Q.1

- Sales and order intake still healthy in first quarter
- Economic crisis weakens quarterly result
- Falling business volume expected for year as a whole

INTERIM REPORT AS OF 31 MARCH 2009

STAHL

Key Data

€ 000	1–3/ 2009	1–3/ 2008
Sales revenues	51,715	54,028
thereof in Germany	15,477	13,998
thereof in Central (w/o Germany)	24,133	28,182
thereof in the Americas	6,346	4,620
thereof in Asia/Pacific	5,759	7,228
Foreign share in %	70.1	74.1
Order intake	53,817	59,280
Orders on hand	40,764	44,365
EBITDA	5,391	9,371
EBIT	3,276	7,337
EBT	2,493	6,583
Period earnings	1,657	4,650
Earnings per share in € (total)	0.27	0.76
Capex on intangible and PP&E assets	4,347	1,765
DA&I on intangible and PP&E assets	2,115	2,034
EBITDA margin (in % of sales revenues)	10.4	17.3
EBIT margin (in % of sales revenues)	6.3	13.6
EBT margin (in % of sales revenues)	4.8	12.2
Staff as of the balance sheet date (w/o apprentices)	1,397	1,304

Consolidated management report as of 31 March 2009 – 3M Report

The first quarter of 2009 was dominated by the global economic crisis and for R. STAHL by a very uncertain environment. At € 51.7 million, we were still able to generate a respectable level of sales; the year-on-year decline amounted to just 4.3%. Order intake, however, fell by as much as 9.2% to € 53.8 million – the effects of the crisis are more noticeable here, especially the steady fall in orders from the major plant construction sector. Until the end of 2008, plant construction projects in progress were first completed; in the period under review there was an almost total lack of new projects from this customer group.

As a result of falling capacity utilisation, the first quarter was also characterised by fierce competitive pressure and a strong decline in prices. Pre-tax earnings (EBT) fell from € 6.6 million last year to € 2.5 million in the first three months of 2009.

In the period under review, we succeeded in raising sales in both Germany (+ 10.6%) and the Americas (+ 37.4%). In 2008 we strengthened our sales network in the Americas in line with our corporate growth strategy. R. STAHL is now benefiting from this expansion – in spite of the current economic crisis and low oil price. In contrast, there was a fall in the proportion of sales generated in Europe (excluding Germany) (- 14.4%) and the Asia/Pacific region (- 20.3%).

Differences between sectors

Demand from the oil and gas industry was generally quite firm in the first quarter, although there were significant differences between various companies. In the difficult Asian market, we even succeeded in gaining some encouraging orders in March – albeit for facilities in Europe. These might be the first tentative signs that our project business is coming into the realisation phase again; a trend aided by further falls in raw material prices. At the moment, these signals are still too weak to be reliably interpreted.

In the plant construction sector there is a total lack of new projects at present. In the chemical industry, there are growing reports of partial plant closures, reduced maintenance activities and short-time working.

Business in the specialist ship sector, however, is more encouraging: large numbers of chemical, gas and oil tankers – of particular relevance for our products – are still being built to meet the strong global demand for such vessels. This trend is confirmed by new orders for LNG (Liquid Natural Gas) tankers. New approvals for low temperature ranges gained in the first quarter were of great benefit to us in this respect.

The pharmaceutical industry continues to operate at a healthy level, as sales of pharmaceuticals are generally less affected by economic fluctuations. New technologies for faster batch changes have also triggered additional investment. In this sector, for example, our products made a successful bid by combining components for explosion-hazard and non-explosion-hazard areas.

R. STAHL – at a glance

Business:	supplier of electromecanical and electronical safety technology for hazardous environments
Customers:	oil and gas industry, pharmaceutical, chemicals, ship supply, food, bio fuel industry and plant construction
Products:	control and installation equipment, light fittings, terminals, automation, system solutions
Employees:	1,397 worldwide
Headquarter:	Waldenburg, Germany
Production:	Waldenburg (D), Weimar (D), Cologne (D), Hengelo (NL), Stavanger (N), Chennai (IN)
Sales 2008:	€ 221m
Profit margin (EBT) 2008:	8.4%
Shares:	6.44m shares; app. 47% free float

Order intake and orders on hand – economic crisis clearly noticeable

In the first three months of 2009, order intake fell by 9.2% on the previous year to € 53.8 million. We are successively working through orders on hand at present. Under difficult economic conditions, our order volume fell to € 40.8 million as of 31 March 2009, compared with € 44.4 million on the same day last year (- 8.1%). The fall in new orders is due to weak demand as a result of the general economic crisis.

Sales down by around 4% – regional differences

In the first quarter of 2009, sales fell by € 2.3 million (- 4.3%) to € 51.7 million, compared with the same reporting period of 2008.

There was a marked decline in European sales (excluding Germany) of € 4.0 million (- 14.4%) to € 24.1 million. With the acquisition of further shares in our subsidiary in Moscow, we will be able to participate more strongly in the promising Russian market in future and hope to generate further sales in this region.

The trend was just the opposite in the Americas, where we achieved growth in sales of € 1.7 million (+ 37.4%). Even under the current adverse economic conditions, the growth strategies we implemented in this region continue to bear fruit. As oil prices begin to rise, exploiting oil reserves in Canada’s oil sands will become economic again. This should present a good opportunity to make up for the generally expected fall in demand.

In Asia, sales were down on the previous year by € 1.5 million or 20.3% to stand at € 5.8 million. The subsidiary we founded in Hong Kong (China) will raise our presence on this market and help boost sales.

We now generate 70.1% (previous year: 74.1%) of all sales outside Germany. We hedge currency risks by using derivative financial instruments. Our targeted expansion of sales in the Americas and Asia will help us achieve a balanced international customer profile and thus make us less susceptible to regional fluctuations in demand. In this way, we can make R. STAHL more stable and robust.

In Germany, we succeeded in raising sales year-on-year by € 1.5 million (+ 10.6%) to € 15.5 million.

Operating profits down as expected

After a good fiscal year 2008, earnings of the R. STAHL group were unable to escape the general negative trend in the first quarter of 2009. As expected, the impact of the economic crisis is now also being felt by our business.

We already adjusted our structures and processes in the past year so that we could adapt costs flexibly to any fall in orders and prevent further negative contributions to earnings. Against the backdrop of the current economic downturn, we are working especially hard to optimise organisational structures in production, purchasing and sales.

Operating earnings before financial items and taxes (EBIT) fell to € 3.3 million in the first quarter of 2009 (previous year: € 7.3 million). As a proportion of sales, our operating EBIT margin now amounts to 6.3% (previous year: 13.6%).

Operating earnings before taxes (EBT) decreased from € 6.6 million to € 2.5 million. As a proportion of sales, the operating EBT margin reached 4.8% (previous year: 12.2%).

Earnings per share amount to € 0.27 (previous year: € 0.76).

Asset and financial structure – sound base

As of the reporting date, total assets had grown by € 4.3 million or 2.4% to € 183.2 million, compared with 31 December 2008.

On the asset side of the balance sheet, there was an increase in long-term assets. Of particular note in this respect was the capitalisation of goodwill from the purchase of further shares in our Russian subsidiary, as well as exchange rate effects from goodwill from the revaluation of the Norwegian kroner as of the balance sheet date. In contrast to this, there was a slight overall decrease in short-term assets. Increased inventories and trade receivables were offset by a decrease in cash and cash equivalents of € 6.0 million. In order to meet customer delivery times, certain inventory levels are required in recessive markets.

The equity and liabilities side of the balance sheet was marked by an increase in equity capital of € 3.6 million to € 81.8 million. The equity ratio improved from 43.7% as of 31 December 2008 to 44.6% on the reporting date. As at year-end 2008, the R. STAHL group held 516,291 treasury shares on 31 March 2009. On both balance sheet dates, an amount equivalent to acquisition cost (€ 5.6 million) was deducted from equity for treasury shares. Long- and short-term debt increased slightly.

The R. STAHL group boasts a solid financial structure. Equity capital exceeds long-term assets by € 9.8 million, while liquid funds of € 28.1 million exceed short- and long-term interest-bearing financial debt by € 13.6 million.

With this sound balance sheet base, the company is well prepared to face an increasingly difficult future. Thanks to the funds available, we enjoy a high degree of liquidity and our low dependency on external lenders means we can focus predominantly on meeting our key operating tasks – such as expanding our markets, developing product innovations, optimising processes and achieving more flexible cost structures.

Cash flow burden

In the first three months of 2009, operating cash flow amounted to € - 4.7 million (previous year: € 7.2 million). In addition to the fall in net profit, this decline was also due to a much higher level of borrowing for net current assets.

Capex cash flow amounted to € - 5.6 million (previous year: € - 1.9 million). This amount includes € 0.8 million for the purchase of further shares in our Russian subsidiary.

Free cash flow amounted to € - 10.3 million for the first quarter of 2009 (previous year: € 5.4 million).

With regard to finance cash flow, the scheduled repayment of long-term loans was of particular note. Short-term loans were taken out.

Capex in the first three months of 2009

We invested a total of € 4.8 million (previous year: € 1.9 million) in long-term assets in the period from January to March 2009. Our Dutch subsidiary made further scheduled investments in its new office and production complex. Moreover, we invested in intangible assets such as software, as well as in the reconstruction of a building in Waldenburg, and purchased various machines and tools, e.g. jigs, measurement and test devices.

International facilities

Construction of the new building for our Dutch subsidiary Electromach was completed in the period under review. The relocation activities took place in early April. Our facility in Hengelo produces master controls, mainly for loading arms used in harbour logistics and for gas terminals. We can now gear our production processes exactly to meet the demand of this growing business field; production space has been expanded in line with growing order volumes.

The Norwegian company Tranberg launched production on a new automated line in the first quarter, which will enable further cost savings.

In India, we rented additional floor space and are now well equipped to meet rising demand.

In the first quarter of 2009 we successfully continued the projects introduced to optimise processes and costs in production. The fall in capacity utilisation in some areas gave us sufficient leeway to conduct intensive work on raising efficiency.

We held extensive price negotiations with our most important suppliers in the first quarter of 2009. We were able to uncover considerable potential which will already have a positive impact in the current year.

Further product approvals

With the aid of product modifications and adjustments, we were able to achieve further new approvals once again in the first three months of 2009. By continually expanding our range of approved products, we can provide more comprehensive service for sectors such as tanker construction, or special regions requiring country-specific approvals.

At the beginning of the year, R. STAHL was the first supplier to launch an extensive camera system which can be used together with R. STAHL HMI systems in explosion-hazard areas. These products also boast a number of unique features: for example, we now offer the world’s smallest explosion-protected camera. Our explosion-protected dome camera, offering a 360-degree view, has also been very well received by our customers.

Flexible personnel strategy

On the basis of a special collective bargaining agreement with the German metalworkers` union IG Metall from 2006, we were able to conclude a works agreement with our Works Councils concerning job security and increased cost flexibility. We have therefore taken all necessary steps with regard to labour and collective industrial relations laws to ensure that we can react flexibly should the current crisis deteriorate further.

Business conduct guidelines – basis of compliance

International companies of our scale are judged increasingly by their compliance with certain business conduct standards. We attach great importance to such compliance, not least as a result of our basic understanding of how we should treat each other and our business partners. At the beginning of this year we therefore adopted a set of business conduct guidelines. For the group-wide implementation of these guidelines, R. STAHL has decided to use an existing e-learning programme, which is currently being adapted to the company's specific requirements.

Experts forum – international meeting place

R. STAHL regularly shares the know-how anchored in the company through specialist conventions and seminars. In early April we held our fifth »Experts Forum«, at which around 80 international specialists discussed a range of topics relating to explosion protection. Such events are an opportunity for us to maintain and develop contacts and networks, also in times of economic difficulties.

Risk and opportunity report

All R. STAHL subsidiaries regularly prepare risk and opportunity reports. This allows us to monitor all major risks and opportunities across the company's global operations. Each managing director is obliged to report any significant events to our central risk and opportunity management, also during the course of the business quarter. The statements made in our 2008 annual report from page 47 onward still apply without change.

Outlook

For 2009 as a whole, we expect lower sales and order intake than in 2008. As a supplier to the plant construction sector, R. STAHL does not generally feel the full effect of a downturn until later in the economic cycle. As a consequence, it is expected that sales of equipment for new plants will decrease further in the second half of 2009. As in the first quarter, earnings are likely to fall. This is due to declining volumes and fiercer price competition as a result of excess industry capacity.

An important aim for us during the crisis is to maintain our core work force in order to continue our long-term growth strategy.

Thanks to the measures already introduced to optimise costs and processes, as well as the group's strong capital base, we are confident that we can successfully utilise the economic crisis to achieve a sustained improvement in our market position.

The Managing Board

May 2009

Consolidated income statement

for the period 01/01–31/03/2009

€ 000	1–3/ 2009	1–3/ 2008
Sales revenues	51,715	54,028
Change in inventories of finished and unfinished goods	2,223	1,547
Other own work capitalised	430	532
Total operating performance	**54,368**	**56,107**
Other operating income	1,517	1,502
Cost of materials	- 18,210	- 18,742
Personnel costs	- 20,536	- 19,184
Depreciation, amortisation and impairment on intangible non-current assets and property, plant and equipment assets	- 2,115	- 2,034
Other operating expense	- 11,748	- 10,312
Earnings before net financial earnings and income taxes	**3,276**	**7,337**
Net financial earnings	- 783	- 754
Earnings before income taxes	**2,493**	**6,583**
Taxes on income	- 836	- 1,933
Period earnings	**1,657**	**4,650**

€ 000	1–3/ 2009	1–3/ 2008
Minority interests in earnings	74	143
R. STAHL earnings share	1,583	4,507
Earnings per share in €	**0.27**	**0.76**

Consolidated balance sheet

as of 31/03/2009

€ 000	31/03/2009	31/12/2008
ASSETS		
Long-term assets		
Intangible assets	23,852	20,867
Property, plant and equipment	34,424	33,212
Other financial investments	577	108
Other assets	1,657	1,622
Real estate held as financial investment	9,850	9,921
Deferred taxes	1,652	1,235
	72,012	**66,965**
Short-term assets		
Inventories and prepayments made	37,425	35,212
Trade receivables	40,148	36,263
Other receivables and other assets	5,486	6,127
Cash and cash equivalents	28,130	34,135
	111,189	**111,737**
Total assets	**183,201**	**178,702**

€ 000	31/03/ 2009	31/12/ 2008
EQUITY & LIABILITIES		
Equity	**81,776**	**78,171**
Long-term liabilities		
Pension provisions	46,296	46,138
Other provisions	2,353	2,237
Interest-bearing loans	4,439	4,512
Deferred taxes	1,688	1,567
	54,776	**54,454**
Short-term liabilities		
Provisions	7,384	8,963
Trade liabilities	9,819	13,213
Interest-bearing loans	10,137	6,254
Deferred liabilities	12,903	10,634
Other liabilities	6,406	7,013
	46,649	**46,077**
Total equity & liabilities	**183,201**	**178,702**

Consolidated cash flow statement

for the period from 01/01–31/03/2009

€ 000

I. Operating cash flow	
1. Period earnings	
2. Depreciation, amortisation & impairment of non-current assets	
3. Change in long-term provisions	
4. Change in deferred taxes	
5. Other non-cash flow impacting income and expense	
6. Net profit/loss from non-current asset disposals	
7. Cash flow	
8. Changes in inventories and trade receivables as well as other assets not allocable to capex or finance activities	
9. Changes in short-term provisions and trade liabilities as well as other liabilities not allocable to capex or finance activities	
10. Changes in net current assets	
11. Cash flow from ongoing business operation	
II. Capex cash flow	
12. Cash outflow for capex on long-term assets	
13. Cash inflow from the disposal of long-term assets	

(continued…)

1–3/ 2009	1–3/ 2008
1,657	4,650
2,115	2,034
111	147
- 362	182
- 27	656
- 1	- 1
3,493	**7,668**
- 3,922	791
- 4,294	- 1,228
- 8,216	**- 437**
- 4,723	**7,231**
- 4,821	- 1,899
0	32

€ 000

	(…continued)
14.	Cash inflows from the sale of consolidated companies net cash sold
15.	**Capex cash flow**
16.	**Free cash flow**
III.	**Finance cash flow**
17.	Distribution to / contribution from minority shareholders
18.	Increase (+)/decrease (-) in short-term interest-bearing financial debt
19.	Cash outflow for repayment of long-term, interest-bearing financial debt
20.	**Finance cash flow**
IV.	**Liquidity**
21.	Cash flow-impacting changes in liquidity
22.	Foreign exchange rate, consolidation and valuation related changes in liquidity
23.	Liquidity at the beginning of the period
24.	**Liquidity at the end of the period**
	Liquidity composition
	Cash and cash equivalents

1–3/ 2009	1–3/ 2008
- 800	0
- 5,621	**- 1,867**
- 10,344	**5,364**
32	0
3,836	- 418
- 72	- 219
3,796	**- 637**
- 6,548	4,727
543	- 401
34,135	29,747
28,130	**34,073**
28,130	**34,073**

Consolidated statement of changes in equity

for the period from 01/01–31/03/2009

€ 000

	Subscribed capital	Capital reserve
01/01/2008	**16,500**	**522**
Shareholder distribution		
Consolidation change		
Period earnings		
Changes in currency differences		
Other changes		
31/03/2008	**16,500**	**522**
01/01/2009	**16,500**	**522**
Shareholder distribution		
Consolidation change		
Period earnings		
Changes in currency differences		
Other changes		
31/03/2009	**16,500**	**522**

				Shareholders' equity	Minority interests	Consolidated equity total
	Profit reserve	Cumulated other equity	Deduction for treasury shares	Total		
	63,873	**- 1,335**	**- 5,596**	**73,964**	**1,121**	**75,085**
				0	0	0
				0	0	0
	4,507			4,507	143	4,650
		- 722		- 722	- 14	- 736
				0	0	0
	68,380	**- 2,057**	**- 5,596**	**77,749**	**1,250**	**78,999**
	69,377	**- 4,037**	**- 5,596**	**76,766**	**1,405**	**78,171**
				0	0	0
				0	32	32
	1,583			1,583	74	1,657
		1,762		1,762	154	1,916
				0	0	0
	70,960	**- 2,275**	**- 5,596**	**80,111**	**1,665**	**81,776**

Selected explanatory notes

[1] Accounting according to International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of R. STAHL AG have been prepared pursuant to International Financial Reporting Standards (IFRS) as mandated for EU companies in accordance with IAS 34 »Interim Reports«.

These consolidated interim financial statements have not been audited.

[2] Consolidation

In addition to the group's parent company, R. STAHL AG, the consolidated interim financial statements include 31 domestic and foreign companies in which R. STAHL AG may exert a controlling influence. Since 31 December 2008, R. STAHL (Hong Kong) Co., Limited, Hong Kong (China) and OOO R. STAHL, Moscow (Russian Federation) have been added to the consolidated group.

– The company in China was founded in January 2009. R. STAHL AG holds a 100% interest in the company.

– With a share purchase agreement dated January 20, 2009, R. STAHL AG acquired a further 40% of voting shares in the company OOO R.STAHL, Moscow (Russian Federation) and now holds 60% of shares in the company. The purchase price for the acquired shares amounts to € 0.8 million and was paid in cash. Goodwill of € 0.8 million resulted from the purchase transaction.

With these two companies, R. STAHL has increased its presence in these promising and relevant regions.

[3] Accounting and valuation methods

The consolidated interim financial statements and comparison figures for the previous year's period have been prepared and calculated using the same accounting and valuation methods as the consolidated financial statements for fiscal 2008. The underlying principles are published in the notes to our consolidated financial statements for 2008. The document is available on our corporate website www.stahl.de. As of 1 January 2008 we now disclose cumulated equity in profit reserves. The item »Cumulated other equity« now comprises amounts from non-earnings-impacting currency translation differences. The change was made to improve balance sheet clarity. The prior-year values of changes in equity have been adjusted accordingly. Following the change, profit reserves for the first quarter of 2008 amount to € 63,380,000 (previously: € 66,323,000) and cumulated other equity for the prior-year quarter in 2008 amounts to € -2,057,000 (previously: € 0).

[4] Cash flow statement

Our cash flow statement according to IAS 7 shows the cash inflows and outflows of R. STAHL Group in the period under review.

The liquidity shown in the cash flow statement comprises cash on hand, cheques, and credit balances at banks. It also includes securities with original maturities of up to three months.

[5] Earnings per share

Earnings per share are calculated by dividing consolidated earnings net of minority interests by the average number of common shares. Our diluted earnings per share are the same as our earnings per share.

[6] Dividend proposal

Thanks to R. STAHL's good income development in fiscal 2008, the Managing Board and Supervisory Board will propose to the annual general shareholders' meeting to be held on 19 June 2009 a dividend of € 0.90 per share.

[7] Treasury stock disclosure

On 31 March 2009, the company held 516,291 treasury shares, as it did on 31 December 2008. As of both reporting dates, the treasury stock has been netted against equity at their historical costs of € 5,596,000.

[8] Employees

The company employed 1,397 persons (excluding apprentices) as of the reporting date on 31 March 2008 (previous year: 1,304 persons).

[9] Legal liabilities and other financial obligations

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2008.

[10] Transactions with related persons

R. STAHL did not undertake any material transactions with related persons in the period under review.

[11] Significant events after the end of the reporting period

There were no events of significance for our business between the reporting date and writing of this report.

Waldenburg, 15 May 2009

R. STAHL AG

The Managing Board

Financial calendar for 2009

Annual General Meeting	**19 June 2009**
Interim report as of 30/06/2009	**5 August 2009**
Interim report as of 30/09/2009	**10 November 2009**

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