk report analyses the critical success factors for the segments and the Group.

[4] COSO = Committee of Sponsoring Organizations of the Treadway Commission (www.coso.org)

Effectiveness of risk management

The tools used by the Group to identify and evaluate risk are continuously improved and developed with the support of internal audit and the auditor. The auditor of the consolidated financial statements evaluates the effectiveness of risk management at Zumtobel each year in accordance with Rule 83 of the Austrian Corporate Governance Code and reports to the Supervisory Board and Management Board on the results of this analysis.

The opportunities for the Zumtobel Group are described extensively in section 1.1.3. The major risks and possible countermeasures are described in the following sections:

1.12.1 Market and competitive risks in the lighting industry

Economic crisis and strong cyclical patterns

The Group's regional sales markets are heavily dependent on the development of the construction industry, which is exposed to strong cyclical fluctuations. The global economic crisis represents the most significant risk for 2009/10 because it could lead to delays in the processing of current orders as well as the postponement or cancellation of ongoing projects. Additionally, new construction projects could also be postponed for an indefinite period or cancelled, e. g. due to a lack of bank financing. However, it is now too early to precisely estimate the possible effects of the economic and financial crisis on the 2009/10 financial year. The management of the Zumtobel Group has implemented an extensive range of measures to counter the effects of the economic crisis on revenues and earnings. The measures announced to date and additional programmes are intended to adapt the overall cost structure as quickly as possible to meet the challenging market conditions.

Furthermore, the intact growth drivers for the Zumtobel Group – product innovation with a focus on energy-efficient lighting and the potential of LED technology – will make it possible to in part soften the substantial decline in demand.

Danger to market position

The Group works to prevent the weakening or loss of its leading position on the core European market in particular through innovation and the optimisation of products, designs and production processes.

Consolidation in the industry

The lighting sector in Europe is highly fragmented. The ten largest luminaire producers cover roughly one-third of the market, while the remaining two-thirds are served by nearly 800 suppliers. The Zumtobel Group has a solid balance sheet structure that is based on a low level of debt, which basically provides the necessary financial flexibility for strategic steps.

Technology shift through LED

Technological changes, especially through the introduction of LED as a lighting source, could encourage new competitors to enter the market and possibly accelerate the consolidation of the industry. Zumtobel is an active participant and a key player in LED technology and research. From a technological standpoint, the Group positions itself with a clear focus on the conversion of white light and high-efficiency LED lighting sources for professional applications. In May 2009 the Zumtobel Group and the Dutch Royal Philips Electronics signed an extensive worldwide cross-licensing agreement for current and future patents in the areas of lighting technology and solid state lighting, which will further expand the outstanding technological position of the Zumtobel Group.

Risks in personnel management

A lack of specialised personnel, especially in research and development, could endanger the successful pursuit of a company's strategy over the long-term. This risk has been moderated somewhat by the current economic crisis, but will certainly increase again with a possible upturn. In order to ensure the availability of this necessary expertise, Zumtobel places high value on training and continuing education for employees. This goal is met through the creation of internal academies as well as external training programmes. The Group offers specialists and managers in all areas qualified opportunities to strengthen their know-how and acquire new skills. Personnel development forms an integral part of the Group's strategy. Moreover, Zumtobel is committed to the goal-oriented and performance-based payment of employees.

1.12.2 Business risks/sales/production

Dependency on business partners and opinion leaders

Access to a global network of opinion leaders and decision-makers is an important success factor in the project business. Zumtobel uses highly qualified sales and marketing teams that have been trained in internal academies to provide optimal service for this network. Training courses for customers form an additional part of the customer loyalty process. Zumtobel has also established an excellent technological network with research institutes and universities, which allows the Group to remain on the cutting edge of technology and actively participate in the creation of technological and design-oriented trends. This is reflected in the substantial expansion of research and development activities.

IT risk

The Group uses state-of-the-art hardware and software and has concluded appropriate maintenance contracts to minimise IT risk. In addition, firewall and virus protection software have been installed as a precaution against attacks by IT hackers. IT systems are protected by a modern high-security computing centre as well as a back-up facility that operates in a so-called "hot stand-by" mode in accordance with the latest technology. In order to ensure that the Group's information technology always meets the demands of the business, IT management has developed a wide range of procedures, guidelines and measures. These processes and procedures are evaluated at least once each year, and adjusted whenever necessary. The routine replacement of hardware and software minimises the risk of breakdown and loss of data. Databases are scanned continuously by anti-virus software and stored on a regular basis.

Political risk

The Zumtobel Group operates in a global business environment, whereby its activities are focused on the core markets of Central Europe, Australia and the USA as well as those markets in Asia that are currently viewed as secure. Investments in property, plant and equipment are also concentrated in these regions, which generally minimises the risks connected with the expropriation of assets, the transfer of capital, war and the like. In other countries the Group operates primarily through agency contracts or is not active at all. The analysis of investment projects also includes an assessment of the political risk at the target location.

Procurement risk

The declining global demand for raw materials, which was in part triggered by the economic crisis, led to a reduction in the prices for key materials used by the Zumtobel Group – e.g. aluminium, copper and steel – during the past financial year. This situation has created short-term opportunities for the reduction of costs, and renewed price increases are not expected before the end of the recession.

The central coordination of procurement for key raw materials and supplies can create a stronger position in negotiations with suppliers through the resulting larger purchase volumes. Long-term supply contracts are used to improve coordination with supplying companies. Copper prices are hedged on a rolling basis through futures. Changes in material prices are passed on proportionately to customers whenever possible. The risk of dependency on major suppliers is minimised with worldwide procurement activities, long-term contracts for critical raw materials and the continuous optimisation of the supplier portfolio.

The Zumtobel Group is well known as a supplier of quality products, and sets the same high standards for its suppliers. Regular audits of supplying companies and the inspection of incoming goods help to identify quality risks at an early point in time and allow the Group to implement appropriate measures. Professional communication and cooperation with suppliers makes it possible for the Group to identify and eliminate possible risks.

1.12.3 Asset risks

Damage to assets

A policy that calls for regular maintenance and replacement investments reduces the risk that technical defects will interrupt production. Investments in key equipment are linked to maintenance contracts. In accordance with the above-mentioned criteria, suppliers are also selected with a view to establishing long-term relationships.

A resident fire brigade at the main production locations as well as the regular review of technical safety standards by external experts substantially minimises the risk of damage and business interruption. In addition, the Zumtobel Group has concluded comprehensive all-risk insurance, which will generally provide compensation for damage to assets. Risk management also works closely with the insurance department to identify other risks that can be insured and arrange for the appropriate coverage.

The Group is currently working to successively achieve a "high protected risk status" at all major production locations, e.g. through the installation of sprinkler systems.

Valuation of finished goods

The valuation of inventories also incorporates turnover rates, with measurement reflecting the principle of prudence.

1.12.4 Pension risks

The Zumtobel Group companies in Germany, Great Britain, Sweden, Norway and Switzerland have implemented defined benefit pension plans. The obligations remaining after the deduction of plan assets are recognised as a provision. As of 30 April 2009 plan assets were comprised of international stocks (33%), fixed-interest securities (42%), alternative investments (14%) and cash and cash equivalents / real estate (11%). The net liability resulting from these pension obligations rose from EUR 35.8 million in the prior year to EUR 47.4 million as of 30 April 2009. The amount of the provision for pensions is dependent primarily on the market value of the invested assets, but also on the development of wages and salaries, life expectancy as defined in current mortality tables and the discount rate. The largest pension plan (Thorn Lighting Ltd., Great Britain) was closed for new registrations at the end of the 2008/09 financial year, which limits the related risk to past obligations. Additional details on this subject are provided in the notes under section 2.5.5.16.

1.12.5 Product liability risks

These risks represent regress claims arising from quality defects, which could be the result of errors in product development or production. Quality assurance systems monitor compliance with the Group's internally defined, high standards for product quality. The Group has also concluded product liability insurance to provide coverage for related claims.

1.12.6 Legal risk

Legal risks can arise from changes in labour laws, political risks or legal disputes as well as from changes in environmental regulations.

The legal department of the Zumtobel Group regularly reviews the legal framework in the major regions where business activities are carried out and also monitors all pending proceedings in order to take suitable actions on a timely basis.

1.12.7 Financial risks

Financial risks are caused by fluctuations in interest rates, foreign exchange rates and commodity prices as well as liquidity risks (also see section 2.5.9 of the notes).

Market risk

The Zumtobel Group is exposed to a variety of financial risks because of its global operations. This risk is limited where possible through the regular monitoring of developments in areas considered to be at risk as well as the use of derivative instruments. Group guidelines provide clear instructions for the interaction with risk. These guidelines are reviewed regularly by the Management Board, and any necessary adjustments are made and submitted to the Supervisory Board for approval. The Group guidelines were last reviewed in January 2009.

The Group treasury and risk management departments are responsible for the identification and assessment of these risks. Necessary measures, such as the use of derivative financial instruments, are implemented under the direction of the Management Board in accordance with the guidelines approved by the Supervisory Board.

The Zumtobel Group installed a treasury management system in 2007/08 to describe, execute and evaluate all trading activities. This system was expanded and finalised during the reporting year.

Liquidity risk

A financing agreement concluded in June 2008 – which has a volume of EUR 480 million and a term of five years – gives the Zumtobel Group sufficient financial latitude. This agreement requires compliance with specific financial covenants, i.e. a debt coverage ratio of less than 3.5 and an equity ratio of more than 25%. These financial covenants were met in full as of 30 April 2009 with a debt coverage ratio of 1.49 and an equity ratio of 43.3%. The Group uses a cash pooling system to improve the effectiveness and efficiency of liquidity management, and also cooperates only with systemically relevant financial institutions. The significant spread of the economic crisis could endanger the performance of the Group and, as a consequence, compliance with these covenants. The deterioration of financial indicators would also lead to an increase in the credit margin on bank liabilities. A change of 100 basis points in the interest rate on variable interest bank liabilities would lead to an increase / decrease of roughly EUR 1.1 million in interest expense on the income statement.

Interest rate risk

The interest rates on existing bank liabilities are variable. In order to reduce the volatility in interest expense, the Group has concluded interest rate swaps for roughly one-third of these liabilities (EUR 62.0 million). The interest rate swaps carry a fixed interest rate of 3.35% and have a term extending to June 2013.

Foreign exchange risk

The hedging policy currently in use was approved in 2005, and evaluated and revised in January 2009. The main changes involve the time limits for hedges and the timing of decisions on the conclusion of hedges. The foreign exchange risk arising from operating transactions concluded in currencies other than the euro is hedged primarily through forward exchange contracts. In these cases, the planned net foreign currency position for a period of two to three quarters is hedged on a rolling quarterly basis. This method leads to a relatively constant volume of hedges, and therefore smoothes foreign exchange exposure. Translation risk is not hedged. The most important currencies for the Group are the EUR, GBP, USD, AUD and CHF. The increase in the value of the euro will most likely create a further negative transaction effect in 2009/10, above all because the GBP and AUD are not expected to return to the favourable exchange rates that were hedged in 2008/09. The Group expects a total negative transaction effect of approx. EUR 20.0 million and a corresponding impact on earnings for the 2009/10 financial year.

1.12.8 Credit risk

The default risk associated with trade receivables is largely limited by credit management monitoring processes and appropriate merchandise credit insurance (also see section 2.5.9.1 of the notes). There was no material deterioration in the payment behaviour of customers during 2008/09. However, increased caution on the part of credit insurers has been noted. In cases where coverage has been reduced or rejected by credit insurance companies, the Group carries out a careful risk assessment and, if necessary, sets its own limits after an internal approval procedure. The Zumtobel Group also requests bank guarantees or advance payments in specific cases. An increase in default risk during 2009/10 cannot be excluded if the economic crisis continues for a longer period of time.

Overall risk evaluation of the Zumtobel Group

No recognisable risks that could endanger the continued existence of the Group

A general analysis of the above factors shows a concentration on market risks, which is a result of the Group's dependency on economic developments that influence prices and volumes for both sales and procurement. In contrast, internal production processes are associated with substantially lower risk. Financial risks can be controlled through hedging activities. Based on currently available information, there are no major individual risks at the present time that could endanger the continued existence of the Zumtobel Group. Moreover, we believe that the risks from the current economic crisis do not represent a danger to the continued existence of the Group because of the measures implemented to date. Our internal controlling and review processes are capable of identifying all material risks with a high degree of probability, and we are in a position to limit these risks where necessary.

1.13 Internal Control System

In accordance with § 243a (2) of the Austrian Corporate Code, the management report must disclose the major elements of the internal controls system that relate to accounting processes. Although this obligation only applies to financial years beginning after 31 December 2008, i.e. for the annual financial statements of the Zumtobel Group as of 30 April 2010 and thereafter, an extensive description is included in this annual financial report.

COSO models and recognised best practices as basis

The Zumtobel Group defines the internal control system – in agreement with recognised international standards – as the totality of all monitoring and management measures that are designed by management and integrated into operating processes. The internal control system protects the assets of the Zumtobel Group, supports and guarantees the completeness and reliability of (financial) information and systems (assurance), ensures the efficiency and effectiveness of processes as well as the fulfilment of legal, internal and contractual regulations (compliance). The design of the internal control system (as well as the risk management system) is closely oriented on the principles of the COSO models, which represent internationally recognised best practices for internal controls and risk management.

Responsibility for internal control system reflects business responsibility

The responsibility for the implementation and monitoring of the internal control system lies with the management in charge of the relevant business process and is carried out at different management levels (corporate or local). The general framework and rules are defined by the Management Board for the entire Group, while the implementation of these rules in the individual business processes is carried out by line management. Group internal audit, as a staff department reporting to the Management Board, supports management in the ongoing monitoring and improvement of the internal control system.

1.13.1 Principles of the internal control system

Key controls understandable and easy to follow

The internal control system of the Zumtobel Group is supported by a manageable number of control mechanisms, which operate manually or automatically (e.g. as IT controls). The most important controls include:

- A transparent organisation and clear assignment of roles and responsibilities
- Sufficient progressive levels for release and approval procedures
- Appropriate documentation of processes
- Dual controls and separation of functions
- Controls for completeness, plausibility, cross-comparisons and variance analyses
- Agreement procedures, verification of consistency and validity
- Mandatory fields, check digits, logic queries and similar IT process controls
- Analytical review by specialised departments and management
- Appropriate general IT controls (e.g. infrastructure security, user administration / access controls, change management procedures).

Appropriateness of risk and controls

The following principles form the basis for the design of the individual control and management measures in the Zumtobel Group:

- Monitoring and control measures must reflect the scope and intensity of the relevant risk (cost-benefit analysis). Therefore, the internal control system always follows a risk-oriented approach.
- Control measures are always integrated into business processes, i.e. they operate parallel to or take place before or after these processes. The internal control system does not operate separately from business processes, but is much more an integrated part of these processes.
- Automatic control mechanisms (e.g. IT-operated controls) should be used where it is not possible or reasonable to use organisational controls (e.g. instructions).

Further formalisation of established internal control system

The written documentation for the internal control system is designed to give an expert third party a reliable view of processes, risks and controls within an appropriate period of time, above all in the areas of accounting and financial reporting. The general framework and the minimum requirements for the design and documentation of internal control systems in the Zumtobel Group are regulated in a Group guideline.

1.13.2 Internal control system in financial reporting

The further development of the internal control system for financial reporting was the focus of a special project in the Zumtobel Group. In this connection, financial reporting is understood to include: the individual financial statements and consolidated financial statements and management report as well as documentation and information for analysts, investors and road shows.

New control instruments: process overviews, closing checklist and COSO matrix

The scope of the internal control system for financial reporting was revised and redesigned as part of this project. A comprehensive process was developed for all Group companies, which includes crosschecks for all relevant instructions and rules. In addition to a description of the process, a checklist was prepared for the monthly, quarterly and annual closings. It applies to all Group companies and lists the duties and control steps that must be followed for these procedures. The individual companies may expand the process to include additional control steps, e.g. to meet local requirements. The "comply or explain" principle applies to this checklist: the reporting companies must disclose any duties and controls that are not carried out (e.g. because they are not relevant) or cannot be performed (e.g. because the local accounting system does not support this function). Furthermore, a so-called COSO matrix was defined for the internal control system in financial reporting. It includes the elements of the internal control system for financial reporting at the

Group and divisional levels and also defines the specific requirements for the relevant control systems in the individual Group companies. A sample matrix and self-assessment questionnaire assist the Group companies in implementing these requirements. An Intranet platform based on Wiki technology is used for communication and the administration of this Group-wide internal control system for financial reporting.

1.14 Information pursuant to § 243a of the Austrian Commercial Code

1. The share capital of Zumtobel AG totals EUR 111,760,860 and is divided into 44,704,344 zero par value shares, which are fully paid-in and have a proportional value of EUR 2.5 each in share capital. A total of 29,434,984 shares were securitised in a collective certificate and deposited with Österreichische Kontrollbank (OeKB). A further 15,269,360 shares were securitised through interim certificates and deposited with the company. As of 30 April 2009 Zumtobel AG held 1,991,111 shares as treasury stock.

2. AUGMENTOR private foundation (4,165,752 shares), ASTERIX private foundation (4,115,752 shares), GWZ private foundation (1,044,660 shares), Hektor private foundation (2,310,180 shares), ORION private foundation (3,090,752 shares), Ingrid Reder (264,088 shares), Fritz Zumtobel (176,088 shares) and Jürg Zumtobel (144,248 shares) are parties to a syndicate contract. This contract requires the parties to agree on a course of action prior to each annual general meeting, and to designate one party as a representative to vote on behalf of all parties in accordance with the decisions made by the syndicate.

The syndicate contract also requires the syndicate to hold at least 25% plus one share up to 31 December 2009. The company is not aware of any other limitations on voting rights or the transfer of shares.

3. A stake of over 5% is held by Aviva plc. The company is not aware of any other holdings in excess of 5%.

4. None of the company's shares carry special control rights.

5. The Zumtobel Group has two employee stock participation programmes ("SOP" and "MSP") for key employees of Group companies. Neither of these programmes calls for the control of voting rights. Detailed information on the stock participation programmes is provided under section 2.5.5.13 of the notes.

6. If a member of the Supervisory Board resigns before the end of his/her term of office, a replacement will be elected at the next annual general meeting. However, vacant seats must be filled without delay by an extraordinary general meeting if the number of members on the Supervisory Board falls below three. New members are elected for the remaining term of office of the member who has resigned. The maximum age for members of the Management Board on the date of their initial appointment or reappointment is 65 years. The maximum age for members of the Supervisory Board on the date of their initial appointment or reappointment is 75 years. There are no other extra-legal regulations governing the appointment or dismissal of members of the Management Board and Supervisory Board or amendments to the articles of association of the company.

7. The Annual General Meeting of the company on 7 April 2006 authorised the Management Board, with the approval of the Supervisory Board, to increase the share capital of the company by up to EUR 31,425,000 through the issue of up to 12,570,000 shares of zero par value bearer stock at a minimum issue price equal to 100% of the proportional amount of share capital up to a total of EUR 123,448,360 in exchange for cash or contributions in kind. This authorisation is valid for five years, beginning on the date the relevant amendment to the articles of association is filed with the Austrian Company Register. In addition, the Management Board is authorised to determine the price and conditions for this issue (authorised capital). The subscription rights of shareholders to the new shares issued from authorised capital are

excluded. The Supervisory Board is empowered to approve any amendments to the articles of association that are required in connection with the issue of shares from authorised capital.

In order to formalise the above resolutions of the Management Board and Supervisory Board from 25 April 2006, the Management Board passed a resolution with the approval of the Supervisory Board on 10 May 2006 to increase the share capital of the company by EUR 19,737,500 to EUR 111,760,860 through the issue of 7,895,000 new shares of zero par value bearer stock with voting rights. The remaining authorisation to increase share capital equals EUR 11,687,500 or 4,675,000 shares.

The Annual General Meeting of the company on 7 April 2006 also authorised the Management Board, with the approval of the Supervisory Board, to increase the share capital of the company – in multiple tranches if necessary – through a conditional capital increase for the purpose of granting stock options to employees, key managers and members of the Management Board of the company or one of its subsidiaries. This conditional capital increase may equal up to EUR 3,312,840 and may be executed through the issue of up to 1,325,136 new bearer shares in exchange for cash or contributions in kind. This authorisation is valid for five years, beginning on the date the relevant amendment to the articles of association is filed with the Austrian Company Register. In addition, the Management Board is authorised to determine the price and conditions for this issue (authorised conditional capital). The Supervisory Board is empowered to approve any amendments to the articles of association that are required in connection with the issue of shares from authorised conditional capital. In order to formalise this general resolution, the Management Board approved a conditional capital increase on 20 February 2008, which was subsequently approved by the Supervisory Board on 14 March 2008. This approval covered a conditional capital increase of EUR 607,500 through the issue of up to 243,000 shares of bearer stock, whereby the exact number of shares issued will depend on the exercise of subscription rights by eligible employees, key managers and members of the Management Board. None of the eligible persons has exercised his/her subscription rights to date.

In accordance with a resolution of the Annual General Meeting on 7 April 2006 and a resolution of the Management Board on 29 June 2006, and in agreement with the Supervisory Board, 800,000 shares of Zumtobel stock were repurchased up to 31 October 2006 to service the employee stock participation programmes; 752,444 of these shares were distributed to employees by 30 April 2009.

A total of 1,943,555 shares were repurchased in accordance with §65 (1) 8 and §65 (1a) of the Austrian Stock Corporation Act based on a resolution of the Management Board on 29 July 2008 in accordance with a resolution of the annual general meeting on this same date and the approval of the Supervisory Board to repurchase up to 10% of share capital.

8. On 12 June 2008 Group companies concluded credit agreements with a consortium of banks, which cover borrowings of EUR 480 million with a term of five years up to 12 June 2013. The outstanding liabilities resulting from these facilities totalled EUR 186 million as of 30 April 2009. The agreements include a change-of-control clause, which is linked to a change in the absolute majority of voting rights.

9. In the event of a mandatory offer or an offer that is directed to obtaining a controlling interest as defined in the Austrian Takeover Act, all options to be granted under the "SOP" for the current financial year or the following financial year are considered to be granted in full. Moreover, the granted options (including options that are considered to be granted) will be classified as exercised on the last day of the relevant offer (with no additional notice required by the company). Every option classified as exercised entitles the holder to a cash payment, which equals the positive difference between the offer price and the exercise price (if applicable to the SOP participant). Any such difference is due and payable on the 15th calendar day after the announcement of the results of the offer.

In the event of a mandatory offer or an offer that is directed to obtaining a controlling interest as defined in the Austrian Takeover Act, the "MSP" will be terminated and settled in an appropriate manner to be decided by the Supervisory Board of Zumtobel AG based on a recommendation of the Management Board.

10. The Management Board contracts were amended in April 2008 to include a change of control clause. If the company is taken over by a new majority shareholder, the members of the Management Board have the right to terminate their contracts unilaterally. In this case, the member(s) of the Management Board would be entitled to receive the previously agreed fixed and variable remuneration up to the end of the originally agreed contract term, with a minimum payment covering a period of 12 months. The members of the Management Board have no other special claims or entitlements at the end of their function.

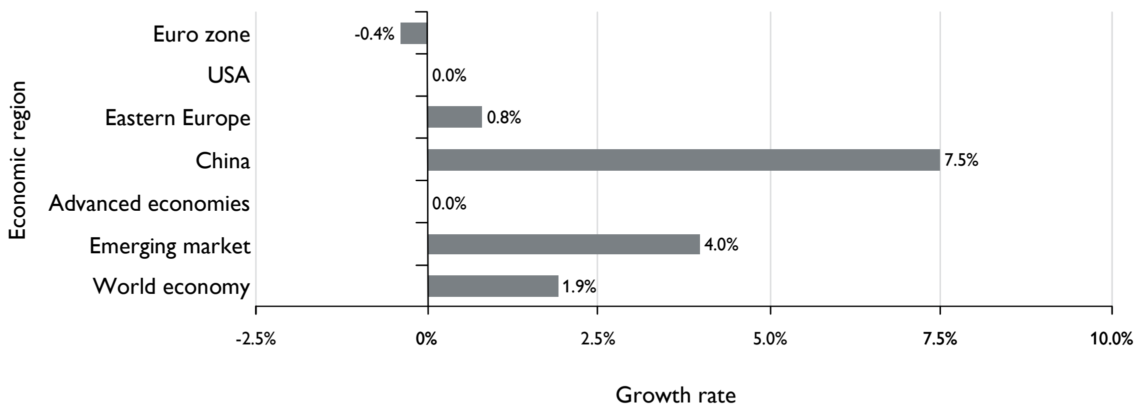
11. The most important elements of the risk management system and the internal control system are described in detail under section 1.12 and 1.13 of the Group Management Report.

1.15 Outlook and Goals

Global economic recovery not expected before 2010

The 2009 calendar year will be one of the most difficult for economic growth in more than six decades. Experts see the global economy in a deep recession, at least during the first six months. In mid-April 2009 the International Monetary Fund (IMF) reduced its forecasts for worldwide growth in 2010 to a plus of 1.9%. The sharp drop in raw material prices, economic support programmes initiated by many governments and strong intervention by central banks in the areas of interest rates and the monetary supply are not expected to produce any stabilising results before the end of 2009. The global economy should resume its growth course – even if at a moderate rate – in 2010, whereby the major industrial nations can only expect stagnation. However, the forecasts for 2010 are still connected with substantial uncertainty. The euro zone (minus 0.4%) and above all Germany (minus 1.0%) are facing a continuation of the downturn in 2010, but at a slower pace than in 2009. The prerequisite for any modest recovery in the worldwide economy is the stabilisation of the financial sector.

Economic development outlook for 2010[5]



Further decline in commercial construction sector

Euroconstruct again reduces forecasts for 2009 and 2010

The Zumtobel Group expects a further deterioration in the operating environment for the construction industry and – because of the late cycle of its business – assumes the lighting industry will only reach the low point of this crisis in 2010. The June 2009 Euroconstruct forecast confirms this outlook with a downward revision of forecasts for commercial construction in the seven most important European markets for the Zumtobel Group (Austria, Switzerland, Germany, France, Great Britain, Italy and Scandinavia) from minus 2.5% to minus 6.3% for the 2009 calendar year and from minus 0.4% to minus 2.6% for the 2010 calendar year. For the 2011 calendar year, forecasts show a slight decline of 0.2%.

Growth drivers: energy-efficient lighting and LED technology

The "Excellerate" efficiency improvement programme has prepared the Group as best as possible for this extremely difficult economic crisis. The Zumtobel Group will be substantially leaner and more flexible after this restructuring, without losing any of its power as a market and technology leader. Supported by the existing drivers for the industry – product innovation with a focus on energy-efficient lighting and the potential of LED technology – the Group plans to return to a sustainable and profitable growth course after the economic climate normalises. An international market presence and proven technological know-how will allow the Group to profit from these growth drivers to an above-average extent after the crisis. The Group's

[5] Source – IMF, forecast April 2009

long-term goal remains intact: to grow faster than the competition and thereby again generate substantially higher EBIT margins.

2009/10 negatively affected by lower volumes and foreign exchange effects

The 2009/2010 financial year is expected to bring further negative currency translation and transaction effects with a corresponding unfavourable impact on revenues and earnings because of the further increase in the value of the euro over most western currencies during the past 12 months. Since all economic forecasts are connected with significant uncertainty, it is not possible to issue a reliable outlook for revenues and earnings at the present time. Nevertheless, the Zumtobel Group is striving to hold free cash flow at a positive level even under these unfavourable economic conditions.

Dornbirn, 23 June 2009

Andreas Ludwig m.p.	Thomas Spitzenpfeil m.p.
Chief Executive Officer	Chief Financial Officer

2. Consolidated Financial Statements

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2. Consolidated Financial Statements

2.1 Income Statement

in TEUR	Notes	2008/09	2007/08	Change in %
Revenues	2.5.4.1	1,174,006	1,282,338	(8.4)
Cost of goods sold	2.5.4.2	(739,892)	(792,882)	6.7
Gross profit		**434,114**	**489,456**	**(11.3)**
as a % of revenues		37.0	38.2	
Selling expenses	2.5.4.2	(285,616)	(294,153)	2.9
Administrative expenses	2.5.4.2	(75,682)	(77,385)	2.2
Other operating results	2.5.4.3	(15,791)	3,941	<(100)
thereof special effects		*(21,883)*	*(1,097)*	<(100)
Operating profit		**57,025**	**121,859**	**(53.2)**
as a % of revenues		4.9	9.5	
Interest expense	2.5.4.4	(22,638)	(22,595)	(0.2)
Interest income	2.5.4.4	2,116	4,441	(52.3)
Other financial income and expenses	2.5.4.5	(8,810)	(15,733)	44.0
Profit/(loss) from associated companies	2.5.5.4.	1,584	(89)	>100
Financial results		**(27,748)**	**(33,976)**	**18.3**
as a % of revenues		(2.4)	(2.6)	
Profit before tax		**29,277**	**87,883**	**(66.7)**
Income taxes	2.5.4.6	(6,321)	6,100	<(100)
Net profit for the year from continuing operations		**22,956**	**93,983**	**(75.6)**
Net profit for the year from discontinued operations	**2.5.4.7**	**(9,649)**	**(525)**	**<(100)**
Net profit for the year		**13,307**	**93,458**	**(85.8)**
as a % of revenues		1.1	7.3	
thereof due to minority shareholders		*(119)*	*472*	<(100)
thereof due to shareholders of the parent company		*13,426*	*92,986*	*(85.6)*
Average number of shares outstanding - basic (in 1000 pcs.)		43,618	44,531	
Average diluting effect (stock options) (in 1000 pcs.)		33	235	
Average number of shares outstanding - diluted (in 1000 pcs.)		43,651	44,766	
Earnings per share (in EUR)				
Basic earnings per share		0.31	2.09	
Diluted earnings per share		0.31	2.08	
Earnings per share from continuing operations (in EUR)				
Basic earnings per share		0.53	2.10	
Diluted earnings per share		0.53	2.09	

As a result of the difficult economic environment and uncertain outlook, the Management Board and Supervisory Board will recommend the suspension of the dividend by the annual general meeting on 24 July 2009.

2.2 Balance Sheet

in TEUR	Notes	30 April 2009	in %	30 April 2008	in %
Goodwill	2.5.5.1	275,455	26.1	278,967	25.2
Intangible assets	2.5.5.2	49,669	4.7	40,635	3.7
Property, plant and equipment	2.5.5.3	233,427	22.1	211,222	19.1
Investments in associated companies	2.5.5.4	7,861	0.7	6,486	0.6
Financial assets	2.5.5.5	624	0.1	15,604	1.4
Other receivables & assets	2.5.5.6	15,436	1.5	5,338	0.5
Deferred taxes	2.5.5.7	46,228	4.4	43,035	3.9
Non-current assets		**628,700**	**59.7**	**601,287**	**54.4**
Inventories	2.5.5.8	148,819	14.1	162,181	14.7
Trade receivables	2.5.5.9	169,378	16.1	225,113	20.4
Other receivables & assets	2.5.5.6	37,946	3.6	28,750	2.6
Financial assets	2.5.5.5	21	0.0	497	0.0
Liquid funds	2.5.5.10	69,008	6.5	87,678	7.9
Available-for-sale assets	2.5.5.11	0	0.0	442	0.0
Current assets		**425,172**	**40.3**	**504,661**	**45.6**
ASSETS		**1,053,872**	**100.0**	**1,105,948**	**100.0**
Share capital		111,761	10.6	111,761	10.1
Additional paid-in capital		339,048	32.2	355,893	32.2
Reserves		(10,217)	(1.0)	(48,409)	(4.4)
Net profit for the year		13,426	1.3	92,986	8.4
Capital attributed to shareholders of the parent company		454,018	43.1	512,231	46.3
Capital attributed to minority shareholders		1,962	0.2	1,969	0.2
Equity	**2.5.7**	**455,980**	**43.3**	**514,200**	**46.5**
Provisions for pensions	2.5.5.16	47,370	4.5	35,762	3.2
Provisions for severance compensation	2.5.5.16	30,758	2.9	29,931	2.7
Other provisions	2.5.5.12	10,718	1.0	10,392	0.9
Borrowings	2.5.5.14	215,600	20.5	211,631	19.1
Other liabilities	2.5.5.18	84	0.0	1,012	0.1
Deferred taxes	2.5.5.7	9,133	0.9	10,224	0.9
Non-current liabilities		**313,663**	**29.8**	**298,952**	**27.0**
Provisions for taxes		25,332	2.4	29,196	2.6
Other provisions	2.5.5.12	34,534	3.3	21,121	1.9
Borrowings	2.5.5.14	16,886	1.6	5,024	0.5
Trade payables		109,895	10.4	144,326	13.0
Other liabilities	2.5.5.18	97,582	9.3	93,129	8.4
Current liabilities		**284,229**	**27.0**	**292,796**	**26.5**
EQUITY AND LIABILITIES		**1,053,872**	**100.0**	**1,105,948**	**100.0**

2.3 Cash Flow Statement

in TEUR	2008/09	2007/08
Operating profit from continuing and discontinued operations	47,377	121,333
Depreciation and amortisation	53,023	39,270
Gain/loss from disposal of fixed assets	(2,436)	5,378
Results from discontinued operations	9,305	0
Cash flow from operating results	**107,269**	**165,981**
Inventories	10,048	8,038
Trade receivables	49,792	(5,654)
Trade payables	(33,856)	7,110
Prepayments received	777	344
Change in working capital	**26,761**	**9,838**
Non-current provisions	(8,530)	(9,287)
Current provisions	12,536	(73)
Other current and non-current receivables and liabilities	(11,755)	1,638
Change in other operating items	**(7,749)**	**(7,722)**
Taxes paid	**(12,138)**	**(12,141)**
Cash flow from operating activities	**114,143**	**155,956**
Proceeds from the sale of non-current assets	4,140	11,644
Capital expenditures	(64,730)	(66,013)
Change in non-current and current financial assets	11,695	11,775
Change in liquid funds from changes in the consolidation range	(7,452)	(1,531)
Cash flow from investing activities	**(56,347)**	**(44,125)**
FREE CASH FLOW	**57,796**	**111,831**
Change in net borrowings	(21,009)	(101,484)
thereof restricted cash	*294*	*2,239*
Dividends	(31,255)	(22,568)
Share buyback / exercise of options	(16,845)	1,750
Interest paid	(17,377)	(17,146)
Cash flow from financing activities	(86,486)	(139,448)
Effects of exchange rate changes on cash and cash equivalents	(1,520)	(5,190)
CHANGE IN CASH AND CASH EQUIVALENTS	**(30,210)**	**(32,807)**
Cash and cash equivalents at the beginning of the period	86,163	118,970
Cash and cash equivalents at the end of the period	55,953	86,163
Change absolute	**(30,210)**	**(32,807)**

2.4 Statement of Changes in Equity

2008/09 Financial Year

in TEUR	Attributed to shareholders of the parent company: Share capital	Additional paid-in capital	Reserves	Net profit for the year	Total	Minority interests	Total equity
30 April 2008	**111,761**	**355,893**	**(48,409)**	**92,986**	**512,231**	**1,969**	**514,200**
+/- Additions to reserves	0	0	92,986	(92,986)	0	0	0
+/- Net profit for the year	0	0	0	13,426	13,426	(119)	13,307
+/- Share buyback / exercise of options	0	(16,845)	0	0	(16,845)	0	(16,845)
+/- Dividends	0	0	(31,255)	0	(31,255)	0	(31,255)
+/- Currency differences not recognised through profit or loss	0	0	2,605	0	2,605	112	2,717
+/- Currency differences arising from loans	0	0	(10,295)	0	(10,295)	0	(10,295)
+/- Hedge accounting not recognised through profit or loss	0	0	(1,608)	0	(1,608)	0	(1,608)
+/- Actuarial loss	0	0	(14,415)	0	(14,415)	0	(14,415)
+/- Stock options - addition	0	0	174	0	174	0	174
+/- Change from acquisition of minority interest	0	0	0	0	0	0	0
+/- Capital increase minority interest	0	0	0	0	0	0	0
30 April 2009	**111,761**	**339,048**	**(10,217)**	**13,426**	**454,018**	**1,962**	**455,980**

2007/08 Financial Year

in TEUR	Attributed to shareholders of the parent company: Share capital	Additional paid-in capital	Reserves	Net profit for the year	Total	Minority interests	Total equity
30 April 2007	**111,761**	**354,143**	**(129,074)**	**103,193**	**440,023**	**1,567**	**441,590**
+/- Additions to reserves	0	0	103,193	(103,193)	0	0	0
+/- Net profit for the year	0	0	0	92,986	92,986	471	93,457
+/- Share buyback / exercise of options	0	1,750	0	0	1,750	0	1,750
+/- Dividends	0	0	(22,280)	0	(22,280)	(288)	(22,568)
+/- Currency differences not recognised through profit or loss	0	0	(6,390)	0	(6,390)	31	(6,359)
+/- Currency differences arising from loans	0	0	(6,308)	0	(6,308)	0	(6,308)
+/- Hedge accounting not recognised through profit or loss	0	0	(763)	0	(763)	0	(763)
+/- Actuarial gains	0	0	7,818	0	7,818	0	7,818
+/- Stock options - addition	0	0	5,191	0	5,191	0	5,191
+/- Change from acquisition of minority interest	0	0	204	0	204	(957)	(753)
+/- Capital increase minority interest	0	0	0	0	0	1,145	1,145
30 April 2008	**111,761**	**355,893**	**(48,409)**	**92,986**	**512,231**	**1,969**	**514,200**

Statement of recognised income and expense

in TEUR	2008/09	2007/08
Net profit for the year	**13,307**	**93,457**
Hedge accounting	(2,176)	(1,062)
Actuarial loss / gain	(20,379)	10,898
Deferred taxes	6,532	(2,781)
Income recognised directly in equity	**(16,023)**	**7,055**
Total	**(2,716)**	**100,512**
Attributed to shareholders of the parent company	(2,597)	100,041
Attributed to minority interests	(119)	471

2.5 Notes to the Consolidated Financial Statements

2.5.1 General Information

The consolidated financial statements were prepared in accordance with § 245a of the Austrian Commercial Code and the provisions of IFRS/IAS that were issued by the International Accounting Standards Board (IASB) as well as all interpretations (IFRIC/SIC) of the International Financial Reporting Interpretations Committee and Standing Interpretations Committee that were valid as of the balance sheet date, to the extent that these regulations have also been adopted by the European Union through its endorsement proceedings. Therefore, the consolidated financial statements of Zumtobel AG reflect all International Financial Reporting Standards (IFRS) that are applicable to the 2008/09 financial year.

The Management Board of Zumtobel AG released the consolidated financial statements for distribution to the Supervisory Board on 23 June 2009. The Supervisory Board is responsible for examining the consolidated financial statements and issuing a statement that indicates whether or not it approves the consolidated financial statements.

Zumtobel is an international lighting group. The headquarters of the parent company, Zumtobel AG, are located in Dornbirn, Austria, and the Company is registered with the Provincial and Commercial Court in Feldkirch, Austria, under FN 62309 g. The balance sheet date is 30 April, and the reporting year covers the period from 1 May 2008 to 30 April 2009. The reporting currency is the euro. The business activities of the Group are carried out primarily through its subsidiary groups: the Lighting Segment (formerly the Zumtobel Lighting Division – lighting solutions, interior and exterior lighting, electronic-digital lighting and room management systems) and the Components Segment (formerly the TridonicAtco Division – electronic and magnetic lighting components). The Zumtobel LED Division, which was created on 1 May 2008, does not carry out significant business activities at the present time and is therefore not classified as a segment.

The annual financial statements of companies included in the consolidated financial statements were prepared based on uniform accounting and valuation principles. The income statement was prepared in accordance with the cost of sales method. In order to improve the transparency and explanatory power of these financial statements, certain items were combined on the balance sheet and income statement, and are presented separately in the notes. The amounts in the tables are presented in thousand euros (TEUR), unless stated otherwise.

2.5.2 Consolidation Range and Methods

2.5.2.1 Consolidation range

The consolidated financial statements for 2008/2009 include 96 (2007/08: 97) fully consolidated companies in which Zumtobel AG exercises management control or directly or indirectly owns the majority of shares. Five companies were included in the consolidation at equity (2007/08: 5), and no companies were included using the proportional method. Sixteen companies (2007/08: 16) were not included in the consolidation because their influence on the asset, financial and earnings position of the Group is immaterial.

Any additional obligations to prepare subgroup financial statements based on local requirements are met with the publication of these consolidated financial statements.

The consolidation range changed as follows during the reporting year:

	Consolidation Method		
Consolidation Range	**full**	**at equity**	**TOTAL**
30 April 2008	**97**	**5**	**102**
Included during reporting year for first time	4	0	4
Thereof newly founded	*2*	*0*	*2*
Thereof acquisition	*2*	*0*	*2*
Merged / liquidated during reporting period	(5)	0	(5)
30 April 2009	**96**	**5**	**101**

The following companies were acquired during the reporting year:

	Share in %	Initial consolidation	Purchase price in TEUR	Net profit for the year in TEUR
Space Cannon VH SRL, Italy	100%	5 May 2008	7,631	(429)
Zumtobel Residential Lighting srl, Italy	100%	1 May 2008	1,647	(5,665)

As of 5 May 2008 Zumtobel acquired 100% of the shares in Space Cannon VH SRL (thereafter Space Cannon), which is headquartered in Fubine, Italy. Space Cannon is specialised above all in LED-based solutions for exterior, facade and event lighting. The goodwill disclosed in connection with this business combination is explained in section 2.5.5.1.

In addition, 90% of the shares in Zumtobel Residential Lighting S.r.l. (formerly Oylight - subsequently Zumtobel Residential), which is headquartered in Milan, Italy, were also acquired in May 2008. The remaining stake of 10% was purchased in February 2009. This company, which specialised in residential lighting, was shutdown in April 2009 due to weak development as a consequence of the economic crisis. Current results (TEUR 5,665) as well as a disclosed difference (TEUR 1,461) are reported on the income statement under "net profit for the year from discontinued operations" in accordance with IFRS 5 (see section 2.5.4.7).

The changes in the consolidation range had the following effects, whereby this presentation is based on the date of initial consolidation:

in TEUR	Space Cannon VH SRL, Italy	Zumtobel Residential Lighting srl., Italy	Total
Non-current assets	8,068	1,038	9,106
Current assets	1,857	511	2,368
Assets	**9,925**	**1,549**	**11,474**
Non-current liabilities	3,163	454	3,617
Current liabilities	2,152	909	3,061
Equity	4,610	186	4,796
Equity and Liabilities	**9,925**	**1,549**	**11,474**

The following companies were founded during the 2008/09 financial year:

- Zumtobel LED Illuminazione Holding srl, Italy
- Zumtobel Licht doo, Croatia

The following companies were liquidated or merged in 2008/09:

- Luxmate GmbH, Germany (merger with Zumtobel Licht GmbH, Germany)
- Zumtobel Lighting GmbH & Co. KG, Germany (merger with Zumtobel Lighting GmbH, Germany)
- Zumtobel Electronic GmbH, Germany (merger with Zumtobel Lighting GmbH, Germany)
- Zumtobel Belysning AS, Norway (merger with Thorn Lighting AS, Norway)
- Thorn Lighting Holdings AS, Norway (merger with Thorn Lighting AS, Norway)

2.5.2.2 Consolidation methods

Basis of consolidation

For subsidiaries included using the full consolidation method, the principles set forth in IFRS 3 are used to eliminate the investment and equity. In accordance with this method, the identifiable assets and liabilities of the subsidiary are recognised at fair value as of the point of acquisition. If the acquisition price exceeds the fair value of purchased identifiable assets and liabilities, the difference is recognised as goodwill. In accordance with IFRS 3.56, any negative differences are recognised immediately to profit or loss.

Minority interests are carried at the respective proportion of the fair value of recognised assets and liabilities.

The profit or loss recorded by a subsidiary that is acquired or sold during the year is included in the Group income statement as of the effective date of acquisition or up to the effective date of disposal.

The equity method is applied to associated companies in which the Zumtobel Group generally exercises a significant influence – as a rule, based on a 20 – 50% share of voting rights. Companies valued at equity are consolidated based on the proportional share of equity owned by the Zumtobel Group, whereby the carrying amount as of the balance sheet date is adjusted to reflect the proportional share of profit or loss for the reporting period less any distribution of profits, major interim profits and impairment charges to goodwill. All adjustment items are recognised to the consolidated income statement.

Other consolidation principles

During the consolidation of liabilities, trade receivables are netted out with the corresponding liabilities. Revenue and expenses arising from transactions between Group companies are eliminated during the consolidation. Interim profits from inventories as well as the production and transfer of fixed assets between Group companies are eliminated if they are not immaterial.

Foreign currency translation

The functional currency method is used to translate the financial statements of foreign companies included in the consolidation. The local currency represents the functional currency for all these companies because the entities operate independently from a financial, economic, and organisational standpoint. Assets and liabilities are translated using the average rate as of the balance sheet date. On the income statement, revenues and expenses are translated using the average exchange rate for the relevant month. The same applies to income and expenses recognised directly in equity (SORIE). Any resulting differences are charged or credited to equity without recognition through profit or loss.

The major currencies for the Zumtobel Group are shown in the following table:

	Average exchange rate Income Statement		Closing rate Balance sheet	
1 EUR equals	30 April 2009	30 April 2008	30 April 2009	30 April 2008
AUD	1.8312	1.6361	1.8146	1.6610
CHF	1.5550	1.6349	1.5066	1.6140
USD	1.4006	1.4351	1.3275	1.5540
SEK	10.1157	9.3122	10.6915	9.3570
GBP	0.8413	0.7153	0.8934	0.7901
HKD	10.8893	11.1869	10.2881	12.1100

2.5.3 Accounting and Valuation Methods

2.5.3.1 Effects of new and amended standards

The following new or amended IAS / IFRS were not applied prematurely, and are therefore not relevant for the consolidated financial statements of the Zumtobel Group for the 2008/09 financial year.

No.	Title	Mandatory application in financial years beginning after
Revised standards		
IAS 1	Presentation of Financial Statements	01. Januar 2009
IAS 23	Borrowing Costs	01. Januar 2009
IAS 39/ IFRS 7	Reclassification of Financial Instruments	01. Januar 2009
IFRS 2	Share-Based Payment	01. Januar 2009
New standards		
IFRS 8	Operating Segments	01. Januar 2009

The amended standards IFRS 2, IAS 39 and IFRS 7 have no effect on the Zumtobel Group.

IAS 1 includes new requirements for the presentation of financial statements. The changes to this standard will have an effect above all on the presentation of the income statement as well as the presentation of recognised income and expense (comprehensive income statement) and the statement of changes in equity.

IFRS 8 "Operating Segments" includes new rules for the presentation of segment reporting and replaces IAS 14. In contrast to IAS 14, which calls for segment reporting based on area of business and region, IFRS 8 follows the so-called management approach. Accordingly, the identification of the individual segments and related disclosures must be based on the internal information used by management to allocate resources and assess performance. IFRS 8 requires mandatory application for financial years beginning on or after 1 January 2009, and was not applied prematurely by Zumtobel.

The most important change in the 2007 revision of IAS 23 "Borrowing Costs" represents the elimination of the option to expense these costs directly when they are attributable to the purchase, construction or production of a qualified asset. In the future, borrowing costs must be capitalised as part of the acquisition or production cost of the related asset. This change applies to borrowing costs that are attributable to all qualified assets capitalised on or after 1 January 2009. The amendment to this standard was not applied prematurely.

The Group is currently evaluating the impact of these new standards on the consolidated financial statements, but no material effects are expected.

2.5.3.2 Major accounting and valuation methods

Goodwill

Goodwill represents any excess cost for the acquisition of an entity over the fair value of identifiable assets and liabilities of a subsidiary, associated company or joint venture purchased by the Group at the point of acquisition.

Goodwill is recognised as an asset and tested for impairment with the relevant cash-generating unit at least once each year. The comparable value represents the value in use, which is determined on the basis of the discounted cash flows attributable to the cash-generating unit using a WACC of 8.0% (2007/08: 8.1%). Future cash flows are estimated on the basis of internal forecasts, which are prepared in detail for the 2009/10 financial year and with minor simplifications for the next four years. Constant cash flows are assumed for later periods, based on the 2013/14 financial year. The quality of these internal forecasts is reviewed regularly by comparing expected and actual results, and the outcome of this analysis is used to prepare the forecast for the next year. The estimation of cash flows also includes specific regional assumptions for the development of the market. Cost structures are generally forecasted and extrapolated on the basis of past experience. Any impairment is recognised immediately to the income statement. Subsequent increases in value are recognised.

Patents, licenses and similar intangible assets

Patents, licenses and similar rights are recognised initially at acquisition or production cost, and amortised on a straight-line basis over their presumed useful life.

Brand names are recognised at acquisition cost and represent intangible assets with an indefinite useful life.

Internally generated intangible assets

Expenses for research activities are expensed in the period incurred.

Internally generated intangible assets that result from product development or the implementation of software by the Group are only capitalised when the requirements defined in IAS 38.57 – above all the following conditions – are met:

- The internally generated asset is identifiable
- It is probable that the asset will generate a future economic benefit
- The costs of the asset can be reliably estimated.

Internally generated intangible assets are recognised on a straight-line basis. If the recognition of an internally generated intangible asset is not permitted, the relevant development costs are expensed in the period incurred.

Property, plant and equipment

Acquired and internally generated property, plant and equipment are recognised at acquisition or production cost and, if depreciable, are depreciated over their presumed useful life on a straight-line basis. Production costs include direct costs as well as an appropriate part of material and production overheads. Interest costs are not capitalised, but recorded as expenses of the period incurred.

Straight-line depreciation is based on the following useful lives:

Straight-line depreciation	Depreciation rate per year
Intangible assets	10 (25)%
Buildings	2 (3.3)%
Technical equipment and machinery	14.3 (20)%
Other equipment, furniture, fixtures and office equipment	14.3 (33.3)%

Impairment of property, plant and equipment and intangible assets

The Group assesses the carrying amounts of property, plant and equipment and intangible assets as of each balance sheet date to determine whether there are indications that an asset is impaired. If there are any such indications, the recoverable amount of the asset is estimated in order to determine the possible impairment charge. If it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset is allocated. In general, the production facility represents the relevant cash-generating unit.

Goodwill as well as intangible assets with an indefinite useful life and intangible assets that are not yet available (e.g. development projects in progress) are tested each year even if there are no signs of impairment.

The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. The determination of value in use is based on estimated future cash flows, which are discounted at a WACC of 8.0% (2007/08: 8.1%); this rate also reflects any specific risks associated with the asset, which are not included in cash flows.

Leases

Leases are classified as finance leases when the conditions of the relevant agreement substantially transfer all risks and rewards associated with the ownership of an asset to the lessee. All other leases are classified as operating leases.

Lease payments on operating leases are recognised as expenses on a straight-line basis over the lease term.

At the commencement of the lease term, assets held under finance leases are recognised on the balance sheet at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is shown on the balance sheet under obligations from finance leases. The lease payments are apportioned between a finance charge and amortisation of the outstanding liability to produce a constant periodic rate of interest on the remaining balance of the liability. The finance charge is recognised directly to the income statement.

Inventories

Inventories are measured at the lower of purchase or production cost (based on the average price method) and the net selling price. The purchase or production cost of finished goods and work in process also includes an appropriate part of fixed and variable manufacturing and material overheads based on the normal use of capacity. Production cost does not include interest expense or administrative and selling overheads. Appropriate discounts are recorded to reflect the risks arising from the length of storage or reduced opportunities for use or sale; these discounts are standardised throughout the Group and are based on inventory turnover.

Construction contracts

Custom-order production contracts are recorded in accordance with the percentage of completion method in order to correctly match the progress on these contracts to specific accounting periods. Under the condition that revenues, expenses and the degree of completion can be reliably estimated, income is realised in keeping with the costs incurred up to the balance sheet date as a percentage of the total estimated costs for the contract (input oriented method) or the completion of part of the contract (output oriented method, e.g. partial deliveries).

Financial instruments

The Zumtobel Group distinguishes between the following classes of financial instruments:

- Securities and similar rights
- Trade receivables and trade payables
- Other receivables and liabilities
- Loans received and originated
- Finance leases
- Positive / negative market values of derivatives held for trading
- Positive / negative market values of derivatives (hedge accounting)
- Liquid funds

>> Securities and similar rights
Securities and similar rights (e.g. investments in other companies) are initially recognised at acquisition cost, which also includes any related transaction expenses. They are then classified as held for trading or available for sale, and measured at fair value in subsequent periods.

>> Trade receivables and other receivables
Receivables are generally carried at amortised cost, whereby recognisable risks are reflected in allowances for bad debts.

>> Loans received and originated, finance leases
Liabilities are recognised at their repayment amount or nominal value including transaction costs (amortised cost). Non-current liabilities are recognised at their present value.

Derivative financial instruments are principally recorded at fair value.

>> Market value of derivatives held for trading
Changes in the value of derivative instruments that are not part of hedge accounting are shown on the income statement under financial results.

>> Market value of derivatives (hedge accounting)
Increases or decreases in the fair value of derivative instruments that qualify for hedge accounting as defined in IAS 39 (cash flow hedges) and are highly effective are credited or charged to equity. The amounts accumulated under equity are recognised as gains or losses of the same period in which the hedged item is recognised to the income statement.

Non-current assets available for sale

Non-current assets or groups of assets are classified as available for sale when their carrying amount can be better realised through sale than continued use. This requirement is only considered to be met when the sale of the asset is highly probable and the asset (or group of assets available for sale) can be sold immediately in its present condition. Such assets are measured at the lower of the carrying amount and fair value less costs to sell.

Current and non-current assets and liabilities

Assets and liabilities whose realisation or payment is expected within a 12-month period are classified as current. All other assets and liabilities are classified as non-current.

Share-based remuneration

The stock option programmes of Zumtobel AG represent share-based remuneration that is paid in the form of equity instruments. The valuation of compensation for services provided by employees is derived from the market value of the issued equity instruments at the grant date, and is based on accepted option valuation models. Additions to the reserve are recognised as an expense, but the reserve is not adjusted through profit or loss to reflect the actual cost. These items are reported under reserves.

Provisions

Other provisions are created to reflect current obligations that result from past events. The outflow of resources to meet the obligation must be probable, and a reliable estimate of the total obligation must be possible. If these conditions are not met, a provision is not recognised.
If the outflow of resources is not probable and the amount of the obligation cannot be estimated, the item is reported as a contingent liability.

Provisions are only created for restructuring costs if the general criteria for recognition are met and there is a legal or constructive obligation to carry out the restructuring (IAS 37.70ff).

Provisions for guarantees are created on an individual basis as required by specific circumstances. Lump-sum provisions for guarantees are also created in accordance with standard Group guidelines. The basis for calculation is formed by the incurred warranty costs in relation to revenues for the last three years.

Employee benefits

>> Post-employment benefits include long-term provisions for pensions and severance compensation.

>> Other long-term employee benefits are comprised primarily of the provisions for service anniversary bonuses and rules governing part-time work for older employees in Austria and Germany as well as long-service leave in Australia.

>> Defined benefit plans

The present value of a defined benefit obligation (DBO) is calculated as of each balance sheet date in accordance with actuarial principles based on the projected unit credit method. This method separates the interest cost, which represents the amount by which the obligation has increased during a particular year because benefits have moved closer to settlement, from the service cost or new entitlements that have arisen during a particular year. The interest rate used to discount future obligations is a current market rate. The assumptions used to measure the amount of obligations include expected future increases in salaries or wages as well as benefit commitments. Changes in claims may arise from new commitments or the adjustment of existing benefits, and are reported as past service cost.

Plan assets represent assets that are held by a fund and netted out with pension obligations. These assets are valued each year by certified actuaries.

Defined benefit plans are measured as of each valuation date based on current best assumptions, which may change from one valuation date to the next. The financial effects of changes in these valuation assumptions are classified as actuarial gains or losses. Actuarial gains and losses are recorded under equity after the deduction of deferred taxes in the period incurred, without recognition through profit or loss.

Interest costs and income on plan assets are reported under financial results, while the other components are shown under operating results.

>> Defined contribution plans

Under a defined contribution plan, a company has no obligations above or beyond the payment of contributions to a fund. These contributions are recognised as personnel expenses in the period incurred.

Income taxes

The calculation of tax expense for the current period is based on taxable income for the financial year. Taxable income differs from net profit on the income statement because it excludes income and expenses that will become taxable in later years, or never become taxable or deductible for tax purposes. The obligations of the Group arising from current tax expense are calculated at the relevant local tax rates that have been enacted or substantively enacted as of the balance sheet date.

Deferred taxes include the expected tax charges and/or tax recovery that result from differences between the carrying amount of assets and liabilities in the annual financial statements and the relevant tax bases used to calculate taxable income as well as from tax loss carryforwards. The balance sheet-oriented liability method forms the basis for these calculations. Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised only to the extent that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced accordingly when it is not probable that sufficient taxable profit will be available to utilise the deferred tax assets in full or in part within the foreseeable future. The calculation of deferred taxes is based on the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred taxes are generally recognised to the income statement, with the exception of deferred taxes on items that are charged or credited directly to equity.

Revenue recognition

Revenue from the sale of goods and services is recognised when the group transfers the major risks and opportunities associated with ownership to the buyer. Rebates and discounts are deducted from this figure. Operating expenses are recognised when a service is used or an expense is incurred.

Interest income is recognised proportionately over time in accordance with the effective interest paid on the asset. This is the interest rate, which is used to discount the estimated future cash payments over the term of the financial asset to the net carrying amount of the asset.

Dividend income is recognised when a legal claim to payment arises.

Borrowing costs

Borrowing costs are expensed in the period incurred.

Foreign currency transactions

Foreign currency transactions are recorded using the exchange rate in effect on the date of the transaction, while monetary assets and liabilities are translated at the exchange rate in effect on the balance sheet date. Realised and unrealised gains and losses arising from foreign currency transactions are generally reported under financial results. The measurement effects of non-current loans, which qualify as part of the net investment in a foreign operation as defined in IAS 21, are recorded directly in equity.

Discretionary decisions and uncertainty in estimates

The preparation of the consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions by management, which have an influence on the amount and reporting of recognised assets and liabilities, income and expenses, and contingent liabilities for the financial period. The actual figures may differ from these estimates. The principle of a true and fair view is also applied without limitation in the use of estimates. Estimates, assumptions and interpretations are generally related to the determination of fair value, the most probable settlement amount for provisions, the value in use for discounting future cash flows and the value of options based on the Black-Scholes model.

As of the balance sheet date, no major circumstances were known that could lead to a material variance from the carrying amount of an asset or liability during the next financial year.

Special effects

In accordance with IAS 1, results outside the ordinary activities of a company must be disclosed separately if these items are of a scope, nature or incidence that their disclosure is relevant to explain financial performance. In particular, these items include results from non-recurring events such as restructuring, significant expenses for legal proceedings, the sale of property not used in business operations, the reversal of material provisions and impairment charges to assets. These special effects are disclosed separately in the consolidated financial statements, and are designated as "thereof" on the income statement.

Government grants

Government grants related to income, which are provided as compensation for expenses, are generally recognised as income of the period in which they are granted. These grants are capitalised as a liability if they are connected with future expenses. Grants related to assets are recognised to profit or loss over the useful life of the related asset.

2.5.4 Notes to the Income Statement

2.5.4.1 Revenues

Revenues include an adjustment for sales deductions (primarily customer discounts) of TEUR 49,302 (2007/08: TEUR 53,182). Gross revenues equal TEUR 1,223,308 (2007/08: TEUR 1,335,520).

2.5.4.2 Expenses

The income statement was prepared in accordance with the cost of sales method. The cost of goods sold (incl. development costs) as well as selling expenses (incl. research costs), administrative expenses and other operating results include the following categories of income and expenses:

2008/09 Financial Year

in TEUR	Cost of goods sold	Selling expenses	Administrative expenses	Other operating results	Total
Cost of materials	(501,287)	(5,091)	(346)	0	(506,724)
Personnel expenses	(179,472)	(142,933)	(42,813)	(20,790)	(386,008)
Depreciation	(34,510)	(5,916)	(2,220)	(10,377)	(53,023)
Other expenses	(54,161)	(125,970)	(37,022)	9,097	(208,056)
Own work capitalised	14,327	86	837	0	15,250
Internal charges	6,538	(10,845)	4,331	(24)	0
Total expenses	**(748,565)**	**(290,669)**	**(77,233)**	**(22,094)**	**(1,138,561)**
Other income	**8,673**	**5,053**	**1,551**	**6,303**	**21,580**
Total	**(739,892)**	**(285,616)**	**(75,682)**	**(15,791)**	**(1,116,981)**

2007/08 Financial Year

in TEUR	Cost of goods sold	Selling expenses	Administrative expenses	Other operating results	Total
Cost of materials	(551,629)	(6,645)	(212)	(4)	(558,490)
Personnel expenses	(185,937)	(144,180)	(47,087)	(2,051)	(379,255)
Depreciation	(31,753)	(5,705)	(1,752)	(60)	(39,270)
Other expenses	(54,063)	(133,232)	(31,947)	788	(218,454)
Own work capitalised	13,549	65	205	0	13,819
Internal charges	6,649	(9,715)	3,069	0	3
Total expenses	**(803,184)**	**(299,412)**	**(77,724)**	**(1,327)**	**(1,181,647)**
Other income	**10,302**	**5,259**	**339**	**5,268**	**21,168**
Total	**(792,882)**	**(294,153)**	**(77,385)**	**3,941**	**(1,160,479)**

The cost of materials includes TEUR 20,113 (2007/08: TEUR 23,013) of third party services.

Other income includes government grants of TEUR 3,971 (2007/08: TEUR 2,860), which were provided primarily for research activities. The major component of TEUR 2,465 (2007/08: 1,500) is shown under other operating results.

The cost of goods sold includes development costs of TEUR 32,830 (2007/08: TEUR 27,099). Capitalised development costs totalled TEUR 13,066 for the reporting year (2007/08: TEUR 12,700), and the amortisation of capitalised development costs equalled TEUR 6,692 (2007/08: TEUR 4,902).

Selling expenses include TEUR 1,679 (2007/08: TEUR 1,314) of research costs.

Production, selling and administrative expenses include the following personnel costs:

in TEUR	2008/09	2007/08
Wages	(73,382)	(79,969)
Salaries	(214,376)	(217,065)
Expenses for severance compensation	(2,575)	(3,562)
Expenses for pensions	(2,945)	(5,723)
Expenses for legally required social security and payroll-related duties and mandatory contributions	(59,393)	(58,249)
Other employee benefits	(12,599)	(12,734)
Expenses for restructuring measures	(20,738)	(1,953)
Personnel expenses	**(386,008)**	**(379,255)**

2.5.4.3 Other operating results

in TEUR	2008/09	2007/08
Government grants	2,465	1,500
License revenues	3,085	2,979
Special effects	(21,883)	(1,097)
Impairment charges (-) / write up (+) to non-current assets	(10,358)	0
Other impairment	*0*	*(2,648)*
Restructuring	(28,734)	(3,200)
Gains / losses on sale	17,660	4,751
Litigation	(451)	0
Miscellaneous	542	559
Total	**(15,791)**	**3,941**

The government grants represent subsidies that were recognised to profit or loss.

License revenues represent income from the LED business.

Special effects as defined by IAS 1 include the following major items:

"Impairment charges to non-current assets" include the impairment charges to goodwill in the Atco Group (TEUR 4,733) and Space Cannon (TEUR 1,800). In April 2009 the Zumtobel Group approved the shutdown of the lighting plant in Romania. The related impairment charge to the factory building totalled TEUR 2,854 and is also reported under "impairment charges to non-current assets". A further TEUR 970 represent an impairment charge to land and buildings owned by TridonicAtco Manufacturing Pty, Australia.

"Other impairment" recognised in the prior year represents subsequent adjustments to the debit balances of suppliers to the Chinese subsidiary of the Lighting Segment.

The "Excellerate" efficiency improvement programme that was implemented in the second half of 2008/09 comprises an extensive range of measures that are expected to result in a EUR 50 million reduction of structural fixed costs by 2010/11. The related expenses are reported on the line "restructuring". The "Excellerate" project and the construction of the new factory in Spennymoor led to restructuring costs of TEUR 7,413 in Great Britain. Additional restructuring costs were incurred above all in the European and Australian plants. The expenses reported in 2007/08 were related to restructuring projects started in the prior year.

"Gains/losses on sale" were related primarily to the sale of former plant site in Spennymoor, Great Britain, which generated a gain of TEUR 17,367.

"Gains/losses on sale" in the prior year were generated chiefly by the disposal of real estate in Smithfield, Australia (TEUR 3,030), Dornbirn, Austria (TEUR 1,362) and Lindau, Germany (TEUR 380).

Miscellaneous items represent the net total of income and expenses arising from ordinary business operations, which cannot be clearly allocated to other functional areas.

2.5.4.4 Interest income and expense

Interest expense did not change materially in comparison with the prior year. However, 2008/09 includes TEUR 4,370 of non-recurring costs from the premature refinancing of the acquisition credit that was concluded in 2001 to finance the Thorn acquisition as well as the finance charge of TEUR 1,731 from the lease for the new factory in England. The remaining interest expense of TEUR 16,535 (2007/08: TEUR 22,595) is comprised above all of interest expense for the current credit agreements.

2.5.4.5 Other financial income and expenses

in TEUR	2008/09	2007/08
Interest component as per IAS 19 less income on plan assets	(2,830)	(1,962)
Foreign exchange gains and losses	(5,125)	(7,329)
Market valuation of financial instruments	(729)	(6,634)
Gains / losses on sale	(126)	192
Total	**(8,810)**	**(15,733)**

Foreign exchange gains and losses are comprised above all of effects from the valuation of receivables and liabilities denominated in currencies other than the euro.

The market valuation of financial instruments shows the results from the measurement of forward exchange contracts at the relevant market value as of the balance sheet date.
In the prior year, this position also included a provision for a disadvantageous lease for the newly constructed plant in England (TEUR 5,452).

2.5.4.6 Income taxes

The classification of income taxes between current and deferred taxes is as follows:

in TEUR	2008/09	2007/08
Current taxes	(4,572)	(4,106)
Deferred taxes	(1,749)	10,206
Income taxes	**(6,321)**	**6,100**

Tax expense of TEUR 6,321 (2007/08: tax income of TEUR 6,100) is TEUR 998 (2007/08: TEUR 28,071) lower than the theoretical tax expense that would result from the application of a 25% (2007/08: 25%) tax rate to profit before tax of TEUR 29,277 (2007/08: TEUR 87,883). This fictitious tax expense totals TEUR 7,319 (2007/08: TEUR 21,971). The actual tax rate of 22% represents a weighted average of all companies included in the consolidation range. The actual tax rate for the prior year was 7% and resulted from the use of deferred tax assets on loss carryforwards.

The reasons for the difference between the theoretical tax rate and actual tax rate for the Group are shown in the following table:

Difference between calculated and actual tax expense / income

in TEUR	2008/09	2007/08
Theoretical tax expense resulting from application of 25% domestic tax rate	**(7,319)**	**(21,971)**
Increase in taxes based on	**(23,835)**	**(17,447)**
Non-deductible expenses	(5,623)	(3,106)
Foreign tax rates	(3,564)	(3,219)
Valuation discounts for deferred taxes	(10,860)	(8,105)
Subsequent payments	(439)	(78)
Other items	(3,349)	(2,939)
Decrease in taxes based on	**24,833**	**45,518**
Investment allowances and research grants	388	267
Foreign tax rates	3,613	4,594
Tax credits	163	0
Valuation discounts for deferred taxes	11,045	33,571
Tax-free income	5,634	2,586
Other items	3,990	4,500
Total tax income	**(6,321)**	**6,100**

2.5.4.7 Results from discontinued operations

Results from discontinued operations consist primarily of effects from activities in the area of residential lighting (TEUR 7.126), which were discontinued as a result of the economic crisis. Also included here is the valuation adjustment to a purchase price receivable, which resulted from the sale of a plant in a previous financial year.

2.5.5 Notes to the Balance Sheet

2.5.5.1 Goodwill

in TEUR	Thorn Lighting Group	Atco Group	Staff Group	Atco Singapore & Malaysia	Ledon Lighting Jennersdorf	Thorn India	Space Cannon	Total
Goodwill before impairment	**547,639**	**4,733**	**427**	**569**	**1,722**	**499**	**0**	**555,589**
Disposal of goodwill from prior periods	(4,405)	0	0	0	0	0	0	(4,405)
Impairment charges from prior periods	(271,648)	0	0	(569)	0	0	0	(272,217)
Goodwill after impairment April 2008	**271,586**	**4,733**	**427**	**0**	**1,722**	**499**	**0**	**278,967**
Goodwill from initial consolidation 2008	0	0	0	0	0	0	3,021	3,021
Goodwill from initial consolidation 2008	0	(4,733)	0	0	0	0	(1,800)	(6,533)
Goodwill as of April 2009	**271,586**	**0**	**427**	**0**	**1,722**	**499**	**1,221**	**275,455**

Goodwill is allocated to the following cash-generating units (CGU):

Goodwill	CGU
"Thorn Lighting Group" & "Staff Group"	Lighting Segment
"Atco Group"	Consolidated segment "Atco" of the Component Segment
"Atco Singapore & Malaysia"	TridonicAtco Sdn. Bhd. (Malaysia) and TridonicAtco (S.E.A.) Pte Ltd. (Singapore)
"Ledon Lighting Jennersdorf"	Ledon Lighting Jennersdorf GmbH (Austria)
"Thorn India"	Thorn Lighting India Ltd
"SpaceCannon"	Space Cannon VH SRL (Italy)

Goodwill of TEUR 3,021 was recognised on the acquisition of Space Cannon VH SRL, Italy, in 2008/09. An impairment charge of TEUR 1,800 was recognised to this goodwill during the fourth quarter of 2008/09 to reflect lower expectations for future cash inflows as a result of the economic crisis. This goodwill is allocated to the Lighting Segment for segment reporting.

Goodwill of TEUR 4,733 in the Atco Group was written off in full during 2008/09 because of the declining market opportunities for magnetic ballasts.

2.5.5.2 Intangible assets

The change in this position is related primarily to the recognition of development projects.

in TEUR	Patents, licenses and similar items	Development and similar costs	Total
Acquisition costs			
30 April 2008	**32,078**	**42,073**	**74,151**
Foreign currency translation	(149)	(476)	(625)
Changes in the consolidation range	3,442	255	3,697
Additions	3,139	13,066	16,205
Disposals	(115)	0	(115)
Transfers	377	(32)	345
30 April 2009	**38,772**	**54,886**	**93,658**
Accumulated amortisation			
30 April 2008	**(23,641)**	**(9,875)**	**(33,516)**
Foreign currency translation	45	231	276
Changes in the consolidation range	(34)	(138)	(172)
Scheduled amortisation	(3,573)	(6,420)	(9,993)
Amortisation in discontinued operations	(709)	(272)	(980)
Disposals	115	282	397
30 April 2009	**(27,797)**	**(16,192)**	**(43,989)**
Net carrying amount 30 April 2008	**8,437**	**32,198**	**40,635**
Net carrying amount 30 April 2009	**10,975**	**38,694**	**49,669**

Development costs and similar expenses

This position includes internally generated intangible assets as defined by IAS 38. The additions to acquisition cost are comprised almost entirely of capitalised development expenses (TEUR 13,066, 2007/08: TEUR 12,700). The development projects involve work on luminaire and control products, whereby TEUR 12,935 (2007/08: TEUR 12,144) were not yet available for use as of the balance sheet date. The additions included under changes in the consolidation range represent the recognition of the Space Cannon brand name.

2.5.5.3 Property, plant and equipment

in TEUR	Land & buildings	Plant & machinery	Other equipment	Construction in progress	Total
Acquisition costs					
30 April 2008	**165,128**	**346,890**	**103,105**	**19,850**	**634,973**
Foreign currency translation	(3,511)	(6,224)	(1,201)	(2,589)	(13,525)
Changes in the consolidation range	930	1,489	840	3,279	6,538
Additions	5,055	10,235	5,205	43,115	63,610
Disposals	(4,640)	(16,079)	(5,166)	(33)	(25,918)
Transfers	34,476	15,354	1,489	(51,664)	(345)
30 April 2009	**197,438**	**351,665**	**104,272**	**11,958**	**665,333**
Accumulated depreciation					
30 April 2008	**(68,280)**	**(273,141)**	**(82,330)**	**0**	**(423,751)**
Foreign currency translation	805	4,829	1,151	0	6,785
Changes in the consolidation range	(239)	(905)	(459)	0	(1,603)
Scheduled depreciation	(5,464)	(19,579)	(7,630)	0	(32,673)
Impairment	(3,824)	0	0	0	(3,824)
Depreciation in discontinued operations	0	(743)	(123)	0	(866)
Disposals	3,590	15,609	4,827	0	24,026
30 April 2009	**(73,412)**	**(273,930)**	**(84,564)**	**0**	**(431,906)**
Net carrying amount 30 April 2008	**96,848**	**73,749**	**20,775**	**19,850**	**211,222**
Net carrying amount 30 April 2009	**124,026**	**77,735**	**19,708**	**11,958**	**233,427**

The transfers under acquisition costs represent the reclassification of construction in progress to other asset categories.

The change in the consolidation range is related chiefly to the initial consolidation of Space Cannon and Zumtobel Residential Lighting.

Additions also include the building in Spennymoor, Great Britain, which was acquired through a finance lease (TEUR 15,085).

As a result of the renegotiation of the acquisition credit, no items of property, plant or equipment are now pledged as security. In 2007/08 property, plant and equipment pledged as security for liabilities totalled TEUR 68,705.

The Group has incurred obligations of TEUR 2,041 (2007/08: TEUR 3,033) for the purchase of property, plant and equipment. These obligations are classified as follows: land and buildings TEUR 129 (2007/08: TEUR 113), plant and machinery TEUR 1,363 (2007/08: TEUR 2,411) and other non-current assets TEUR 549 (2007/08: TEUR 509).

Construction in progress and prepayments made are classified as follows: land and buildings TEUR 3,433 (2007/08: TEUR 4,141), plant and machinery TEUR 8,287 (2007/08: TEUR 14,728) and other non-current assets TEUR 237 (2007/08: TEUR 981).

2.5.5.4 Investments in associated companies

The Zumtobel Group holds investments in five companies, in which it has significant influence over major financial and/or operating policies but does not exercise control. Therefore, companies are included in the consolidated financial statements at equity.

in TEUR	Tridonic South Africa 49,99%	Thorn Gulf 60%	Staff Iberica 50%	z-werkzeugbau Gmbh 30%	Lexedis Lighting GmbH 50%	Total
30 April 2008	**1,135**	**1,705**	**2,606**	**1,040**	**0**	**6,486**
Net profit for the year	20	1,304	(47)	(163)	0	1,114
Dividends	0	(162)	0	0	0	(162)
Elimination of interim profits	0	0	0	36	0	36
Foreign currency translation	52	335	0	0	0	387
30 April 2009	**1,207**	**3,182**	**2,559**	**913**	**0**	**7,861**

The sale of the tool production segment ("Werkzeugbau") in 2005 generated an interim profit of TEUR 2,600, which was recorded as deferred income to be realised over an original amortisation period of six years and released accordingly to financial results under profit/loss from associated companies (carrying amount: TEUR 868). In addition, material interim profits from the delivery of plant or equipment to Group companies are released over the useful life of these assets.

The valuation of Lexedis Lighting GmbH at equity was discontinued because of the losses accumulated to date. The profit generated in 2008/09 was offset against these losses. This valuation will be resumed if / when profits exceed the accumulated losses.

Profit / loss from associated companies is comprised of the following:

in TEUR	2008/09	2007/08
Net profit for the year	1,114	1,364
Impairment	0	(1,923)
Interim profits on the sale of plant and equipment	36	36
Interim profits on the sale of the tool production segment ("Werkzeugbau")	434	434
Total	**1,584**	**(89)**

Current trade receivables due from associated companies totalled TEUR 4,160 as of 30 April 2009 (2007/08: TEUR 2,770); no impairment losses were recognised to these assets. The relevant parent companies have concluded agreements with companies included at equity for the provision of goods and services.

Key indicators for the associated companies are shown in the following table:

in TEUR	Tridonic South Africa 49,99%	Thorn Gulf 60%	Staff Iberica 50%	z-werkzeugbau Gmbh 30%	Lexedis Lighting GmbH 50%
Total assets	1,542	4,478	3,125	3,442	1,403
Revenues	2,178	7,994	2,707	6,231	3,803
Net profit for the year	20	1,304	(47)	(163)	7

2.5.5.5 Financial assets

Non-current financial assets are comprised primarily of securities. The major component of non-current financial assets in 2007/08 was a fixed-interest deposit with a credit institution (TEUR 15,604).

In contrast to the prior year when part of the derivatives (TEUR 306) were reported under current financial assets, all derivatives were included under other receivables and assets in 2008/09 (TEUR 6,827).

2.5.5.6 Other receivables and assets

Other non-current and current receivables and assets are classified as follows:

in TEUR	30 April 2009	30 April 2008
Coverage capital for Group life insurance	3,423	3,333
Other	12,013	2,005
Other non-current receivables and assets	**15,436**	**5,338**
Prepaid expenses and deferred charges	4,870	4,860
Amount due from tax authorities	12,244	9,092
Prepayments made	759	802
Derivatives (hedge accounting)	287	0
Derivatives held for trading	6,540	876
Other	13,246	13,120
Other current receivables and assets	**37,946**	**28,750**

The coverage capital for Group life insurance is related to the Zumtobel companies in Germany. This item represents assets held to cover pension obligations, which do not qualify as plan assets under IAS 19.

Other non-current receivables resulted above all from the sale of the former plant in Spennymoor during December 2008 (TEUR 11,289). The sales proceeds of GBP 20.4 million will be paid in five annual instalments. The first payment of GBP 4.0 million was received in March 2009. This receivable is secured by a mortgage on the sold property.

In contrast to the prior year, all derivatives with a positive market value are shown under other receivables and assets.

Other current receivables and assets include the current portion of the receivable from the sale of the plant in Spennymoor (TEUR 4,240) as well as maintenance materials of TEUR 1,541 (2007/08: TEUR 1,753). Other major items represent insurance receivables and suppliers with debit balances; loans to employees, deposits and other originated loans comprise an immaterial amount.

2.5.5.7 Deferred taxes

Deferred tax assets and deferred tax liabilities shown on the balance sheet include the following timing differences, which arose from the valuation of assets and liabilities for the Group financial statements and the relevant tax bases:

	30 April 2009		30 April 2008	
in TEUR	Assets	Liabilities	Assets	Liabilities
Intangible assets	8	7,638	20	6,127
Property, plant and equipment	2,459	8,937	1,653	6,820
Financial assets	289	77	2,246	54
Inventories	3,957	206	5,303	267
Trade receivables	819	778	1,015	3,893
Other receivables	620	2,035	616	1,185
Non-current provisions	21,603	616	19,473	113
Other provisions	4,014	3,018	3,720	3,577
Trade payables	53	6,082	13	6,000
Loss carryforwards	102,123	0	106,321	0
Deferred tax credits or liabilities	**135,945**	**29,387**	**140,380**	**28,036**
Changes in the consolidation range	0	0	0	0
Valuation discounts for deferred taxes	(69,463)	0	(79,533)	0
Offset of tax credits and liabilities due from/to the same taxation authority	(20,254)	(20,254)	(17,812)	(17,812)
Deferred taxes	**46,228**	**9,133**	**43,035**	**10,224**

Deferred taxes of TEUR 277,852 (2007/08: TEUR 318,132) on tax loss carryforwards and other temporary differences were not capitalised because their utilisation is not sufficiently certain. Tax loss carryforwards of TEUR 17,725 (2007/08: TEUR 6,445) will expire within 10 years. In agreement with IAS 12.39, deferred tax liabilities were not recognised on timing differences related to shares in subsidiaries. The relevant local country tax rate was used to calculate deferred taxes for Group companies.

Deferred taxes of TEUR 6,532 (2007/08: TEUR -2,781) recognised under equity include TEUR 5,964 related to the provisions for pensions and severance compensation required by IAS 19 as well as TEUR 568 for the hedging reserve.

2.5.5.8 Inventories

The various components of inventories classified by gross value and impairment charges are as follows:

in TEUR	30 April 2009	30 April 2008
Raw materials	46,796	49,004
Gross value	*55,485*	*56,891*
Impairment charges	*(8,689)*	*(7,887)*
Work in process	3,012	2,733
Semi-finished goods	12,702	14,020
Gross value	*13,998*	*15,201*
Impairment charges	*(1,296)*	*(1,181)*
Merchandise	15,893	15,458
Gross value	*18,481*	*18,124*
Impairment charges	*(2,588)*	*(2,666)*
Finished goods	70,416	80,939
Gross value	*79,630*	*89,298*
Impairment charges	*(9,214)*	*(8,359)*
Services not yet invoiced	0	27
Inventories	**148,819**	**162,181**

Changes in the valuation adjustments to inventories that led to a decrease in income totalled TEUR 1,693 (2007/08: increase of TEUR 373) and include reversals of TEUR 523 (2007/08: TEUR 248) in impairment charges. Inventories with a total value of TEUR 7,703 (2007/08: TEUR 9,241) were pledged as security for liabilities by the Australian TridonicAtco companies. TridonicAtco UK Ltd. had pledged no inventories as security for liabilities as of 30 April 2009 (2007/08:TEUR 9,542).

2.5.5.9 Trade receivables

in TEUR	30 April 2009	30 April 2008
Trade receivables	183,954	244,759
Valuation adjustments to receivables	(8,555)	(8,569)
Provision for customer bonuses and discounts	(19,754)	(23,547)
Trade receivables after valuation adjustments	155,645	212,643
Receivables from contract orders	23,760	19,748
Progress billings and final invoices	(10,027)	(7,278)
Construction contracts	13,733	12,470
Trade receivables	**169,378**	**225,113**

Details on impairment charges to inventories are provided in section 2.5.9.1.

The receivables sold by several Group companies through factoring contracts amounted to TEUR 49,021 as of 30 April 2009 (2007/08:TEUR 31,613).

>> Trade receivables as defined in IAS 11

Contract orders include partial deliveries to customers, which are valued in accordance with the percentage of completion method. The percentage of completion is determined using an output-based procedure, e.g. the ratio of work performed to the total contract work.

Partial deliveries are shown under "receivables from contract orders". The positions "receivables from contract orders" and "valuation adjustments to contract orders" represent the revenue and expenses recognised, less any recognised losses as defined in IAS 11.40 (a).

Effective progress billings or final invoices to customers are recorded under "progress billings and final invoices".

Prepayments on contract orders totalled TEUR 9,686 (2007/08: TEUR 8,815). Contract revenues recognised during the reporting period amounted to TEUR 33,475 (2007/08: TEUR 34,163).

2.5.5.10 Cash and cash equivalents

Cash and cash equivalents consist primarily of deposits at banks, cash on hand and checks. Of total bank deposits, TEUR 412 (2007/08: TEUR 624) are not available for discretionary use but may only be used for credit repayments following approval by the lender. The carrying amount of cash and cash equivalents corresponds to market value because of the term of these funds.

2.5.5.11 Non-current assets available for sale

The assets shown under this position in the prior year represented a developed property in Germany. This property was allocated to the Lighting Segment and the D/A/CH region.

2.5.5.12 Other provisions

in TEUR	Provisions for other defined benefit employee plans	Guarantees	Restructuring	Legal proceedings	Onerous contracts	Other	Total
30 April 2008	**9,492**	**8,451**	**632**	**2,112**	**4,936**	**5,890**	**31,513**
Addition	3,061	4,719	19,475	463	1,316	4,568	33,602
Reversal / utilisation	(2,552)	(5,395)	(3,035)	(279)	(4,921)	(3,646)	(19,828)
Changes in the consolidation range	0	0	0	0	0	79	79
Foreign currency translation	(187)	23	91	6	(15)	(32)	(114)
30 April 2009	**9,814**	**7,798**	**17,163**	**2,302**	**1,316**	**6,859**	**45,252**
thereof current	0	7,798	17,163	2,302	1,316	5,955	34,534
thereof non-current	9,814	0	0	0	0	904	10,718

Other defined benefit employee plans

These plans reflect the provisions for severance compensation and other long-term benefits as defined in IAS 19. Detailed information is provided in section 2.5.5.16.

Provision for guarantees

The provisions for guarantees are classified into separate provisions of TEUR 5,680 (2007/08: TEUR 5,471) for individual items as well as provisions of TEUR 2,118 (2007/08: TEUR 2,980) for individual cases that were not recorded or not known as of the balance sheet date. These latter provisions are determined on the basis of experience.

Provisions for restructuring
The change in this position resulted primarily from the use of provisions created for restructuring measures implemented as part of the "Excellerate" efficiency improvement programme. A provision for restructuring was also created in connection with the reorganisation of LED activities, which is designed to optimise the realisation of synergies in the Zumtobel Group (also see section 2.5.4.3).

Provisions for legal proceedings
This item is comprised primarily of a TEUR 1,347 claim made by the French social security authorities.

Onerous contracts
The line "reversal/utilisation" includes the reclassification of a provision to liabilities arising from finance leases; this provision was created in 2007/08 for the newly constructed plant in England. Another provision recognised in the prior year relates to a sales office in Ireland and an office building in Lustenau.

Other current provisions include accruals for licenses, commissions, customs duties, freight and professional associations as well as consulting and auditing fees. The comparable position under other non-current provisions is comprised chiefly of settlements due to sales representatives.

2.5.5.13 Stock option programmes

The Zumtobel Group has a share-based compensation programme for key managers, the Matching Stock Programme (MSP).

SOP (Stock Option Programme)
The Zumtobel Group had a second share-based compensation programme from 2004 to 2008, the Stock Options Programme (SOP), which was replaced by the MSP in 2008. Options are no longer granted from the SOP, but the exercise period is open up to 2015. This exercise period contains a number of exercise slots, whereby the company has reserved the right to close the exercise periods prematurely. Each option carries the right to purchase one share at a fixed price.

MSP (Matching Stock Programme)
The MSP was introduced in connection with the initial public offering of Zumtobel AG on 1 May 2006. In order to participate in the MSP, an eligible manager must deposit a certain number of shares ("MSP shares") in blocked deposit. The maximum total investment by key managers in the MSP is limited to EUR 2.2 million. The MSP is divided into three individual programmes (MSP I, MSP II, MSP III), whereby each individual programme is subdivided into five segments. The term of each segment equals seven years, beginning on the starting date. For each MSP share held in blocked deposit, the increase in value is multiplied by a factor of eight in the form of additional shares. The calculation of the increase in value is based on the difference between the 60-day average stock price on the date of exercise less the 60-day average stock price on the date of granting plus 10%. The options will be granted at the beginning of the financial year, and can be exercised two years after granting at the earliest. If the increase in value is less than or equal to zero, no bonus is granted.

The SOP and MSP options are not transferrable. There is no retention period for shares purchased with SOP options, but a retention period of two years applies to shares purchased with MSP options.

The options were valued in accordance with the Black-Scholes model.

The major parameters for the SOP and MSP are as follows:

- Market price per share: EUR 17.85 (2007/08: EUR 27.00)
- Exercise price SOP: EUR 7.50 for eligible participants 03/04 FY; EUR 11.55 and 14.22 04/05 FY; EUR 16.60 05/06 FY and 06/07 FY
- Basis price MSP: EUR 22.54 (2007/08: EUR 28.23)
- Expected volatility: 37.5% (2007/08: 24.0%) per year
- Term: SOP up to 30 April 2015
- Risk-free interest rate: 4.56% per year (2007/08: 4.24% per year)

In accordance with a resolution of the Annual General Meeting on 7 April 2006, 800,000 shares of stock were repurchased at an average price of EUR 17.74 (average TEUR 14,192) during the 2006/07 financial year. A total of 1,943,555 shares were repurchased during 2008/09 based on a resolution of the Management Board on 29 July 2008 in accordance with a resolution passed by the annual general meeting. Of this total, 239,211 shares are dedicated to the SOP.

The development of treasury shares for the stock option programmes is shown in the following table:

in psc.	Total
30 April 2008	**112,181**
Share buyback	239,211
Exercised	(64,625)
30 April 2009	**286,767**

The exercise price payable by employees in 2008/09 amounted to TEUR 486 (average price of EUR 7.52 per share). A total price of TEUR 5,840 was paid for the 752,444 shares previously exercised.

Reserve for stock options

The reserve for stock options, which is included under reserves, changed as follows during the reporting year:

in TEUR	SOP	MSP	Total
30 April 2008	**15,986**	**1,558**	**17,544**
Addition through profit or loss	-	174	174
30 April 2009	**15,986**	**1,732**	**17,718**

The addition to the MSP through profit or loss will be accrued over two years, whereby the accrual for 2008/09 equalled TEUR 1,666. Management waived the options that were granted from the MSP I (Segment II) and MSP II (Segment I) in 2007/08. This waiver was recognised to the income statement (TEUR 1,492) in 2008/09.

The change in the number of outstanding options from the beginning to the end of the year is shown in the following table:

	SOP		MSP	
	2008/09	2007/08	2008/09	2007/08
Granted options - beginning balance	**355,609**	**425,815**	**764,192**	**308,072**
New grants	0	154,827	634,280	466,040
Exercised	(64,625)	(219,233)	0	0
Expired	(14,911)	(5,800)	(437,584)	0
Waived	0	0	(392,304)	(9,920)
Granted options - ending balance	**276,073**	**355,609**	**568,584**	**764,192**
Thereof eligible for exercise	276,073	193,449	0	0

The exercise prices for the options granted through the SOP are as follows:

	2007/08	2006/07	2005/06	2004/05	2003/04	Total
Exercise price 7.5	83,070	57,167	44,514	30,353	20,689	235,793
Exercise price 11.5	320	640	640	384	0	1,984
Exercise price 14.2	9,880	13,360	9,520	1,644	0	34,404
Exercise price 16.6	1,680	1,680	532	0	0	3,892
Total options granted	**94,950**	**72,847**	**55,206**	**32,381**	**20,689**	**276,073**

2.5.5.14 Financial liabilities

in TEUR	30 April 2009	30 April 2008
Loans from financial institutions	1,988	2,792
Finance leases	183	4
Loans from public authorities	1,693	622
Loans from other third parties	468	449
Working capital credits	12,554	800
Derivatives (hedge accounting)	0	357
Current borrowings	**16,886**	**5,024**
Bonds	0	965
Loans from financial institutions	193,523	206,649
Finance leases	19,462	6
Loans from public authorities	2,447	3,497
Loans from other third parties	168	514
Non-current borrowings	**215,600**	**211,631**
BORROWINGS	**232,486**	**216,655**

Current and non-current borrowings from credit institutions totalling TEUR 203,364 were repaid during the 2008/09 financial year (2007/08: TEUR 101,024). In addition a repayment of TEUR 186,000 was made in connection with the new financing agreement (see below).

The Group concluded a major financing agreement with a consortium of seven banks on 12 June 2008, which has a maximum volume of EUR 480 million and a term of five years. These funds were used in part on 30 June 2008 to repay long-term borrowings of EUR 186 million that were concluded in 2001 to finance the Thorn acquisition. The remaining credit line of EUR 294 million is available to finance growth projects and acquisitions, but is not in use at the present time.

A finance lease with a volume of GBP 15.7 million was concluded for the plant building in Spennymoor. This lease has a term of 21 years, whereby no payments are due in the first year. The outstanding liability as of 30 April 2009 totalled TEUR 19,208.

In contrast to the prior year, all derivatives with a negative market value were recorded under other liabilities in 2008/09. The relevant negative market value equalled TEUR 4,610 (2007/08: TEUR 753).

2.5.5.15 Operating leasing

The following table shows the total future minimum lease payments arising from non-cancellable operating leases for the next financial year and subsequent periods as well as the total future minimum lease revenues expected from non-cancellable sub-leases, and payments from leases and sub-leases that were recognised as income:

in TEUR	Expenses 2008/09	Future payments to third parties < 1 year	1 - 5 years	> 5 years	Total
Minimum lease payments based on non-cancellable leases	18,625	15,224	26,308	8,623	50,155
Less payments received from leases and sub-leases	(541)	(457)	(942)	0	(1,399)
Net minimum lease payments	**18,084**				

These leases were concluded chiefly for office buildings, plant equipment/warehouses and motor vehicles. The terms range from 12 months to 20 years, depending on the object and contract.

2.5.5.16 Employee benefits (IAS 19)

The provisions for pensions and severance compensation represent post-employment benefits. Other long-term employee benefits as defined in IAS 19 are included under other provisions.
The development from the beginning to the end of the financial year is as follows:

Defined benefit plans as per IAS 19	Post-employment benefits Pensions		Severance compensation		Other	
in TEUR	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Beginning balance, net liability	**35,762**	**55,317**	**29,931**	**28,962**	**9,492**	**9,649**
Foreign currency translation & reclassification	(1,453)	(2,929)	0	0	(216)	(26)
Change in consolidation range & reclassifications	0	0	285	2	0	(1)
Changes recognised through profit or loss	1,492	3,404	2,981	2,700	2,230	1,648
thereof service cost	2,459	3,069	1,441	1,395	1,245	866
thereof subsequent service cost	0	0	0	0	548	470
thereof plan reductions and settlements	(1,908)	0	0	0	0	0
thereof interest expense	8,097	8,704	1,540	1,305	349	322
thereof expected income from plan assets	(7,156)	(8,369)	0	0	0	0
thereof actuarial loss	0	0	0	0	88	(10)
Payments	(8,349)	(9,156)	(2,900)	(1,709)	(1,692)	(1,778)
Actuarial loss / gain recognised to equity	19,918	(10,874)	461	(24)	0	0
Ending balance, net liability	**47,370**	**35,762**	**30,758**	**29,931**	**9,814**	**9,492**

The changes recognised through profit or loss are shown on the income statement. Interest expense and the expected income from plan assets are recorded under financial results, while the other items are included under operating results.

The actuarial losses recognised under equity rose by TEUR 20,379 (2007/08: decrease of TEUR 10,898). The change in the deferred taxes recognised under equity for these items totalled TEUR 5,964 (2007/08: TEUR 3,080).

The following calculation parameters were applied in the individual countries:

	Interest rate		Income on plan assets		Salary trend		Pension trend		Retirement age (women/men)	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Germany	5.3%	5.3%	-	-	3.0%	3.0%	1.8%	2.0%	1)	1)
Great Britain	6.6%	6.6%	7.5%	7.5%	3.5%	3.5%	3.3%	3.3%	65/65	65/65
Switzerland	3.5%	3.7%	3.0%	4.0%	1.5%	1.5%	0.3%	0.3%	64/65	64/65
Norway	4.1%	4.5%	5.8%	5.9%	3.8%	3.5%	1.5%	1.6%	67/67	67/67
Sweden	4.0%	4.5%	-	-	-	-	2.0%	2.0%	65/65	65/65
Austria	5.3%	5.3%	-	-	3.3%	3.3%	-	-	2)	2)
France	5.3%	5.3%	-	-	3.0%	3.0%	-	-	60/65	60/65
Italy	5.3%	5.3%	-	-	-	-	3.0%	3.0%	60/65	60/65
Australia	6.0%	6.0%	-	-	4.0%	4.0%	-	-	-	-

The calculations also reflect the relevant mortality and invalidity tables as well as the employee turnover rates for each country.

Note 1): Pension obligations 60/65 years, service anniversary obligations 60/62 years and obligations arising from part-time work for older employees 57 years.

Note 2): The earliest possible retirement age was used as the basis for pension calculations, in keeping with legal transition rules.

Pension obligations

Defined benefit pension plans have been implemented by the Group companies in Germany, Great Britain, Sweden, Norway, Australia and Switzerland. The plans in Germany and Sweden are not financed through external funds; all other plans are financed through external funds. These funds are legally independent of the relevant Group company, and are designed solely to meet performance obligations. The obligation remaining after the deduction of plan assets is recorded as a provision.

The pension plan at Thorn Lighting Ltd., Great Britain, was closed for new registrations as of 30 April 2009. The resulting positive effect (TEUR 1,908) is reported on the line "thereof plan reductions".

In addition, Sweden has a pension fund programme that principally qualifies as a defined benefit obligation. It is a multi-employer plan as defined in IAS 19.29, but the insurance company has not provided sufficient information to value this defined benefit plan in accordance with actuarial principles. Therefore, payments made by the company are immediately recognised as expenses for a defined contribution plan in accordance with IAS 19.30. These expenses totalled TEUR 396 for the reporting year (2007/08: TEUR 462). The asset coverage calculated in accordance with Swedish law equalled 122% as of March 2009 (2007/08: 141%) for all participants in this plan. This coverage represents the difference between the insurance obligations and the fair value of the relevant assets, which was determined on the basis of information provided by the pension fund programme.

The carrying amount of the net obligations and net assets is shown below:

Net obligations and net assets

in TEUR	30 April 2009	30 April 2008
Obligations not financed through funds	25,820	26,472
Obligations financed through funds	110,904	117,238
Present value of defined benefit obligation (DBO)	136,724	143,710
Fair value of plan assets	(89,354)	(107,948)
Net liability as per balance sheet	**47,370**	**35,762**

The provision for pensions is allocated to the following countries:

Net liability

in TEUR	30 April 2009	30 April 2008
Germany	22,955	23,331
Sweden	2,865	3,141
Great Britain	20,729	8,984
Other	821	306
Net liability as per balance sheet	**47,370**	**35,762**

The change in the defined benefit obligation and plan assets from the beginning to the end of the financial year is as follows:

	2008/09		2007/08	
in TEUR	DBO	Plan assets	DBO	Plan assets
30 April 2008	**143,710**	**107,948**	**175,381**	**120,064**
Foreign currency translation	(12,800)	(11,348)	(18,012)	(15,083)
Service cost	2,459	0	3,069	0
Interest expense / income	8,097	7,156	8,704	8,369
Actuarial loss / gain recognised to equity	2,950	(16,967)	(18,319)	(7,445)
Plan reductions and settlements	(1,908)	0	0	0
Payments	(5,784)	2,565	(7,113)	2,043
30 April 2009	**136,724**	**89,354**	**143,710**	**107,948**

As of 30 April 2009 plan assets were comprised of international stocks (33%), fixed-interest securities (42%), alternative investments (14%) and cash and cash equivalents (11%). The actual loss on plan assets equalled TEUR 9,811 (2007/08: income of TEUR 4,141).

The development of the present value of pension obligations and plan assets is shown in the following table:

in TEUR	30 April 2009	30 April 2008	30 April 2007	30 April 2006	30 April 2005
Present value	136,724	143,710	175,381	190,840	188,483
Plan assets	(89,354)	(107,948)	(120,064)	(120,920)	(101,769)
Deficit	47,370	35,762	55,317	69,920	86,714

The adjustments for the reporting year based on experience led to a decrease of TEUR 440 in the present value of pension obligations (2007/08: decrease of TEUR 223). Experience-based adjustments represent the actuarial gains and losses caused by variances between the individual employee-related parameters and the parameters applied to the entire calculation base. Examples of these parameters are trends in salaries and wages as well as the number of deaths, early retirements or terminations.

The actuarial losses recognised directly in equity developed as follows:

in TEUR	2008/09	2007/08
30 April 2008	**20,119**	**34,159**
Foreign currency translation	(2,597)	(3,166)
Actuarial loss / gain	19,918	(10,874)
30 April 2009	**37,440**	**20,119**

Deferred taxes of TEUR 5,848 were recognised directly in equity during the 2008/09 financial year (2007/08: TEUR 3,051).

Severance compensation obligations

These obligations represent a legal obligation of the company to make a lump-sum payment to employees on the termination of employment under certain circumstances.

The obligations relate to the following countries:

in TEUR	30 April 2009	30 April 2008
Austria	27,582	27,079
France	2,114	2,199
Italy	1,062	653
Severance compensation obligation	**30,758**	**29,931**

The transition of the present value of the defined benefit obligation (DBO) from the beginning to the end of the financial year is shown below:

in TEUR	2008/09	2007/08
30 April 2008	**29,931**	**28,962**
Changes in the consolidation range	285	2
Service cost	1,441	1,395
Interest expense / income	1,540	1,305
Actuarial loss / gain recognised to equity	461	(24)
Plan reductions and settlements	0	0
Payments	(2,900)	(1,709)
30 April 2009	**30,758**	**29,931**

The development of the present values of severance compensation obligations is shown below:

in TEUR	30 April 2009	30 April 2008	30 April 2007	30 April 2006	30 April 2005
Present value	30,758	29,931	28,962	28,361	25,293

The experience-based adjustments for the reporting year led to an increase of TEUR 490 in the present value of the obligation (2007/08: increase of TEUR 469).

Actuarial losses of TEUR 461 were recognised directly in equity during the reporting year (2007/08: gains of TEUR 24).

Deferred taxes of TEUR 115 were recognised directly in equity during 2008/09 (2007/08: TEUR 29).

Other long-term employee benefits

These obligations total TEUR 9,814 and comprise the provisions for service anniversary bonuses and part-time work for older employees in Austria and Germany as well as special leave in Australia and the provisions for legally required profit sharing and bonus payments for long-standing service in France.

Experience-based adjustments during the reporting year led to an increase of TEUR 26 in the obligation (2007/08: increase of TEUR 115).

The subsequent service cost reflects changes in the rules governing part-time work for older employees in the German companies.

2.5.5.17 Defined contribution obligations

Payments of TEUR 4,128 were made during the reporting year in connection with various defined contribution plans (2007/08: TEUR 4,220). The new severance compensation directive in Austria is also included here.

2.5.5.18 Other liabilities

The major components of other current liabilities are as follows:

in TEUR	30 April 2009	30 April 2008
Vacations, comp. in free time, special payments to employees	39,298	43,665
Amounts due to employees	10,032	7,749
Miscellaneous taxes	13,403	12,724
Social security	5,399	5,606
Prepayments received	11,903	10,061
Accrued interest	396	1,232
Deferred income	1,839	2,107
Derivatives (hedge accounting)	2,307	0
Derivatives held for trading	2,302	396
Customs	1,303	1,805
Other liabilities	9,400	7,784
Other current liabilities	**97,582**	**93,129**

Other liabilities consist primarily of accruals for expenses and customers with credit balances, which do not represent financial instruments.

In contrast to the prior year where the derivatives were included in part (TEUR 357) under current financial liabilities, all derivatives with a negative market value are shown under other liabilities in 2008/09.

2.5.6 Notes to the Cash Flow Statement

The indirect method is used to determine cash flows from operating activities, whereby operating profit is adjusted – in agreement with the major non-cash movements as defined in IAS 14 (Segment Reporting) – to reflect non-cash business transactions (e.g. depreciation and amortisation, and increases in valuation adjustments to trade receivables, inventories and non-current provisions) as well as income and expenses that relate to the investing or financing areas.

Depreciation and amortisation include the related period expenses (TEUR 42,666) as well as impairment charges to non-current assets (TEUR 10,358). Information on these impairment charges is provided in section 2.5.4.3.

The amounts recognised under equity in accordance with IAS 19 and IAS 21 are included in the cash flow statement under the changes to the relevant balance sheet items.

Cash flow from operating activities fell by TEUR 41,813 year-on-year, chiefly due to a decline in operating profit during 2008/09. The improvement in working capital resulted primarily from the sale of trade receivables in England through a factoring contract. Furthermore, the volume of receivables and liabilities declined as a result of the tense market situation.

Cash flow from investing activities exceeded the comparable prior year value by TEUR 12,222. This increase was due mainly to acquisitions made during the reporting year as well as higher proceeds on the sale of non-current assets in 2007/08.

Cash flow from financing activities includes the dividend payment of TEUR 31,255 in August as well as TEUR 17,333 for a share buyback.

Liquid funds are comprised of cash and cash equivalents. The latter are held for the purpose of meeting short-term cash obligations. They are subject to only insignificant fluctuations in value and have a remaining maturity of not more than three months from the date of acquisition. Bank overdrafts are generally considered to be part of cash and cash equivalents because they form an integral part of the Group's cash management.

Bank deposits, demand deposits and other similar items are presented on the balance sheet under "liquid funds". Overdrafts are reported under current financial liabilities as part of working capital credits.

The balance sheet position "liquid funds" also includes the above-mentioned bank deposits that are not available for discretionary use as well as smaller deposits with a term of more than three months. These items are not considered to be part of liquid funds.

Transition to cash and cash equivalents

in TEUR	30 April 2009	30 April 2008
Liquid funds	69,008	87,678
Not available for disposal	(412)	(624)
Overdrafts	(12,643)	(891)
Cash and cash equivalents	**55,953**	**86,163**

2.5.7 Notes to the Statement of Changes in Equity

The share capital of the company totals EUR 111,760,860.00 and is divided into 44,704,344 zero par value shares, which are fully paid-in and have a proportional value of EUR 2.5 each in share capital. The shares are traded in the Prime Market segment of the Vienna Stock Exchange. The stock market abbreviation of Zumtobel AG is ZAG and the international security identification number (ISIN) is AT 0000837307. The company has no shares that carry special preferred rights or control rights. A total of 44,592,163 were outstanding as of 30 April 2008. A total of 1,943,555 shares were repurchased during 2008/09 at an average price of EUR 8.9 per share. This buyback was based on a decision by the Management Board on 29 July 2008 in accordance with a resolution passed by the annual general meeting on this same date, which authorised the repurchase of up to 10% of the company's share capital. Following the exercise of 64,625 options granted as part of the employee stock participation programme, the Group held 1,991,111 treasury shares at the end of the reporting year. The number of shares outstanding as of 30 April 2009 was 42,713,233.

The annual general meeting of the company on 7 April 2006 authorised the Management Board, with the approval of the Supervisory Board, to increase the share capital of the company by up to EUR 31,425,000 through the issue of up to 12,570,000 shares of zero par value bearer stock at a minimum issue price equal to 100% of the proportional amount of share capital up to a total of EUR 123,448,360 in exchange for cash or contributions in kind. This authorisation is valid for five years, beginning on the date the relevant amendment to the articles of association is filed with the Austrian Company Register. In addition, the Management Board is authorised to determine the price and conditions for this issue (authorised capital). The subscription rights of shareholders to the new shares issued from authorised capital are excluded. The Supervisory Board is empowered to approve any amendments to the articles of association that are required in connection with the issue of shares from authorised capital. Following the completion of several capital increases, the remaining authorisation covers EUR 11,687,500 or 4,675,000 shares as of 30 April 2009.

Furthermore, the annual general meeting of the company on 7 April 2006 authorised the Management Board, with the approval of the Supervisory Board, to carry out a conditional capital increase – in multiple segments if necessary – for the purpose of granting stock options to employees, key managers and members of the Management Board of the company or one of its subsidiaries. The conditional capital increase may equal up to EUR 3,312,840 and be executed through the issue of up to 1,325,136 new bearer shares in exchange for cash or contributions in kind. This authorisation is valid for five years, beginning on the date the relevant amendment to the articles of association is filed with the Austrian Company Register. In addition, the Management Board is authorised to determine the price and conditions for this issue (authorised conditional capital). The Supervisory Board is empowered to approve any amendments to the articles of association that are required in connection with the issue of shares from authorised conditional capital. This general authorisation was formalised by a resolution of the Management Board on 20 February 2008, which was approved by the Supervisory Board on 14 March 2008, to carry out a capital increase of EUR 607,500 through the issue of up to 243,000 shares of bearer stock. The actual number of shares issued will depend on the exercise of subscription rights by the eligible employees, key managers and members of the Management Board. None of the eligible persons has exercised his/her subscription rights to date.

Information on the stock option programme and the exercise of options is provided in section 2.5.5.13.

The annual general meeting on 29 July 2008 approved the payment of a EUR 0.70 dividend per share. A total of TEUR 31,255 was distributed to the shareholders of Zumtobel AG on 4 August 2008.

Foreign currency differences that were not recognised through profit or loss represent the differences between the historical exchange rates applied at initial consolidation and the closing rates on the balance sheet date for companies that do not report in euros as well as differences arising from the translation of income statement positions at the average monthly exchange rate and the relevant closing rate on the balance sheet date.

Foreign currency differences of TEUR 10,295 on loans are related to the valuation of long-term financing provided by the Group, which is classified as a net investment in a foreign operation in accordance with IAS 21.15. These valuation results are shown as a separate position under equity.

The changes in equity arising from the application of hedge accounting result from the recording of changes in the market value of existing derivative contracts without recognition through profit or loss as well as the recognition to the income statement of reversed amounts based on exercised or realised contracts and the related deferred taxes. The development of the hedge reserve is as follows:

in TEUR	30 April 2009	30 April 2008
Beginning balance	**85**	**(678)**
Change absolute	(2,176)	1,062
Deferred taxes	568	(299)
Ending balance	**(1,523)**	**85**

Information on actuarial losses as defined in IAS 19 is provided in section 2.5.5.16.

Distributions to shareholders from reserves and net profit may not exceed the amount shown under retained earnings on the balance sheet of the individual financial statements of Zumtobel AG, which are prepared in accordance with Austrian commercial law (TEUR 29,153; 2007/08: TEUR 60,266).

Equity management

The fundamental goals of equity management in the Zumtobel Group are to safeguard the continued existence of the company, to ensure an adequate return on equity and, under the restrictions set by these first two goals, to continue the regular payment of dividends with a payout ratio of 30 – 50% of Group earnings whenever possible. The Management Board and Supervisory Board have decided to recommend the suspension of the dividend for the 2008/09 financial year in order to protect liquidity and equity. The management of equity is based on gearing as an indicator, which is defined as the ratio of net financial liabilities (non-current and current financial liabilities less liquid funds and securities) to equity as shown on the consolidated balance sheet. The procedures used to manage equity include an increase or decrease in financial liabilities as well as the strengthening of the Group's equity basis through the retention of earnings or adjustment of dividend payments. A specific target has not been set for gearing, but net debt should not exceed 100% over the mid-term. Gearing amounted to 35.9% for the 2008/09 financial year (2007/08: 25.1%).

2.5.8 Financial instruments

2.5.8.1 Categories of financial instrument as defined in IAS 39

The financial instruments used by the Zumtobel Group are classified as follows, based on the categories defined in IAS 39:

Definition of the categories of financial instruments:

- at FV/P&L – measured at fair value through profit or loss
- HFT – held for trading
- HTM – held to maturity
- AFS – available for sale
- L&R – loans and receivables
- Hedge accounting
- Cash – liquid funds
- Financial liabilities measures at amortised cost

Various balance sheet positions also include assets and liabilities that are not classified as financial instruments in accordance with IAS 32 (non-FI). Examples of such items are accruals, suppliers with debit balances and social security or tax payments.

The fair value of current financial instruments reflects the carrying amount of these items because of their short term. Since the interest rates on all loans from financial institutions were converted to variable rates as of 30 June 2008, the carrying amount of non-current financial liabilities also reflects fair value.

The Zumtobel Group has no financial assets that are measured at fair value through profit or loss.

2008/09 Financial Year

Assets

in TEUR	Carrying amount	Fair value	HFT	HTM	AFS	L&R	Hedge accounting	Cash	Non-FI
Other non-current receivables & assets	15,436	15,436	0	0	0	11,343	0	0	4,093
Non-current financial assets	624	624	0	11	613	0	0	0	0
Securities and similar rights	*624*		*0*	*11*	*613*	*0*	*0*	*0*	*0*
Other current receivables & assets	37,946	37,946	6,711	0	49	7,517	287	0	23,382
Positive market values of derivatives held for trading	*6,540*		*6,540*	*0*	*0*	*0*	*0*	*0*	*0*
Positive market values of derivatives (hedge accounting)	*287*		*0*	*0*	*0*	*0*	*287*	*0*	*0*
Other	*31,119*		*171*	*0*	*49*	*7,517*	*0*	*0*	*23,382*
Current financial assets	21	21	0	9	0	12	0	0	0
Trade receivables	169,378	169,378	0	0	0	169,378	0	0	0
Liquid funds	69,008	69,008	0	0	0	0	0	69,008	0
Total	**292,413**	**292,413**	**6,711**	**20**	**662**	**188,250**	**287**	**69,008**	**27,475**

Liabilities

in TEUR	Carrying amount	Fair value	At FV/P&L	At amortised cost	Hedge accounting	Non-FI
Non-current borrowings	215,600	215,600	0	215,600	0	0
Loans received and originated	*196,138*		*0*	*196,138*	*0*	*0*
Finance leases	*19,462*		*0*	*19,462*	*0*	*0*
Other non-current liabilities	84	84	0	0	0	84
Current borrowings	16,886	16,886	0	16,886	0	0
Loans received and originated	*16,703*		*0*	*16,703*	*0*	*0*
Finance leases	*183*		*0*	*183*	*0*	*0*
Trade payables	109,895	109,895	0	109,895	0	0
Other current liabilities	97,582	97,582	2,302	944	2,307	92,029
Negative market values of derivatives held for trading	*2,302*		*2,302*	*0*	*0*	*0*
Negative market values of derivatives (hedge accounting)	*2,307*		*0*	*0*	*2,307*	*0*
Other	*92,973*		*0*	*944*	*0*	*91,623*
Total	**440,047**	**440,047**	**2,302**	**343,325**	**2,307**	**92,113**

2007/08 Financial Year

Assets

in TEUR	Carrying amount	Fair value	HFT	HTM	AFS	L&R	Hedge accounting	Cash	Non-FI
Other non-current receivables & assets	5,338	5,338	0	0	0	1,288	0	0	4,050
Non-current financial assets	15,604	15,604	0	23	2,074	13,507	0	0	0
Securities and similar rights	*15,604*		*0*	*23*	*2,074*	*13,507*	*0*	*0*	*0*
Other current receivables & assets	28,750	28,750	876	0	0	7,091	0	0	20,783
Positive market values of derivatives held for trading	*876*		*876*	*0*	*0*	*0*	*0*	*0*	*0*
Other	*27,874*		*0*	*0*	*0*	*7,091*	*0*	*0*	*20,783*
Current financial assets	497	497	306	7	5	34	145	0	0
Securities and similar rights	*46*		*0*	*7*	*5*	*34*	*0*	*0*	*0*
Positive market values of derivatives held for trading	*306*		*306*	*0*	*0*	*0*	*0*	*0*	*0*
Positive market values of derivatives (hedge accounting)	*145*		*0*	*0*	*0*	*0*	*145*	*0*	*0*
Trade receivables	225,113	225,113	0	0	0	225,113	0		0
Liquid funds	87,678	87,678	0	0	0	0	0	87,678	0
Total	**362,980**	**362,980**	**1,182**	**30**	**2,079**	**247,033**	**145**	**87,678**	**24,833**

Liabilities

in TEUR	Carrying amount	Fair value	At FV/P&L	At amortised cost	Hedge accounting	Non-FI
Non-current borrowings	211,631	211,631	0	211,631	0	0
Loans received and originated	*211,625*		*0*	*211,625*	*0*	*0*
Finance leases	*6*		*0*	*6*	*0*	*0*
Other non-current liabilities	1,012	1,012	0	0	0	1,012
Current borrowings	5,024	5,024	357	4,667	0	0
Loans received and originated	*4,663*		*0*	*4,663*	*0*	*0*
Finance leases	*4*		*0*	*4*	*0*	*0*
Negative market values of derivatives held for trading	*357*		*357*	*0*	*0*	*0*
Trade payables	144,326	144,326	0	144,326	0	0
Other current liabilities	93,129	93,129	396	0	0	92,733
Negative market values of derivatives (hedge accounting)	*396*		*396*	*0*	*0*	*0*
Other	*92,733*		*0*	*0*	*0*	*92,733*
Total	**455,122**	**455,122**	**753**	**360,624**	**0**	**93,745**

2.5.8.2 Income / expense on financial instruments (IAS 39 valuation categories)

in TEUR	2008/09	2007/08
Net gains or net losses	**(5,980)**	**(13,771)**
Financial liabilities measured at amortised cost	(5,125)	(7,329)
Held for trading	(729)	(6,634)
At fair value through profit or loss	(126)	192
Interest expense	**(22,638)**	**(22,595)**
Interest expense for financial assets measured at amortised cost	(22,592)	(22,560)
Interest expense held for trading	(46)	(35)
Interest income	**2,116**	**4,441**
Interest income at amortised cost	1,925	4,209
Interest income hedge accounting	191	232
Decrease in value	**9,448**	**9,358**

Other financial income and expense (TEUR -8,810) includes the net income or expense (TEUR -5,980) as well as the interest component as defined in IAS 19 less the income on plan assets (TEUR -2,830).

The net income / expense as well as the total interest expense and income are included under financial results, while the decrease in value is reported under operating earnings.

2.5.9 Information on Risk Management

The use of financial instruments exposes the Group above all to the following risks:

>> Credit risk
>> Liquidity risk
>> Market risk

Risk management is regulated by Group guidelines. The Management Board is responsible for the preparation and monitoring of risk management throughout the Group. A detailed description of other financial and non-financial risks as well as risk management is provided in section 1.12 of the management report.

2.5.9.1 Credit risk

>> Trade receivables and other receivables

Group companies have not concluded any general settlement agreements with customers, and the total amounts recorded under assets therefore represent the maximum credit and default risk. However, this risk is viewed as low because it is distributed over a large number of customers and financial institutions. As in the prior year, losses on receivables equalled less than 0.1% of Group revenues in 2008/09.The 10 largest customers were responsible for 16% of revenues in the reporting year (2007/08: 18%).

The Group has arranged for credit insurance to cover the risk of default on specific trade receivables, and an application is filed to cover every new customer with a balance of TEUR 100 or more. Group managers are authorised to approve credit limits for customers, whereby the amount of the credit limit is matched to the management level.

The valuation adjustments to trade receivables reflect actual cases or experience, and developed as follows:

in TEUR	30 April 2009	30 April 2008
Beginning balance	**8,569**	**9,566**
Addition	4,344	1,748
Utilisation	(527)	(1,247)
Reversal	(3,831)	(1,498)
Ending balance	**8,555**	**8,569**

In individual cases, valuation adjustments were recognised to reflect possible default. These individual charges are based on the classification of receivables into doubtful and non-doubtful. Impairment charges of between 20 and 50% are recognised to non-doubtful receivables that are overdue more than 60 days. Doubtful receivables are generally written down by at least 60%. In addition, a 1% valuation adjustment of TEUR 930 (2007/08: TEUR 1,092) was recognised to cover losses on receivables, which had occurred but were not yet known. Insured receivables are deducted from the basis for the calculation of impairment charges.

The age structure of trade receivables is as follows:

	30 April 2009		30 April 2008	
in TEUR	Carrying amount	Valuation adjustments	Carrying amount	Valuation adjustments
Not yet due	152,111	1,049	210,748	123
Overdue 1(60) days	17,087	597	19,264	381
Overdue 61(90) days	4,015	436	2,717	300
Overdue 91(180) days	2,298	540	2,222	698
Overdue > 180 days	8,443	5,933	9,808	7,067
Total	**183,954**	**8,555**	**244,759**	**8,569**

Receivables totalling TEUR 16,918 (2007/08: TEUR 18,883) are overdue (1-60 days) but were not reduced through valuation adjustments. Appropriate valuation adjustments were recognised to all other overdue receivables. The nominal value of trade includes TEUR 6,592 (2007/08: TEUR 6,345) of doubtful receivables; TEUR 6,083 (2007/08: TEUR 5,694) of this amount are overdue more than 180 days and were adjusted at a total of TEUR 4,931 (2007/08: EUR 5,029).

>> Liquid funds, non-current securities, derivatives and other financial assets

The Group minimises credit risk in this area by investing only in short-term instruments with systemically relevant banks.

>> Outstanding credit risk

The maximum risk represents the carrying amount of financial instruments, and totalled TEUR 264,937 as of 30 April 2009 (2007/08: TEUR 338,147). This amount is comprised primarily of trade receivables and liquid funds.

2.5.9.2 Liquidity risk

Liquidity risk represents the risk that the Zumtobel Group will not be able to meet its current and future payment obligations in full or on a timely basis. In order to safeguard its ability to meet these obligations at any time, the Zumtobel Group maintains liquidity reserves in the form of demand deposits with banks to service expected operating expenses and financial liabilities. The Group also has extensive working capital credits that allow it to offset fluctuations in liquidity that result from the seasonality of business, both in a specific months and during the course of the year. Therefore, the Zumtobel Group is not exposed to any material liquidity risks in the area of short-term financing.

As of 30 April 2009 liquidity was secured through funds provided by the long-term consortium financing agreement (see section 2.5.5.14) as well as short-term unsecured lines of credit totalling TEUR 147,056. The interest rates are dependent on local market circumstances and reflect ordinary conditions in the relevant countries.

The financial liabilities recognised as of 30 April 2009 will result in the following payments (principal and interest):

30 April 2009

			Contractual cash flow		
in TEUR	Carrying amount	Total	< 1 year	1 - 5 years	> 5 years
Borrowings	*232,486*	*270,659*	*22,650*	*210,486*	*37,523*
Loans from financial institutions	*195,511*	*205,916*	*5,663*	*200,253*	*0*
Loans from public authorities	*4,140*	*4,352*	*1,997*	*2,355*	*0*
Loans from other third parties	*636*	*636*	*468*	*168*	*0*
Finance leases	*19,645*	*47,201*	*1,968*	*7,710*	*37,523*
Working capital credits	*12,554*	*12,554*	*12,554*	*0*	*0*
Trade payables	109,895	109,895	109,895	0	0
Other liabilities	97,666	97,872	96,686	1,186	0
Derivatives held for trading	*2,302*	*2,484*	*2,484*	*0*	*0*
Derivatives (hedge accounting)	*2,307*	*2,331*	*1,229*	*1,102*	*0*
Other financial instruments	*944*	*944*	*944*	*0*	*0*
Liabilities non-FI	*92,113*	*92,113*	*92,029*	*84*	*0*
Liquidity risk	**440,047**	**478,426**	**229,231**	**211,672**	**37,523**

30 April 2008

			Contractual cash flow		
in TEUR	Carrying amount	Total	< 1 year	1 - 5 years	> 5 years
Borrowings	216,655	236,243	16,712	212,217	7,314
Loans from financial institutions	*209,441*	*228,715*	*14,353*	*208,134*	*6,228*
Loans from public authorities	*4,119*	*4,278*	*709*	*3,471*	*98*
Loans from other third parties	*963*	*963*	*449*	*514*	*0*
Finance leases	*10*	*10*	*4*	*6*	*0*
Bonds	*965*	*1,103*	*23*	*92*	*988*
Working capital credits	*800*	*800*	*800*	*0*	*0*
Derivatives (hedge accounting)	*357*	*374*	*374*	*0*	*0*
Trade payables	144,326	144,326	144,326	0	0
Other liabilities	94,141	94,141	93,129	1,012	0
Derivatives (hedge accounting)	*396*	*414*	*414*	*0*	*0*
Liabilities non-FI	*93,745*	*93,727*	*92,715*	*1,012*	*0*
Liquidity risk	**455,122**	**474,710**	**254,167**	**213,229**	**7,314**

2.5.9.3 Market risk

Market risk comprises the risk arising from changes in market prices that are denominated in a foreign currency as well as the risk arising from changes in interest rates and raw material prices, which could have a negative effect on Group earnings and/or the fair value of the financial instruments used by the Group. The goal of risk management in this area is to identify the existing risks and minimise these risks as far as possible and economically feasible through the implementation of appropriate measures.

The Zumtobel Group uses derivative financial instruments in certain cases to provide protection against these risks. Derivative transactions are concluded only with systemically relevant banks in order to minimise the credit risk associated with hedges. Derivative financial instruments are used in accordance with guidelines that were approved by the Supervisory Board.

The hedging policy currently in use was approved in 2005, and evaluated and revised in January 2009. The main changes involve the time limits for hedges and the timing of decisions on the conclusion of hedges. Hedging activities focus primarily on cash flows, shifts in market prices that result from exchange rate fluctuations and changing raw material prices. In these cases, the relevant positions are hedged for a period of two to three quarters on a rolling basis. This method leads to a relatively constant volume of hedges, but smoothes foreign exchange exposure.

Interest rate risk

Interest rate risk represents the possible fluctuation in the value of a financial instrument due to an increase or decrease in market interest rates. The risk associated with interest rate fluctuations is related primarily to receivables and liabilities with a term of more than one year. These terms are not of material importance in the operating area, but can play a greater role with respect to financial assets and financial liabilities.

The outstanding acquisition financing of EUR 186 million carries a variable interest rate, but is considered to be long-term because it is due on 13 June 2013. In order to reduce the resulting interest rate risk, an interest rate swap of EUR 62 million was concluded with a bank. This swap represents one-third of the outstanding credit volume and coverts the variable interest rate to a fixed interest rate of 3.35%. The term of the swap as well as the payment and settlement dates for the variable payments to be received largely coincide with the acquisition financing, which means there is no ineffectiveness outside the applicable range of 80 to 120 per cent. This interest rate swap therefore qualifies for hedge accounting in accordance with IAS 39, and the resulting measurement effects are recognised directly in equity:

Currency	Nominal value in 1,000 local currency	Fair value in TEUR 2008/09
EUR	62,000	(2,307)

The interest rate hedges shown on the balance sheet as of 30 April 2008 were reversed through profit or loss in 2008/09.

Currency	Nominal value in 1,000 local currency	Fair value in TEUR 2007/08
EUR	13,690	145

>> Outstanding interest rate risk

The following table shows the classification of interest-bearing financial instruments according to fixed and variable interest rates:

in TEUR	30 April 2009	30 April 2008
Borrowings	(46,486)	(190,427)
Fixed rate instruments	**(46,486)**	**(190,427)**
Financial assets	645	13,530
Liquid funds	69,008	87,678
Borrowings	(186,000)	(26,228)
Variable rate instruments	**(116,347)**	**74,980**
Total	**(162,832)**	**(115,447)**

In connection with the refinancing of the acquisition credit in June 2008, the interest rate was converted from a fixed rate to the variable OeKB ("Oesterreichiche Kontrollbank AG") floating interest rate.

Rising interest rates – especially for the euro – can have a negative impact on financial results and increase the average interest rate for the Group.

>> Sensitivity analysis

For variable interest instruments, a change of 100 basis points in the interest rate would result in a change of TEUR 1,199 (2007/08: TEUR 671) in interest income or interest expense on the income statement. Since fixed-interest financial liabilities are carried at amortised cost, a change in the interest rate would have no effect on the income statement or equity.

For the interest rate swap, a change of 100 basis points in the interest rate would result in an opposite change of TEUR 475 to equity.

Foreign exchange risk

Most of the foreign exchange hedges had a remaining term of less than one year as of the balance sheet date on 30 April 2009. The Group generally uses forward exchange contracts with a term of up to one year, but alternative instruments such as options are also used where necessary. Translation risks are not hedged.

The Group's main currencies are the EUR, GBP, USD (as well as Asian currencies that are linked to the USD), AUD and CHF. Most of the European production companies invoice in EUR and GBP.

Foreign exchange exposure is determined on the basis of general forecast assumptions and not on the basis of specific contracts and, for this reason, the requirements for hedge accounting are usually not met. In only one case did the Group conclude forward exchange contracts for a specific contract that qualify for hedge accounting (positive market value of TEUR 286 as of 30 April 2009), i.e. a long-term procurement contract for USD-based components.

>> Sensitivity analysis

The following information illustrates the sensitivity of an increase in the EUR over the relevant foreign currency from the Group point of view. All financial instruments reported on the balance sheet as of 30 April 2009 (including internal financing instruments) are included in the calculation.

Financial instruments denominated in the relevant functional currency of subsidiaries that are not located in the euro zone do not represent a risk and are therefore not included in this sensitivity analysis.

A 10 per cent increase or decrease in the value of the euro versus the relevant foreign currency as of 30 April 2009 would have had the following effect on profit after tax and equity based on the most important currency pairs. The effects on equity are related to long-term Group loans.

	EUR increase of 10%		EUR decrease of 10%	
in TEUR	Profit or loss	Equity	Profit or loss	Equity
EUR-GBP	1,557	4,477	(1,557)	(4,477)
EUR-SEK	426	2,993	(426)	(2,993)

The following table shows the effects on derivatives of an exchange rate change of +/- 10%.

in TEUR	Fair value	EUR increase of 10%	EUR decrease of 10%
EUR - GBP	2,639	(6,624)	6,772
EUR - CHF	232	(1,401)	1,286
EUR - AUD	(996)	(1,308)	1,423
EUR - USD	2,061	4,034	(4,054)
EUR - SEK	(150)	(532)	485

The derivative portfolio held by the Group is comprised mainly of derivatives with a genuine hedge character (defined worst case scenario available), but also includes a smaller component of exchange rate optimisation instruments that were concluded for the EUR - AUD and EUR - GBP. These derivatives had a negative fair value of TEUR 80 as of 30 April 2009. The negative risk potential was estimated at TEUR 2,566 up to the end of the contract terms in April 2010.

2.5.10 Segment Reporting

2.5.10.1 Business segments

The subsidiary groups form the primary segments of business for the Zumtobel Group: the Lighting Segment (formerly the Zumtobel Lighting Division – lighting solutions, interior and exterior lighting, electronic-digital lighting and room management systems) and the Components Segment (formerly the TridonicAtco Division – electronic and magnetic lighting components). The transfer of goods and services between the two divisions is based on ordinary market conditions.

The segment assets and liabilities allocated to the two divisions include property, plant and equipment that can be directly assigned as well as intangible assets and working capital (excluding accrued interest, tax receivables and tax liabilities)..

The column "Other and consolidation" comprises assets and liabilities that could not be allocated to either of the two segments and the related income statement items as well as property, plant and equipment, financial liabilities and taxes that involve both segments.

Results of TEUR 1,584 from associated companies are comprised of TEUR 20 from the Components Segment and TEUR 1,564 from the Lighting Segment. Taxes and the remaining balance of financial results are not allocated to a specific segment of business.

	Lighting Segment			Components Segment			Other & Consolidation			Group		
in TEUR	2008/09	2007/08	2006/07	2008/09	2007/08	2006/07	2008/09	2007/08	2006/07	2008/09	2007/08	2006/07
Net revenues	871,380	948,872	921,894	365,763	400,400	378,891	(63,137)	(66,933)	(66,835)	1,174,006	1,282,338	1,233,951
External revenues	870,456	948,405	921,788	302,672	333,001	311,861	878	932	302	1,174,006	1,282,338	1,233,951
Inter-company revenues	924	466	106	63,091	67,399	67,030	(64,015)	(67,865)	(67,137)	0	0	0
Operating profit	31,899	82,164	77,105	37,945	46,836	39,695	(12,819)	(7,140)	(2,266)	57,025	121,859	114,534
Investments	41,344	41,058	31,886	23,108	22,332	21,510	278	2,623	928	64,730	66,013	54,324
Depreciation	(25,390)	(24,257)	(25,758)	(15,654)	(16,891)	(21,023)	(1,622)	1,879	4,423	(42,666)	(39,270)	(42,357)

in TEUR	30 April 2009	30 April 2008	30 April 2007	30 April 2009	30 April 2008	30 April 2007	30 April 2009	30 April 2008	30 April 2007	30 April 2009	30 April 2008	30 April 2007
Assets	698,053	754,848	728,292	204,661	233,295	242,104	151,158	117,805	174,983	1,053,872	1,105,948	1,145,379
Liabilities	277,189	281,339	293,825	74,328	96,774	102,283	246,375	213,635	307,681	597,892	591,748	703,789
Headcount (full-time equivalent)	5,167	5,670	5,394	1,745	1,926	1,989	129	112	97	7,041	7,708	7,480

2.5.10.2 Regional segments

The distribution of countries to the individual regions is as follows:

D/A/CH:	Germany, Austria, Switzerland
Eastern Europe:	Czech Republic, Croatia, Hungary, Poland, Romania, Russia, Slovakia, Baltic States
Northern Europe:	Denmark, Finland, Norway, Sweden, Iceland
Western Europe:	Great Britain, Benelux, France
Southern Europe:	Italy, Spain, Greece, Turkey
America:	North and South America
Asia:	Countries in the Far East and Middle East
Other countries:	Africa

Various assets such as goodwill were allocated to the region "Europe" or to the Group level during the consolidation because it was not possible to assign these items to a specific sub-region.

	External revenues			Assets			Investments		
in TEUR	2008/09	2007/08	2006/07	30 April 2009	30 April 2008	30 April 2007	2008/09	2007/08	2006/07
D/A/CH	298,494	308,897	292,325	367,062	389,430	393,566	35,367	37,719	39,716
Eastern Europe	66,737	67,937	61,790	14,823	20,932	9,753	1,065	1,625	1,177
Northern Europe	97,541	106,885	99,300	26,289	31,346	29,162	1,431	1,630	810
Western Europe	383,502	427,373	410,033	151,799	178,089	178,887	22,110	20,616	6,964
Southern Europe	105,709	129,940	119,152	34,754	23,133	19,918	1,679	85	360
Europe	951,983	1,041,033	982,599	594,727	642,930	631,285	61,652	61,674	49,027
Asia	88,695	87,418	93,446	35,214	40,260	39,449	1,344	1,398	1,493
Australia & New Zealand	89,922	107,461	103,226	43,336	60,909	71,405	805	2,463	3,346
America	31,857	35,484	41,549	13,246	13,162	14,472	929	478	459
Others	11,549	10,942	13,130	0	0	0	0	0	0
Other & Consolidation	0	0	0	367,349	348,686	388,768	0	0	0
Total	**1,174,006**	**1,282,338**	**1,233,951**	**1,053,872**	**1,105,948**	**1,145,379**	**64,730**	**66,013**	**54,324**

2.5.11 Contingent Liabilities and Guarantees

The Group has contingent liabilities of TEUR 29 (2007/08: TEUR 440) for guarantees and warrantees, which do not meet the criteria for recognition as a provision. In addition, bank guarantees of TEUR 7,881 (2007/08: TEUR 9,072) were provided for various liabilities.

2.5.12 Subsequent Events

The Zumtobel Group and the Dutch Royal Philips Electronics signed an extensive worldwide cross-licensing agreement in May 2009 for current and future patents in the areas of lighting technology and solid state lighting. The agreement provides for a balanced mutual settlement payment that reflects the strong technology position of both parties in the lighting sector. As a result of this agreement, the Zumtobel Group with all its brands becomes a qualified supplier under the Philips LED-based luminaires licensing programme.

No other significant events occurred after the balance sheet date.

2.5.13 Related Party Transactions

Closely related persons include the Management Board and Supervisory Board of Zumtobel AG. As of 30 April 2009 there were no business transactions with closely related persons.

The Group has concluded supply and delivery agreements with associated companies and joint ventures, which reflect third party conditions.

Remuneration for the bodies of the Group:

The Management Board Zumtobel AG received fixed and variable remuneration totalling TEUR 1,514 for the 2008/09 financial year (2007/08: TEUR 1,871). CEO Andreas Ludwig holds options for 19,141 (2007/08: 13,653) shares from the MSP programme; the comparable figure for CFO Thomas Spitzenpfeil is 7,655 (2007/08: 5,460). No other types of remuneration such as pensions or additional post-employment benefits were granted. The Supervisory Board of Zumtobel AG received remuneration of TEUR 330 in 2008/09 (2007/08:TEUR 277).

2.5.14 Information on Employees and Bodies of the Group

2.5.14.1 Personnel structure

	2008/09		2007/08	
	Average	Balance sheet date	Average	Balance sheet date
Production	4,121	3,714	4,149	4,286
Research and development	448	449	394	411
Sales	2,316	2,226	2,282	2,345
Administration	668	652	647	666
Total	**7,553**	**7,041**	**7,472**	**7,708**

2.5.14.2 Bodies of the Group

Supervisory Board
Jürg Zumtobel (Chairman)
Harald Sommerer (Vice-Chairman)
Hero Brahms (Vice-Chairman since 29 July 2008)
Fritz Zumtobel (Member)
Johannes P. Huth (Member up to 27 June 2008)
Walter M. Dünser (Member)
Wolf Klinz (Member)

Delegated by the Employees' Council:
Ludwig Auer
Herbert Kaufmann
Mario Wintschnig

Management Board
Andreas Ludwig, appointed up to 30 April 2012
Thomas Spitzenpfeil, appointed up to 30 April 2010

2.5.15 Statement by the Management Board in accordance with § 82 (4) of the Austrian Stock Exchange Act

According to the best knowledge of the Management Board, the consolidated financial statements as of 30 April 2009, which were prepared in accordance with International Financial Reporting Standards, provide a true and fair view of the asset, financial and earnings position of all companies included in the consolidation in accordance with stock exchange regulations. The Group management report describes the development of business, the results of operations and the position of the Group so as to provide a true and fair view of the financial position and performance of the Group. Moreover, the Group management report describes the major risks and uncertainties to which the Group is exposed.

We hereby confirm to the best of our knowledge that the annual financial statements of the parent company, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the financial position and performance of the company; that the management report describes the development of business, the results of operations and the position of the company so as to provide a true and fair view of the financial position and performance of the company; and that the Group management report combined with the management report of the company describes the major risks and uncertainties to which the company is exposed.

Dornbirn, 23 June 2009

The Management Board

Andreas Ludwig m.p. Thomas Spitzenpfeil m.p.

2.6 Independent Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of

Zumtobel AG,
Dornbirn, Austria,

for the financial year from 1 May 2008 to 30 April 2009. Those consolidated financial statements comprise the balance sheet as at 30 April 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing and International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. Based on the results of our audit in our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the group as of 30 April 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on Other Legal Requirements

Law and regulation applicable in Austria require us to perform audit procedures whether the group management report is consistent with the consolidated financial statements and whether the other disclosures made in the group management report do not give rise to misconception of the position of the group.

In our opinion, the Group Management Report is consistent with the consolidated financial statements.

Vienna, 23 June 2009

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Thomas Smrekar	Martin Wagner
Certified Public Accountant	Certified Public Accountant

2.7 Consolidation Range

No.	Unit	Country	Share in %	Consolidation method	Currency
1	Atco Finance Pty. Ltd.	Australia	100	full	AUD
2	ATCO Industrial Pty. Ltd.	Australia	100	full	AUD
3	Conlux Pty. Limited	Australia	100	full	AUD
4	Multilux Pty. Limited	Australia	100	full	AUD
5	Staff/Conlux Administration Pty. Ltd.	Australia	100	full	AUD
6	Thorn Lighting Pty Ltd	Australia	100	full	AUD
7	TridonicAtco Australia Pty. Ltd.	Australia	100	full	AUD
8	TridonicAtco Manufacturing Pty Ltd	Australia	100	full	AUD
9	TridonicAtco Oceania Holding Pty. Ltd.	Australia	100	full	AUD
10	Zumtobel Lighting Pty. Ltd.	Australia	100	full	AUD
11	FURIAE Raiffeisen-Immobilien-Leasing GmbH	Austria	100	full	EUR
12	LEDON Lighting GmbH	Austria	100	full	EUR
13	Ledon Lighting Jennersdorf GmbH	Austria	95	full	EUR
14	LEXEDIS Lighting GmbH	Austria	50	equity	EUR
15	Thorn Licht Gesellschaft mbH	Austria	99.89	full	EUR
16	TridonicAtco connection technology GmbH	Austria	100	full	EUR
17	TridonicAtco connection technology GmbH & Co KG	Austria	100	full	EUR
18	TridonicAtco GmbH	Austria	100	full	EUR
19	TridonicAtco GmbH & Co KG	Austria	100	full	EUR
20	TridonicAtco Holding GmbH	Austria	100	full	EUR
21	Zumtobel AG	Austria	100	full	EUR
22	Zumtobel Holding GmbH	Austria	100	full	EUR
23	Zumtobel Insurance Management GmbH	Austria	100	full	EUR
24	Zumtobel LED GmbH	Austria	100	full	EUR
25	Zumtobel LED Holding GmbH	Austria	100	full	EUR
26	Zumtobel Licht GmbH	Austria	100	full	EUR
27	Zumtobel Lighting GmbH	Austria	100	full	EUR
28	Zumtobel Pool GmbH	Austria	100	full	EUR
29	z-werkzeugbau gmbh	Austria	30	equity	EUR
30	N.V. Zumtobel Lighting S.A.	Belgium	100	full	EUR
31	Thorn Lighting (Guangzhou) Ltd.	China	100	full	CNY
32	Thorn Lighting (Guangzhou) Operations Ltd.	China	100	full	CNY
33	Thorn Lighting (Hong Kong) Ltd.	China	100	full	HKD
34	Thorn Lighting (Tianjin) Co. Ltd.	China	70	full	CNY
35	TridonicAtco (Shanghai) Co. Ltd.	China	100	full	CNY
36	TridonicAtco (Shenzhen) Co. Ltd.	China	100	full	CNY
37	TridonicAtco Hong Kong Ltd.	China	100	full	HKD
38	Zumtobel Licht d.o.o.	Croatia	100	full	HRK
39	Thorn Lighting CS Spol s.r.o.	Czech Republic	99.89	full	CZK
40	Zumtobel Lighting s.r.o.	Czech Republic	100	full	CZK
41	Lightmakers A/S	Denmark	51	full	DKK
42	Thorn Lighting AS	Denmark	100	full	DKK

43	Thorn Lighting OY	Finland	100	full	EUR
44	Thorn Europhane S.A.	France	99.89	full	EUR
45	TridonicAtco France Sarl	France	100	full	EUR
46	Zumtobel Lumière Sarl	France	100	full	EUR
47	Ledon Lighting Morbach GmbH	Germany	100	full	EUR
48	Reiss Lighting GmbH	Germany	100	full	EUR
49	TridonicAtco Deutschland GmbH	Germany	100	full	EUR
50	Zumtobel Holding GmbH	Germany	100	full	EUR
51	Zumtobel Licht GmbH	Germany	100	full	EUR
52	Zumtobel Lighting GmbH	Germany	100	full	EUR
53	Luxmate Ltd.	Great Britain	100	full	GBP
54	Rewath Ltd.	Great Britain	100	full	GBP
55	Thorn Lighting Group	Great Britain	100	full	GBP
56	Thorn Lighting Holdings Ltd.	Great Britain	100	full	GBP
57	Thorn Lighting International Ltd.	Great Britain	100	full	GBP
58	Thorn Lighting Ltd.	Great Britain	100	full	GBP
59	TridonicAtco UK Ltd	Great Britain	100	full	GBP
60	Wengen - Five Ltd.	Great Britain	100	full	GBP
61	Wengen - Four Ltd.	Great Britain	100	full	GBP
62	Wengen - One Ltd.	Great Britain	100	full	GBP
63	Wengen - Three Ltd.	Great Britain	100	full	GBP
64	Wengen - Two Ltd.	Great Britain	100	full	GBP
65	Zumtobel Lighting Limited	Great Britain	100	full	GBP
66	Zumtobel Lighting Kft	Hungary	100	full	HUF
67	Thorn Lighting India Private Limited	India	70	full	INR
68	Thorn Lighting (Ireland) Limited	Ireland	100	full	EUR
69	Space Cannon VH SRL	Italy	100	full	EUR
70	Thorn Europhane SPA	Italy	99.89	full	EUR
71	TridonicAtco Italia SRL	Italy	100	full	EUR
72	Zumtobel Illuminazione SRL	Italy	100	full	EUR
73	Zumtobel LED Illuminazione Holding srl	Italy	100	full	EUR
74	Zumtobel Residental Lighting srl	Italy	100	full	EUR
75	TridonicAtco (Malaysia) Sdn, Bhd.	Malaysia	100	full	MYR
76	Thorn Lighting (Mauritius) Holdings Ltd.	Mauritius	100	full	USD
77	Thorn Lighting Asian Holdings BV	Netherlands	100	full	EUR
78	Thorn Lighting (NZ) Limited	New Zeeland	100	full	NZD
79	TridonicAtco NZ Limited	New Zeeland	100	full	NZD
80	Thorn Lighting AS	Norway	100	full	NOK
81	Thorn Lighting Polska SP ZOO	Poland	100	full	PLN
82	Raiffeisen Lux S.r.l.	Romania	100	full	EUR
83	Zumtobel Lighting Romania srl	Romania	100	full	RON
84	Thorn Lighting (Singapore) Pte Ltd	Singapore	100	full	SGD
85	TridonicAtco (S.E.A.) Pte Ltd.	Singapore	100	full	SGD
86	ZUMTOBEL LICHT d.o.o.	Slowenia	100	full	EUR
87	Tridonic S.A.	South Africa	49.99	equity	ZAR

88	Luxmate S.L.	Spain	100	full	EUR
89	Staff Iberica S.A.	Spain	50	equity	EUR
90	Hans-Agne Jakobsson A/B	Sweden	100	full	SEK
91	Thorn Lighting AB	Sweden	100	full	SEK
92	Thorn Lighting Nordic A/B	Sweden	100	full	SEK
93	TLG Sweden Holdings AB	Sweden	100	full	SEK
94	TridonicAtco Schweiz AG	Switzerland	100	full	CHF
95	Zumtobel Licht AG	Switzerland	100	full	CHF
96	Zumtobel Pool AG	Switzerland	100	full	EUR
97	TridonicAtco Aydinlatma Ticaret Limited Sirketi	Turkey	100	full	TRY
98	Thorn Gulf LCC	UAE	49	equity	AED
99	TridonicAtco (ME) FZE	UAE	100	full	AED
100	Lemgo Realty Corp.	USA	100	full	USD
101	Zumtobel Lighting Inc.	USA	100	full	USD

Deconsolidations

1	Luxmate GmbH	Germany	100	full	EUR
2	Zumtobel Lighting GmbH & Co. KG	Germany	100	full	EUR
3	Zumtobel Electronic GmbH	Germany	100	full	EUR
4	Zumtobel Belysning AS	Norway	100	full	NOK
5	Thorn Lighting Holdings AS	Norway	100	full	NOK

3. Corporate Governance Report 2008/09

Contents

3. Corporate Governance

3.1 Corporate Governance in the Zumtobel Group

In accordance with the traditional strategic focus of the Zumtobel Group on sustainability, long-term development and responsibility, corporate governance – in the sense of comprehensive management and monitoring– forms an important basis for the long-term creation of value as well as the maintenance and increase in the worth of the company. A key element of the corporate governance system in the Zumtobel Group is a commitment to transparent, fair and open communications, and equal treatment for the rights of all stakeholders.

The Austrian Corporate Governance Code represents a major building block of the corporate governance system, in particular as a framework for transparency, communication and the equal treatment of stakeholders. Other important factors for safeguarding the value of the Zumtobel Group over the long-term include the mission statement and corporate values. The protection of these values is supported by the code of conduct and corporate policies as well as the risk management system, the system of internal controls and the corporate internal audit function.

3.1.1 Major developments during the 2008/09 financial year

The corporate governance system of the Zumtobel Group is not a static concept, but a framework for action that is continuously developed and adjusted to reflect changes in the operating environment. Activities in 2008/09 focused on the continued development of the risk management system and the system of internal controls. Although the relevant provisions of the 8th EU Guideline and a 2008 amendment to Austrian corporate law ("Unternehmensrechtsänderungsgesetzes 2008") will only apply to Zumtobel beginning with the 2009/10 financial year, the Group decided to meet these requirements as soon as possible. A project was therefore started in autumn 2008 to concentrate on revising the foundation and principles of the system of internal controls, to strengthen internal controls in the area of financial reporting and to further anchor the risk management system in the entire Group. This project was successfully completed in April 2009.

The ongoing development of the corporate governance system also involved the optimisation of corporate policies and the standardisation of various processes. This included the implementation of new uniform procedures for credit limits and credit insurance that apply to all Group companies.

Communication forms a key element of the corporate governance system in the Zumtobel Group. A major innovation in the area of external communications was the relaunch of the website www.zumtobelgroup.com. This newly designed homepage offers improved user-friendliness and provides easier access to frequently sought information. A so-called RSS[1] feed was also introduced to provide information on new content through a news ticker. Internal communications were strengthened by the start-up of GroupWiki, which is based on the same technology as the well-known Internet encyclopaedia Wikipedia and used for the general exchange of information as well as knowledge management in specialised fields.

Activities to further optimise and expand the corporate governance system will continue during the 2009/10 financial year.

[1] RSS = Really Simple Syndication, a standard for the electronic exchange of messages.

3.2 The Austrian Corporate Governance Code

Zumtobel AG has announced its intention to voluntarily comply with the Austrian Corporate Governance Code in the January 2009 version. Zumtobel views the active implementation of the code as an important obligation in the sense of management and monitoring that is focused on realising a sustainable and long-term increase in the value of the company. The current version of the code is available for review and download on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at).

As in previous years, Zumtobel AG complied with nearly all provisions of the code in 2008/09, meeting not only the minimum requirements but also generally observing almost all R-Rules. The actions of the Group varied in part from only four C-Rules of the 83 rules contained in the code. These differences are described below in accordance with the "comply or explain" principle.

Zumtobel AG also intends to comply with the code during the 2009/10 financial year, and will continue to pursue the best possible implementation of all rules.

3.2.1 Comply or explain

The Management Board of Zumtobel AG instructed the corporate internal audit department to evaluate and report on compliance with the Austrian Corporate Governance Code in 2008/09. Based on this compliance review, Zumtobel AG can confirm that it met all L-Rules of the Austrian Corporate Governance Code (January 2009 version) during the 2008/09 financial year. Moreover, the company also observed the provisions of Rules 38 and 41, which were not met in earlier years. The following C-Rules were not or are not applied in full:

Rule 30: The Zumtobel Group classifies information on insurance coverage in general and D&O coverage in particular as confidential data, whose disclosure may result in damage to the corporation. Therefore, the Zumtobel Group does not disclose this information.

Rule 31: The remuneration of the individual members of the Management Board is not disclosed. The Zumtobel Group believes this data does not provide any added value for the readers of this annual financial report.

Rule 51: The remuneration of the individual members of the Supervisory Board is not disclosed. The Zumtobel Group believes this data does not provide any added value for the readers of this annual financial report.

Rule 55: The Chairman of the Supervisory Board, Jürg Zumtobel, served as the Chairman of the Management Board of Zumtobel AG up to his appointment as member and Chairman of the Supervisory Board in 2003.

3.2.2 Disclosure of auditors‘ fees

The annual general meeting on 29 July 2008 appointed KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft to audit the consolidated and annual financial statements of Zumtobel AG. Furthermore, KPMG performs limited tax and financial consulting services for the Zumtobel Group through its partner offices.

KPMG Austria performed or arranged to perform the following services for the Zumtobel AG in 2008/09:

In TEUR	2008/09
Total fees	**231**
thereof audit and related activities	209
thereof audit-related consulting	13
thereof other services	9

The fees charged by member companies of the KPMG network for audit services in the Zumtobel Group totalled TEUR 1,720 including external costs.

3.3 Risk Management and the System of Internal Controls

The risk management system and the system of internal controls used by the Zumtobel Group overlap and influence each other, not least because of their common focus on COSO[2] models.

Risk management is viewed as an independent strategic process, which focuses on the interaction with risks and opportunities. The more risk management deals with the general risks to which companies are exposed, the more it becomes an independent process. The more it deals with the risks arising from individual business processes, the more it fuses with the system of internal controls.

In accordance with § 243a (2) of the Austrian Corporate Code, the management report must disclose the major elements of the system of internal controls and risk management system that relate to accounting processes. Although this obligation only applies to financial years beginning after 31 December 2008, i.e. for the annual financial statements of the Zumtobel Group as of 30 April 2010 and thereafter, an extensive description is included in this annual financial report. The relevant information can be found in the Group Management Report under sections 1.12 (Risk Management) and 1.13 (System of Internal Controls).

In accordance with Rule 83 (formerly Rule 80) of the Austrian Corporate Governance Code[3], the auditor must evaluate the effectiveness of risk management each year and report to the Management Board and Supervisory Board on the results of this assessment. The review for the 2008/09 financial year was carried out by KPMG Austria in June 2009, and the relevant report was presented to the Audit Committee at its meeting on 25 June 2009.

3.3.1 Internal audit

As one of the first – and at that time family-owned – industrial companies in Austria, Zumtobel AG established an internal audit department in 1995. Corporate internal audit has 2.5 staff members and reports directly to the Management Board. In accordance with Rule 18 of the Austrian Corporate

[2] COSO: Committee Of Sponsoring Organisations of the Treadway Commission, see www.coso.org
[3] In order to improve readability, the designation "of the Austrian Corporate Governance Code" is not included in connection with references to the individual rules

Governance Code, this department also provides the Audit Committee with regular reports on the planning for and most important results of its audits.

A risk-oriented audit schedule that is approved by the Management Board and coordinated with the Audit Committee forms the basis for the work of corporate internal audit. This group is responsible for evaluating the system of internal controls in operating processes. In 2008/09 audit activities concentrated on the overseas companies, particularly in Asia, as well as procurement procedures and the related financial processes. Another focal point involved audits in the IT field. The main areas of emphasis will be retained in 2009/10, but the geographical focus will be shifted more toward Europe.

The activities of corporate internal audit also include ad-hoc audits on instructions of the Management Board. These examinations focus on current risks and reviews that are not directly related to processes, e.g. on projects and other non-recurring activities.

3.4 The Corporate Bodies and Committees of Zumtobel AG

In accordance with Austrian law, the organisation of Zumtobel AG is based on three independent corporate bodies: the annual general meeting, the supervisory board and the management board. The Management Board of Zumtobel AG is responsible for the direction of the company. The Supervisory Board, a separate body that is elected by the Annual General Meeting, is responsible for the control function. The Management Board and the Supervisory Board are organised to ensure the strict separation of members, and it is not possible to hold a seat on both bodies at the same time. This represents a key difference in comparison with the Anglo-American board system.

The cooperation between these three bodies is defined by the articles of association as well as the rules of procedure for the Management Board and the Supervisory Board. The articles of association and rules of procedure are published on the website of the Zumtobel Group (*www.zumtobelgroup.com*).

3.4.1 Shareholders and the annual general meeting

The shareholders safeguard their interests and exercise their voting rights at the annual general meeting. The shares of Zumtobel AG are issued in accordance with the "one share - one vote" principle, and there are no preferred shares or shares with multiple voting rights.

The annual general meeting is announced at least 21 days prior to the date of the assembly and is held at the headquarters of the company, in Vienna or in another Austrian provincial capital.

Certain important decisions are reserved for the annual general meeting, including the use of retained earnings, the release of the Management Board and Supervisory Board from liability, the election of the auditor and the election of new members to the Supervisory Board. The annual general meeting also has the right to decide on changes in the articles of association and capital measures.

The shares issued by Zumtobel AG are bearer shares, and there are no registered shares. Therefore, information on the shareholder structure can only be compiled when shareholders deposit their shares prior to the annual general meeting or when Zumtobel collects information on these shareholdings. The available information on the shareholder structure is provided in section 1.3.

3.4.2 The Management Board

The members of the Management Board are appointed by the Supervisory Board. They may only take on additional duties or functions with the prior approval of the Supervisory Board.

Andreas Ludwig - CEO

Andreas Ludwig has been a member of the Management Board of Zumtobel AG since 1 May 2003 and CEO and Chairman of the Management Board since 1 September 2003. His term of office extends until 30 April 2012. He was born in Vienna in 1959, and received his Doctorate of Laws from the University of Vienna. He started his career in 1984 as an audit assistant with Wr.Treuhand und WirtschaftsberatungsgesmbH, Vienna. In 1986 he joined Swarovski America Lt., Rhode Island, as Assistant to the CFO. Between 1987 and 2001 he held various management positions within the Swarovski Group, including Vice President Finance of Daniel Swarovski Corporation AG, Feldmeilen, Switzerland (1987–1990), CFO and COO of Zale Corporation, Dallas, USA (1991–1993), and CEO of Tyrolit Group, Schwaz, Austria (1994–2001). In 2001 Mr. Ludwig joined UBS Warburg, London, as Managing Director, a function he performed until 2003.

Additional functions or inter-company relations outside the Group: member of the Management Board of the Federation of Austrian Industry, member of the Management Board and Vice-President of the Vorarlberg, Federation of Industry, Vice-Chairman ZVEI[4], Section Electrical Lighting and President of CELMA[5].

Thomas Spitzenpfeil - CFO

Thomas Spitzenpfeil has been CFO and a member of the Management Board of Zumtobel AG since 1 May 2004, and his term of office extends until 30 April 2010. He was born in 1962 in Saulgau, Germany, and received his degree as an industrial engineer from the Darmstadt University of Technology in 1989. In 1990 he started his career as a trainee with Robert Bosch GmbH, and then took on the function of Controller and Assistant of a Division CFO, a position he held from 1990 to 1993. In 1993 he joined VIAG AG as Head of Controlling for "Aluminium". In 1995 he became head of Works Controlling at Kodak AG in Stuttgart. From 1996 to 2002 he held various management positions at VAW Aluminium AG, including Head of Controlling for the "Rolled Products" division (1996–1998), Finance Director of the "Rolled Products" division (1998–2000), and Managing Director of Service Center Accounting (2000– 2002). When VAW Aluminium AG was taken over by Norsk Hydro in 2002, Mr. Spitzenpfeil became CFO of the "Rolled Products" division and member of the Supervisory Board of Hydro Aluminium Deutschland GmbH.

Additional functions or inter-company relations outside the Group: member of the Supervisory Board of Austria Metall AG in Braunau-Ranshofen / Austria (since 23 November 2007).

The **distribution of duties** among the members of the **Management Board** is defined in the rules of procedure for this body, which were approved by the Supervisory Board and last amended in January 2009.

Andreas Ludwig: Sales, marketing, production, research and development, internal and external communications, human resources, strategy and corporate development.

[4] ZVEI - Central Association of Electrical and Electronics Manufacturers ("Zentralverband Elektrotechnik- und Elektronikindustrie e.V."), Frankfurt am Main, Germany
[5] CELMA - Federation of National Manufacturers Associations for Luminaires and Electrotechnical Components for Luminaires in the European Union

Thomas Spitzenpfeil: Controlling, accounting, treasury, tax and legal, IT, internal audit, investor relations, insurance, facilities management.

The members of the Management Board administer their areas of the business independently. Monthly meetings are held to support joint control and management, and a protocol is recorded of the discussions and results of these meetings.

Relations between the members of the Management Board and the company are the responsibility of the Supervisory Board Committee for Management Board Matters, which also serves as a remuneration committee in the sense of Rule 43 and as a nominating committee in the sense of Rule 41. The Supervisory Board has defined a job profile and appointment procedure for subsequent appointments to the Management Board (Rule 38).

3.4.3 The Management Board | Remuneration rules and remuneration

In accordance with established procedures, the fixed component of salary is based on the scope of responsibilities of the Management Board. This remuneration is paid in 14 instalments at the end of the month following customary procedures in Austria.

Zumtobel AG has no special incentive programme to cover the variable part of remuneration for the Management Board. The members of the Management Board participate in the Leadership Incentive Programme (LIP) together with other key managers. The bonus payments for 2008/09 were based on the year-over-year improvement in the following indicators: adjusted EBIT, revenues, working capital and ROCE (return on capital employed). Against the backdrop of the challenges created by the current economic crisis, the bonus system was expanded during the year. In addition to the above-mentioned targets, a bonus was introduced for the safeguarding of cash flow, the maintenance of a minimum EBIT margin and the implementation of the ambitious cost reduction programme.

The maintenance of positive free cash flow, realisation of significant cost reductions and the expansion of market shares were defined as the bonus targets for the 2009/10 financial year.

Remuneration recognised for the Management Board[6]
Disclosures in accordance with Rules 29, 30 and 31 of the Austrian Corporate Governance Code:

In TEUR	2008/09	2007/08
Total remuneration for the Management Board	**1,514**	**1,871**
thereof fixed components	830	833
thereof variable components	684	1,039

Zumtobel AG has no special pension fund for members of the Management Board.

The Management Board contracts were amended in April 2008 to include a change of control clause. If the company is taken over by a new majority shareholder, the members of the Management Board have the right to terminate their contracts unilaterally. In this case, the member(s) of the Management Board would be entitled to receive the previously agreed fixed and variable remuneration up to the end of the originally agreed contract term, with a minimum payment covering a period of 12 months. With the exception of this

[6] Note: in order to improve transparency and clarity, the remuneration shown reflects the amount earned in 2008/09, irrespective of the date of payment.

change of control clause, the members of the Management Board have no special claims or entitlements at the end of their function.

The share-based remuneration for the Management Board is based on the employee participation programmes for senior executives, namely the "Stock Option Programme" (SOP) and the "Matching Stock Programme" (MSP). Both programmes and the valuation are described in detail under section 2.5.5.13 of the notes. The granting of options from the SOP was terminated at the end of the 2007/08 financial year.

The members of the Management Board have received and exercised the following options from the SOP [7]:

	Andreas Ludwig			Thomas Spitzenpfeil		
	2008/09	2007/08	01.05.2003 - 30.04..2007	2008/09	2007/08	01.05.2003 - 30.04.2007
Allocated	0	25,000	230,000	0	8,000	62,000
Exercised	0	50,000	180,000	0	16,000	20,400
Available	**25,000**	**25,000**	**50,000**	**33,600**	**33,600**	**41,600**
Exercise price	EUR 7.50	EUR 7.50	EUR 7.50	EUR 7.50	EUR 7.50	EUR 7.50

The members of the Management Board have received and exercised the following options from the MSP[7]:

	Andreas Ludwig			Thomas Spitzenpfeil		
	2008/09	2007/08	2006/07	2008/09	2007/08	2006/07
Granted	153,128	109,224	78,048	61,240	43,680	31,216
Exercised	0	0	0	0	0	0
Expired	78,048	0	0	31,216	0	0
Waived	109,224	0	0	43,680	0	0
Available	**153,128**	**187,272**	**78,048**	**61,240**	**74,896**	**31,216**
Exercise price						

The website of the Zumtobel Group (*www.zumtobelgroup.com)* provides up-to-date information on the purchase and sale of the company's shares by its directors in accordance with the Austrian Stock Exchange Act. This circle of persons includes the members of the Management Board, the managers of the divisions and the members of the Supervisory Board of Zumtobel AG as well as the members of the Supervisory Boards of the divisional parent companies Zumtobel Lighting GmbH and TridonicAtco GmbH & Co KG, and the Head of Corporate Human Resources.

3.4.4 The Supervisory Board

The members of the Supervisory Board of Zumtobel AG are elected by the Annual General Meeting. The Austrian Stock Corporation Act allows employee representatives to delegate one member to the Supervisory Board for each two members elected by the Annual General Meeting. This applies to both the Supervisory Board as well as its committees, with the exception of the Committee for Management Board Matters.

[7] Note: in order to improve transparency and clarity, the allocation and exercise of options are assigned to the relevant financial years based on the date of granting and exercise.

Name	Area of responsibility	Appointed / delegated in	Term ends in
Jürg Zumtobel	Chairman	2003	2010
Harald Sommerer	First Vice-Chairman	2006	2010
Hero Brahms	Second Vice-Chairman since 29.07.2008	2008	2010
Walter M. Dünser	Member	1994	2010
Johannes P. Huth	Member up to 29.07.2008	2000	2010
Wolf Klinz	Member	2001	2010
Fritz Zumtobel	Member	1996	2010
Ludwig Auer	Delegated by the Employees' Council	2004	
Herbert Kaufmann	Delegated by the Employees' Council	2004	
Mario Wintschnig	Delegated by the Employees' Council	2007	

The Supervisory Board defined the criteria for the independence of its members in accordance with Rule 53 for the first time in a meeting on 29 September 2006. In 2009 the Supervisory Board again dealt extensively with the criteria for independence and, in a meeting on 26 June 2009, issued an amended version that more closely reflects the guidelines of the Austrian Corporate Governance Code. In accordance with these criteria, a member of the Supervisory Board is considered to be independent when he/she has no business or personal relations with the Zumtobel Group or its management. Such relations include, among others, material customer delivery transactions or close family ties. The criteria for independence are disclosed in full on the website of the Zumtobel Group (*www.zumtobelgroup.com*).

All members of the Supervisory Board have declared their independence in accordance with these criteria. Therefore, Rules 39, 53 and 54 are met in full.

There are no contracts between the members of the Supervisory Board and the Zumtobel Group that require approval or must be disclosed under Rules 48 or 49.

All functions or corporate positions held by members of the Supervisory Board outside the Zumtobel Group are disclosed on the Group's website (*www.zumtobelgroup.com)* and also listed in this corporate governance report in accordance with Rules 56 and 57.

3.4.5 Supervisory Board | Activity report

The Supervisory Board met four times during the 2008/09 financial year. All members were present at all meetings, whereby in one case attendance took the form of participation in a conference call (attendance ratio: 100%).

The Supervisory Board and the Management Board discussed and analysed the financial position of Zumtobel and major events at the four meetings of the Supervisory Board and as part of regular reporting. The main issues handled by the Supervisory Board at the meeting on 27 June 2008 were the annual financial statements and management report for 2007/08 as well as the recommendation to the annual general meeting for the use of retained earnings and the formal approval of the annual financial statements. Moreover, the Management Board provided the Supervisory Board with detailed information on the progress of major projects as well as transactions that required the approval of the Supervisory Board.

The Supervisory Board also approved its report on the 2007/08 financial year for release to the annual general meeting, and accepted the annual activity report of the compliance officer in accordance with the Austrian Regulation on Compliance for Issuers ("Emittenten Compliance Verordnung") and the auditor's report on the analysis of risk management in accordance with Rule 80. Discussions also focused on the further optimisation of Supervisory Board working procedures, namely with respect to the areas of budget and strategy.

On 2 October 2008 the Supervisory Board dealt with the organisational changes made necessary by the amendments to the articles of association that were approved by the annual general meeting on 27 July 2008. In accordance with the articles of association, Hero Brahms was elected second vice-chairmen of the Supervisory Board. Mr. Brahms was also elected to the Committee for Management Board Matters and the Audit Committee of the Supervisory Board. The meeting continued with the management report on the first quarter of 2008/09, the strategy development of the LED business and a report from the Audit Committee. In connection with a report on transactions that require the approval of the Supervisory Board, necessary changes to the LIP bonus programme as a consequence of the economic crisis and the MSP (Matching Stock Programme) were discussed in detail. The Supervisory Board was also informed of additional measures to support earnings that were prepared and implemented in reaction to the growing signs of a continued economic downturn.

The meeting of the Supervisory Board on 15 January 2009 focused on six-month results for 2008/09 and strategic planning for 2009/10 and the following years as well as key data for mid-term planning with a special focus on the possible effects of the economic crisis. Discussions on transactions that require the approval of the Supervisory Board included, among others, the acceptance of a report from the Committee for Management Board Matters and information on the current status of the Spennymoor property sale. An amended foreign exchange hedging policy was also approved. In conclusion, recommendations were made for amendments to the articles of association, which will be proposed to the next annual general meeting for approval, and the Management Board was informed of a change in its rules of procedure.

The main topics of the meeting on 24 April 2009 were the report on the third quarter of 2008/09 and the outlook for the 2008/09 financial year. Subsequent consultations by the Supervisory Board focused on the effects of the economic crisis on the operating business as well as strategic and mid-term planning. In particular, extensive discussions were held on the scenario analysis and related measures for the stabilisation of earnings that were presented by the Management Board, and the necessary resolutions were passed. Market opportunities and general conditions for the expansion of the LED business were also analysed. In connection with a report by the Committee for Management Board Matters, the LIP bonus programme for 2009/10 was approved.

3.4.6 The Supervisory Board | Committees

The Supervisory Board of Zumtobel AG has established the following committees:

Audit Committee

Members: Harald Sommerer (Chairman and Finance Expert), Walter M. Dünser, Hero Brahms (as of 29.07.2008), Jürg Zumtobel and Mario Wintschnig.

Duties: The Audit Committee is responsible for the audit and preparations for the approval of the annual financial statements and consolidated financial statements, the management report and the recommendation for the distribution of profit. This committee also nominates the auditor for approval by the annual general meeting; the auditor is then commissioned by the chairman of the Supervisory Board. The Audit Committee will also be responsible for the following activities beginning with the 2009/10 financial year: the monitoring of accounting processes and the work of the auditor as well as the system of internal controls, the risk management system and internal audit. Although these responsibilities only apply to the 2009/10 financial year and thereafter, the Audit Committee carried out these duties in 2008/09.

The Audit Committee met twice during the 2008/09 financial year and all members were present at both meetings. Other members of the Supervisory Board attended these meetings as guests.

In the meeting on 26 June 2008, the Audit Committee dealt extensively with the approval of the annual financial statements for 2007/08 as well as the reports of the auditor and corporate accounting department on the accounting and audit process. The interim report by corporate internal audit was accepted, and a recommendation was prepared for the annual general meeting on the appointment of the auditor for 2008/09. Other issues included the review of compliance with the Austrian Corporate Governance Code and the evaluation of the risk management system by the auditor in accordance with Rule 80. The Audit Committee also discussed the further optimisation of its working procedures, namely the scheduling of meetings and the treatment of reports.

Discussions at the meeting on 2 October 2008 focused on the annual report by corporate internal audit and the report of the auditor on the April 2008 management letter. Information was also provided on the changes in International Financial Reporting Standards (IFRS) and the focal points planned for the audit of the 2008/09 annual financial statements. The recommendation for a job profile and appointment procedure for the Management Board (in the sense of Rule 38) were accepted and passed on to the Supervisory Board for voting. A status report on the project to implement recent changes to Austrian law ("Unternehmensrechtsänderungsgesetzes 2008") was also presented to the Audit Committee.

<u>Committee for Management Board Matters</u>

Members: Jürg Zumtobel (Chairman), Hero Brahms (as of 29.07.2008), Walter M. Dünser, Johannes P. Huth (up to 29.07.2008).

Duties: The Committee for Management Board Matters is responsible for relations between the company and the members of the Management Board, and corresponds to the remuneration committee required by Rule 43 of the Austrian Corporate Governance Code. Since June 2008, it has also served as a nominating committee as defined in Rule 41.

The Committee for Management Board Matters worked intensively on a number of issues during 2008/09. Four meetings were held on the same days as the Supervisory Board meetings, while further consultations took place on other days or in the form of telephone conferences. Other conference calls and meetings with external experts were held on specific subjects. A topic this committee dealt extensively with in 2008/09 was the further development of the Group-wide bonus systems and the employee stock participation programme. The primary goal of this work was to adjust the existing incentive systems to meet the challenges of the economic crisis and to maintain a balance between the demanding goals and appropriate bonuses that reflect the financial position of the company. The type, scope and design of share-based remuneration in the Zumtobel Group were also discussed in detail. Following extensive analysis, the committee recommended that the Supervisory Board reject the suggested changes to or dissolution of the MSP stock programme. The activities of the Committee for Management Board Matters in 2008/09 also focused on issues relating to organisational and strategy development.

3.4.7 The Supervisory Board | Shareholder Representatives

Jürg Zumtobel

Jürg Zumtobel has been Chairman of the Supervisory Board of Zumtobel AG since 1 September 2003. His term of office extends until the Annual General Meeting for the 2009/10 financial year. Born in 1936 in Frauenfeld, Switzerland, Jürg Zumtobel joined the Zumtobel Group in 1963, and was responsible for various functions in production planning and control, production and sales. From 1991 to 2003 he was CEO and Chairman of the Management Board of Zumtobel AG.

Additional functions or inter-company relations outside the Zumtobel Group: House of Culture, Bregenz/ Austria (member of the Supervisory Board), Friends of the Bregenz House of Culture, Bregenz/ Austria (President), Committee on Architecture and Design at the Museum of Modern Art, New York (Member), Stern Stewart Institute, Munich/ Germany (Member of the Advisory Board).

Harald Sommerer

Mr. Sommerer has been a member and first vice-chairman of the Supervisory Board of Zumtobel AG since 7 April 2006. His term of office extends up to the Annual General Meeting for the 2009/10 financial year. He was born in 1967 in Vienna, Austria, and holds a Doctor of Social and Economic Sciences from the University of Economics and Corporate Management in Vienna, and Master of Management from the J.L. Kellogg Graduate School of Management at Northwestern University. Since 1997 Mr. Sommerer has been a member of the Management Board of AT&S Austria Technologie & Systemtechnik AG, where he served as CFO from 1998 to 2005 and as CEO since 2005.

Additional functions or inter-company relations outside the Zumtobel Group: various functions in the AT&S Group.

Hero Brahms

Mr. Brahms has been a member and second vice-chairman of the Supervisory Board Zumtobel AG since 29 July 2008. His term of office extends up to the Annual General Meeting for the 2009/2010 financial year. Mr. Brahms was born in 1941 in Münster/ Westphalia, Germany. His career includes positions such as member of the Management Board of Hoesch AG in Dortmund/ Germany (1982 to 1991), Vice-President of Treuhandanstalt Berlin/ Germany (1991 to 1994), member of the Management Board and CFO of Kaufhof AG in Cologne/ Germany (1994 to 1996) and member of the Management Board and CFO of Linde AG in Wiesbaden/ Germany (1996 to 2004).

Additional functions or inter-company relations outside the Zumtobel Group: Deutsche Post AG, Bonn/Germany (member of the Supervisory Board), M. M. Warburg & Co. KGaA, Hamburg/ Germany (member of the shareholders committee), Georgsmarienhütte Holding GmbH, Georgsmarienhütte/ Germany (vice-chairman of the Supervisory Board), Arcandor AG, Essen/ Germany (member of the Supervisory Board up to 31.10.2009), Wincor Nixdorf AG, Paderborn/ Germany (member of the Supervisory Board), Société Générale, Corporate and Investment Banking, Frankfurt/ Germany (senior advisor), Live Holding AG, Berlin/ Germany (member of the Supervisory Board).

Walter M. Dünser

Mr. Dünser has been a member of the Zumtobel AG Supervisory Board since 1994. His term of office extends until the Annual General Meeting for the 2009/10 financial year. Mr. Dünser joined the Zumtobel Group in 1949. Born in 1930 in Dornbirn, Austria, he graduated from an Austrian commercial secondary school. His first contacts to the founder of Zumtobel KG were in 1949, and he took over the responsibility for accounting and other commercial duties as an authorised officer for that company in 1950. In 1976 he became a member of the Management Board and CFO of the Zumtobel AG and joined the Supervisory Board in 1994.

Additional functions or inter-company relations outside the Zumtobel Group: Anteilsverwaltungssparkasse Dornbirn, Dornbirn/Austria (member of the Savings Bank Advisory Board), Dornbirner Sparkasse Bank AG, Dornbirn/ Austria (Chairman of the Supervisory Board), Hilti & Jehle GmbH, Feldkirch/ Austria (Chairman of the Supervisory Board), GWZ Privatstiftung, Vienna/ Austria (Chairman of the Foundation Advisory Board), Hektor Privatstiftung, Dornbirn/ Austria (Chairman of the Foundation Advisory Board).

Johannes P. Huth

Mr. Huth was a member of the Supervisory Board of Zumtobel AG from 2000 to 29 July 2009. He was born in 1960 in Heidelberg, Germany, and holds a Bachelor of Science degree (BSc) from the London School of Economics and a Master of Business Administration (MBA) from the University of Chicago. Before Mr. Huth joined KKR in May 1999, he was a member of management of Investcorp with joint responsibility for this firm's European business. From 1986 to 1991 he worked for Salomon Brothers, where he was Vice President of the Mergers & Acquisitions departments in London and New York.

Wolf Klinz

Mr. Klinz has been a member of the Zumtobel AG Supervisory Board since 2001. His term of office extends until the Annual General Meeting for the 2009/10 financial year. Born in 1941 in Vienna, Mr. Klinz's career includes positions as a Managing Partner of McKinsey & Company and as a member of the management board of several European technology enterprises, such as Landis & Gyr, Lurgi and Hartmann & Braun. From 1990 to 1994 he was a member of the Management Board of Treuhandanstalt, Berlin. He also served as President of the Frankfurt Chamber of Industry and Commerce. He has been a member of the European Parliament since 2004.

Additional functions or inter-company relations outside the Zumtobel Group: AVECO AG, Frankfurt am Main/Germany (member of the Supervisory Board), IVG Immobilien AG, Bonn (member of the Advisory Board).

Fritz Zumtobel

Fritz Zumtobel has been a member of the Supervisory Board of Zumtobel AG since 1996. He was Chairman until 1 September 2003 and Vice-Chairman from 1 September 2000 to 7 April 2006, and is now a member. His current term of office extends until the Annual General Meeting for the 2008/09 financial year. Fritz Zumtobel was born in 1939 in Frauenfeld, Switzerland. He joined the Zumtobel Group in 1965 and held various positions during his career, mainly in the technical field. He was a member of the Management Board of Zumtobel AG from 1974 to 1996.

Additional functions or inter-company relations outside the Zumtobel Group: JHD Privatstiftung (member of the Foundation Board).

3.4.8 The Supervisory Board | Employee Representatives

Ludwig Auer

Mr. Auer was delegated to the Supervisory Board of Zumtobel AG by the Employees' Council for Wage Employees in September 2004. He was born in 1955 in Treibach, Austria, and joined the Zumtobel Group in 1980 as an employee in model production. In 2004, Mr. Auer became Chairman of the Employees' Council for Wage Employees at Zumtobel Lighting GmbH.

Additional functions or inter-company relations outside the Zumtobel Group: none.

Herbert Kaufmann

Mr. Kaufman was delegated to the Supervisory Board of Zumtobel AG by the Employees' Council for Wage Employees in August 2004. Born in 1957 in Dornbirn, Austria, Mr. Kaufmann joined the Zumtobel Group in 1985 as an employee in electronics assembly. Since 2004 he has been Chairman of the Employees' Council for Wage Employees at TridonicAtco GmbH & Co KG.

Additional functions or inter-company relations outside the Zumtobel Group: none.

Mario Wintschnig

Mr. Wintschnig was delegated to the Supervisory Board of Zumtobel AG by the Employees' Council for Salaried Employees in January 2007. He was born in 1961 in Dornbirn, Austria, and joined the Zumtobel Group in 1981. At present he is a pricing manager with Zumtobel Lighting GmbH. Since January 2007 he has served as Chairman of the Employees' Council for Salaried Employees at Zumtobel Lighting GmbH, Zumtobel AG and Zumtobel Licht GmbH.

Additional functions or inter-company relations outside the Zumtobel Group: none.

3.4.9 The Supervisory Board | Remuneration Rules

According to the rules of procedure for the Supervisory Board (last amended on 7 April 2006), each member of this body receives annual remuneration in addition to reimbursement of his or her expenses and an attendance fee for each meeting. The amount of the attendance fee and remuneration are determined by a resolution of the Annual General Meeting. If a member of the Supervisory Board undertakes a special activity in the interest of the company, the Annual General Meeting may approve special remuneration for this work.

The above payment structure was approved by the annual general meeting and last amended on 15 July 2005. The attendance fee equals EUR 3,000, and is only paid once even if there are two or more meetings on the same day. The Chairman and Vice-Chairman of the Supervisory Board receive annual remuneration of EUR 40,000, while the other members receive EUR 20,000. The employee representatives are only entitled to the attendance fee of EUR 3,000. The attendance fee is paid immediately after the meeting, and the remuneration is paid by the end of the month in which the annual general meeting for the previous financial year is held.

Remuneration of the Supervisory Board[8]

Disclosure in accordance with Rule 51:

In TEUR	2008/09	2007/08
Total remuneration for the Supervisory Boards	330	277
thereof annual remuneration	180	160
thereof attendance fees	150	117

[8] Note: In order to improve transparency and clarity, the remuneration shown reflects the meetings held in 2008/09, irrespective of the date of payment.

4. Service

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4. Service

Financial Terms

Adjusted EBIT	EBIT adjusted for special effects
Adjusted EBIT margin	= Adjusted EBIT as a percentage of revenues
Adjusted EBITDA	EBITDA adjusted for special effects
Average capital employed	= Goodwill + intangible assets + tangible assets + inventories + trade receivables – trade payables – provisions for income taxes – other provisions – other liabilities, as average over a period of four quarters
CAPEX	Capital expenditure
Debt Coverage Ratio	Net debt divided by EBITDA
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Equity ratio	= Equity as a percentage of assets
Gearing	= Net debt as a percentage of equity
Labour productivity	= Adjusted EBIT as a percentage of personnel expenses
Net debt	= Non-current borrowings + current borrowings – liquid funds
ROCE	(Return On Capital Employed) = Total return based on adjusted EBIT as a percentage of average capital employed
WACC	Weighted average cost of capital (debt and equity)
Working capital	= Inventories + trade receivables – trade payables – prepayments received

Abbreviations and Technical Terms

Ballast	Ballasts are electrical devices which are used with fluorescent or high intensity discharge (HID) lamps to supply sufficient voltage to start and operate the lamp but then to limit the current during operation. They can be either magnetic or electronic.
Lamp	Lamps are artificial sources of light. There are many types, which are distinguished by the way they generate light, their light output or luminous flux, their power consumption, their luminous efficiency, their geometry, the spectral composition of the radiation emitted, their luminance and their beam characteristics.
LED / light-emitting diode	An LED or light-emitting diode is a small semiconductor device, which emits light when an electric current passes through it. LEDs are energy-saving and have a long service life. The colours most frequently seen are red, green, blue, amber and white. LED light engines can generate any colour by mixing the individual spectral components.
Lighting solution	At the Zumtobel Group, we understand a lighting solution to be the carefully planned use of a combination of luminaires, lighting management and emergency lighting that is specifically designed for a particular set of architectural conditions and a particular application with the intention of creating one or more lighting moods or scenarios. A lighting solution is always a combination of products and services and can only be the result of a joint effort with the customer.
Luminaire	Luminaires are fittings in which the lamp is mounted, operated and protected. They control the distribution of light and heat, ensure the delivery of the correct power supply using special components and provide the optical assembly that houses the lamp. The entire lighting unit including all the components required for mounting, operating and protecting the lamp is known as the "luminaire". The luminaire protects the lamp, distributes and directs the light emitted by the lamp and prevents glare. Luminaires can be classified by the type of lamps used (incandescent lamps, fluorescent lamps, discharge lamps), the number of lamps (single-lamp, two-lamp, etc.), planned location (indoor, outdoor), protection class (for dry, damp or dusty environments), design (open, closed, reflector, mirror, louvre, diffuser, spotlights), mounting (wall, ceiling, pendant or hand-held) or intended use (technical, decor or effect).
OEM	Own Equipment Manufacturer

Financial Calendar

Annual General Meeting	24 July 2009
Ex-Dividend Day	28 July 2009
Dividend Payout Day	31 July 2009
1st Quarterly Report 2009/10 (1 May 2009 – 31 July 2009)	15 September 2009
Interim Financial Report 2009/10 (1 May 2009 – 31 October 2009)	09 December 2009
3rd Quarterly Report 2009/10 (1 May 2009 – 31 January 2010)	16 March 2010

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Financial Reports

Our financial reports are available for download under: http://www.zumtobelgroup.com.
The annual report 2008/09 will be available at our annual general meeting.
You can also order a copy by calling +43 (0)5572 509-1510.

More Information

on Zumtobel AG and our brands can be found in the Internet under:

www.zumtobelgroup.com
www.zumtobel.com
www.thornlighting.com
www.tridonicatco.com
www.ledonlighting.com
www.spacecannon.it

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Disclaimer

This annual financial report includes statements on future developments, which are based on information available at the present time and involve risks and uncertainties that could cause the results realised at a later date to vary from these forward-looking statements. These statements on future developments are not to be under-stood as guarantees. On the contrary, future developments and results are dependent on a wide range of factors and connected with various risks and incalculable events. Moreover, they are based on assumptions that may prove to be incorrect. Included here, for example, are unforeseeable changes in the political, economic and business environment, especially in the regions where the Zumtobel Group operates, as well as the competitive situation, interest rates and foreign exchange rates, technological developments and other risks and incalculable events. Other risks may arise as a result of price developments, unforeseeable events in the operating environments of acquired companies or Group companies as well as ongoing cost optimisation programmes. The Zumtobel Group does not plan to update these forward-looking statements. This annual financial report is also presented in English, but only the German text is binding.