INTERIM REPORT AS OF 30 JUNE 2007

›››››› R. STAHL REMAINS ON ITS GROWTH TRACK

›››››› SALES INITIATIVES IN ASIA AND THE AMERICAS ARE BEARING FRUIT

›››››› MANAGEMENT RAISES 2007 SALES GUIDANCE

STAHL

Key data

	1–6/ 2007	1–6/ 2006
	€ 000	€ 000
Sales revenues	97,216	78,202
thereof in Germany	29,148	29,104
thereof in Central *(w/o Germany)*	50,912	37,590
thereof in the Americas	6,913	4,725
thereof in Asia	10,243	6,783
Foreign share in %	70.0	62.8
Order intake	111,139	86,530
Orders on hand	45,388	26,837
EBIT	12,801	9,684
EBT	11,512	8,598
Period earnings	5,514	6,274
Earnings per share in € *(total)*	0.87	1.03
Capex on intangible and PP&E assets	4,206	3,184
DA&I on intangible and PP&E assets	3,651	3,205
EBIT margin *(in % of sales revenues)*	13.2	12.4
EBT margin *(in % of sales revenues)*	11.8	11.0
Staff as of the balance sheet date *(w/o apprentices)*	1,200	1,116

Consolidated management report as of 30 June 2007 – Half-yearly financial report –

R. STAHL remains on its growth track in the second quarter

R. STAHL continued its favourable business development in the second quarter of fiscal 2007. Demand for explosion-protected products remained high on a global scale. Order intake in 2Q/07 increased 28% from 2Q/06.

The strategic decision to further internationalise activities is bearing fruit. The foreign share of sales grew in the first half of fiscal 2007 from 63% to 70% with business in Asia (51% sales growth) and the Americas (46% sales growth) contributing prominently.

With the sale of our IT services companies to the Dutch Centric Group at the beginning of the year, R. STAHL is now fully focussed on the explosion protection segment of the safety technology market. We built up this core activity some more in the second quarter and the integration of the Norwegian company Tranberg A.S that we acquired at the end of 2006 is making good progress.

Our pre-tax earnings increased 34% in the first six months of fiscal 2007 to € 11.5m (previous year: € 8.6m). This figure includes € 1.5m revenue from divesting our IT services companies.

Still favourable market environment

Economy

The economic climate remains cheerful. In the period under review, we benefited in all our sales regions from an excellent business environment with the Asia/Pacific region taking centre stage.

Sector development

All our key sales sectors enjoyed good business development. Particularly the oil and natural gas and the chemical and pharmaceutical sectors are expanding existing and building up new capacities. The high oil price level serves as an additional growth driver here. The shipbuilding sector, too, is growing vigorously especially in Asia but also in Northern Europe.

Order intake and backlog on the rise

In the first six months of fiscal 2007, our order intake advanced 28.4% year-on-year to € 111.1m. As of 30 June 2007, our order backlog came to € 45.4m (30 June 2006: € 26.8m) and thus jumped 69.1% year-on-year thanks to strategic measures including the build-up of our systems activities as well as more OEM orders for new plants.

R. STAHL – at a glance

Business:	safety technology for hazardous environments
Customers:	oil and gas industry, pharmaceutical, chemical, shipbuilding, food, bio fuel industry and plant construction
Products:	control and installation equipment, light fittings, terminals, automatization, system solutions
Employees:	1,200 worldwide
Headquarter:	Waldenburg, Germany
Production:	Waldenburg, Weimar, Cologne, Hengelo (NL), Stavanger (N)
Sales 2007e:	app. € 190–200m
Profit margin (EBT) 2007e:	app. 8–10%
Shares:	6.44m shares; app. 47% free float

e = expected

Significant sales growth in Europe – German sales remain stable at a high level

In the first half of fiscal 2007, our sales revenue increased 24.3% year-on-year by € 19.0m to € 97.2m.

In our European sales region (Europe excluding Germany) sales revenue advanced a substantial € 13.3m to € 50.9m (+ 35.4%). The two sales regions Asia and the Americas contributed € 3.5m and € 2.2m, respectively, to our consolidated sales growth. In these two sales regions, the new growth initiatives including the set-up of a nationwide distribution management in the US are bearing first fruit. In Germany, we slightly surpassed our already high sales level in 2Q/06 with € 29.1m. In the first half of fiscal 2007, R. STAHL realised 70.0% (previous year: 62.8%) of consolidated sales abroad.

High operating profitability

R. STAHL Technologies' operating profitability remained high in the period under review.

Pre-tax earnings (EBT) in the first six months of this year came to € 11.5m including € 1.5m revenue from the IT division divestment. First-half operating EBT amounted to € 10m after € 8.6m in the first half of 2006.

The EBT margin on sales revenue reached 11.8%. Corrected for the one-off effect from the IT divestment (€ 1.5m), our operating EBT margin came to 10.3% just above our target range of 8–10%.

Earnings after taxes include a non-recurring tax provision of € 2.5m. As such, our earnings per share come to € 0.87 (previous year: € 1.03). Adjusted for the one-off tax provision, our earnings per share now come to € 1.29.

Given the stiff price competition in new OEM business, the higher sales share from this business in the period under review resulted in disproportionately lower operating EBT growth of some 16% relative to the sales increase of about 24%. We deliberately chose this path to benefit from lucrative OEM follow-up business in years to come.

Asset and financial structure – solid foundation for further growth

Our balance sheet total as of 30 June 2007 rose 2.1% (€ 3.5m) from 31 December 2006 to € 171.1m. At the end of June 2007, R. STAHL AG distributed a dividend of € 5.3m for fiscal 2006 to its shareholders. This slightly lowered our equity ratio from 39.4% on 31 December 2006 to 38.3% on 30 June 2007. On the reporting date, the treasury stock remained unchanged from 31 December 2006 at 516,291 no-par R. STAHL AG shares. As of both reporting days, the treasury stock has been netted against equity at historical costs (€ 5.6m).

On the asset side of the balance sheet, intangible long-term assets and inventories increased. The most prominent intangible asset is the goodwill from acquiring additional shares in STAHL-Syberg A.S of Oslo, Norway. Raw materials, consumables, and supplies as well as unfinished goods drove up inventory value. Our strategy of building up our systems activities has led to longer throughput times and thus higher inventories. Moreover, the substantial order backlog also necessitates more extensive stockpiling. This is required to avoid or compensate for supplier delivery delays so we can ensure that we fulfil our customers' orders on time. This approach has reduced our cash and cash equivalents by € 4.3m to € 28.5m.

After dividend distribution, our equity as of 30 June 2007 remained virtually unchanged from 31 December 2007 thanks to our 6M/07 earnings. Our long-term liabilities decreased slightly overall while our short-term liabilities rose considerably.

Our long-term assets are still fully covered by equity. Our liquidity amounts to € 28.5m and thus exceeds our interest-bearing, long and short-term financial liabilities by € 12.1m. That means our financial structures are sound.

R. STAHL Technologies thus has solid balance-sheet ratios and sufficient means to finance its future organic growth as well as strategic external growth through further acquisitions.

Cash flow

In the first half of fiscal 2007, R. STAHL realised a cash flow of € 7.6m. The operating cash flow from ongoing operations came to € 3.9m. The inventory build-up as a result of our high order backlog has taken a substantial bite out of an even better operating cash flow figure.

We spent € 4.4m on long-term assets in the period under review. Cash inflows from the divestment of our IT services companies and the retroactive purchase price adjustment for the acquisition of Tranberg A.S of Stavanger, Norway, balanced to a net capex cash outflow of € 1.3m.

The most prominent component in finance cash flow was the dividend distribution to our shareholders. The distributions to minority shareholders include payment of the purchase price for further shares in STAHL-Syberg A.S of Oslo, Norway.

Capital spending in the first half of the year

In the first half of fiscal 2007, R. STAHL spent € 4.4m on long-term assets after € 3.3m in the previous year's comparable period. Major capex items comprise a turning machine, a paint shop, a welding plant, a diode testing system, and tools.

Staff

R. STAHL Technologies employed 1,200 persons as of 30 June 2007 (previous year: 1,116 persons). In addition to new hiring, we increasingly used alternative employment models to accommodate our capacity expansion. R. STAHL decided to go this way to ensure that the group will be able to react flexibly to future changes in market demand.

On 1 October 2007, we will introduce the collective bargaining agreement on compensation (Tarifvertrag über das Entgeltrahmenabkommen). This will bring about an entirely new valuation system that, for instance, no longer distinguishes between wage and salary earners. We are happy to announce that this changeover found unanimous and swift approval by both our management and works council.

Activities in Asia and the Americas are making good progress

We made further progress in implementing our corporate strategy in the first half of this year.

The two new representations, one each in East and West Malaysia have started operations promising better access to the nautical industry there. Our new Australian partner is continuously expanding its order volume. Our production in India is making good progress. To gain more market share in the Americas, we have further stepped up the efforts to get our products certified there in the second quarter of this year.

New products

Innovation is a key factor in our growth strategy. Our development departments are striving to constantly improve our products and find new solutions. In addition to the development work per se, we also recognise the importance of having our products certified under various industry standards. In the period under review, we not only expanded our range of products certified for the North American market but also added numerous products that are certified under the international IEC Ex norm that will help us greatly to penetrate the Australian market and other markets around the globe. We furthermore substantially expanded our GUBox housing range.

Important organisational projects

The project to replace our hotchpotch IT environment with a uniform SAP ERP system is well on track notwithstanding the extra burden this puts on our staff. We have already provided the necessary resources and are currently running integration tests that simulate our business processes. The new system is to go online in mid-2008.

We are in the process of implementing a proprietary data network for the entire R. STAHL group. This will ensure higher data transfer security between R. STAHL locations and provide both better system stability and performance by the end of 2007.

Risk and opportunity report

To cover all material risks and opportunities of our group, we collect monthly risk and opportunity reports from all our member companies around the globe. The individual group companies are furthermore required to inform group risk and opportunity management of important events on this score as they arise.

The statements made in our 2006 annual report from page 49 remain valid without material changes. We currently see no existential risks to R. STAHL group.

The high demand from our key customer industries seems to continue unabated. The oil and natural gas as well as chemical and pharmaceutical industries are still in capital spending mode. Our chosen strategy to build up our international market share particularly in Asia and the Americas is coming along well and bearing fruit. Systems business is continuing to gain importance in our order intake structure. New sales sectors like the shipbuilding industry ensure additional business growth. Our group is positioned well and the economic environment favourable. Our staff and management are highly motivated to forge ahead with R. STAHL's business expansion.

Outlook

Thanks to the favourable business development in the first two quarters of 2007 and the generally cheerful market environment, we are hereby raising our sales guidance for fiscal 2007 as a whole to € 190–200m (from € 180–190m). We will continue to invest into the expansion of our product range and distribution channels as part of our growth strategy. We expect our pre-tax operating earnings to reach the upper end of our medium-term target range of 8–10% of sales.

Waldenburg, August 2007

The Management

Consolidated income statement

for the period from 01/01–30/06/2007

	4–6/ 2007	4–6/ 2006	1–6/ 2007	1–6/ 2006
	€ 000	€ 000	€ 000	€ 000
Sales revenues	49,943	39,179	97,216	78,202
Change in inventories of finished and unfinished goods	3,324	2,123	5,173	2,897
Other own work capitalised	657	344	1,185	664
Total operating performance	**53,924**	**41,646**	**103,574**	**81,763**
Other operating income	387	847	2,672	1,634
Cost of materials	- 18,107	- 12,673	- 35,648	- 23,989
Personnel costs	- 17,901	- 15,841	- 35,310	- 31,717
Depreciation, amortisation and impairment on intangible non-current assets and property, plant and equipment assets	- 1,842	- 1,595	- 3,651	- 3,205
Other operating expense	- 10,411	- 7,342	- 18,836	- 14,802
Earnings before net financial earnings and income taxes	**6,050**	**5,042**	**12,801**	**9,684**
Net financial earnings	- 613	- 455	- 1,289	- 1,086
Earnings before income taxes	**5,437**	**4,587**	**11,512**	**8,598**

	4–6/ 2007	4–6/ 2006	1–6/ 2007	1–6/ 2006
	€ 000	€ 000	€ 000	€ 000
Taxes on income	- 4,440	- 1,865	- 5,998	- 3,899
Earnings from continuing activities	**997**	**2,722**	**5,514**	**4,699**
Earnings from discontinued activities	**0**	**1,682**	**0**	**1,575**
Period earnings	**997**	**4,404**	**5,514**	**6,274**
Minority interests in earnings	95	176	349	202
R. STAHL earnings share	902	4,228	5,165	6,072
Earnings per share in €				
Continuing activities	0.15	0.43	0.87	0.76
Discontinued activities	0.00	0.28	0.00	0.27
Total	**0.15**	**0.71**	**0.87**	**1.03**

Consolidated balance sheet

as of 30/06/2007

	30/06/ 2007	31/12/ 2006
ASSETS	€ 000	€ 000
Long-term assets		
Intangible assets	20,199	18,029
Property, plant and equipment	26,304	26,364
Financial assets	1,221	1,722
Real estate held as financial investment	11,112	11,261
Deferred taxes	4,523	4,579
	63,359	**61,955**
Short-term assets		
Inventories and prepayments made	36,790	29,300
Trade receivables	37,946	37,504
Other receivables and other assets	4,432	5,968
Cash and cash equivalents	28,547	32,886
	107,715	**105,658**
Total assets	**171,074**	**167,613**

	30/06/ 2007	31/12/ 2006
EQUITY & LIABILITIES	€ 000	€ 000
Equity	**65,591**	**66,055**
Long-term liabilities		
Pension provisions	43,865	44,085
Other provisions	3,721	3,673
Interest-bearing loans	7,649	7,941
Deferred taxes	2,110	2,320
	57,345	**58,019**
Short-term liabilities		
Provisions	11,186	6,621
Trade liabilities	11,091	11,671
Interest-bearing loans	8,818	7,467
Deferred liabilities	8,931	8,660
Other liabilities, deferred items and prepayments received	8,112	9,120
	48,138	**43,539**
Total equity & liabilities	**171,074**	**167,613**

Consolidated cash flow statement

for the period from 01/01–30/06/2007

I. Operating cash flow

1. Period earnings
2. Net profit/loss from the divestment of consolidated companies (previous year: discontinued activities)
3. Depreciation, amortisation & impairment of non-current assets
4. Change in long-term provisions
5. Change in deferred taxes
6. Other non-cash flow impacting income and expense
7. Net profit/loss from non-current asset disposals

8. Cash flow

9. Changes in inventories and trade receivables as well as other assets not allocable to capex or finance activities
10. Changes in short-term provisions and trade liabilities as well as other liabilities not allocable to capex or finance activities

11. Changes in net current assets

12. Cash flow from ongoing business operation

II. Capex cash flow

13. Cash outflow for capex on long-term assets
14. Cash inflow from the disposal of long-term assets

(continued…)

	1–6/ 2007	1–6/ 2006
	€ 000	€ 000
	5,514	6,274
	- 1,504	- 1,447
	3,651	3,205
	25	- 418
	- 194	585
	164	0
	- 58	0
	7,598	**8,199**
	- 7,407	- 8,191
	3,661	- 31
	- 3,746	**- 8,222**
	3,852	**- 23**
	- 4,358	- 3,288
	440	0

(…continued)

15. Cash in- and outflows from the sale or acquisition of consolidated companies (previous year: discontinued activities) ....

16. Capex cash flow

17. Free cash flow

III. Finance cash flow

18. Shareholder distributions (dividend) ....
19. Minority shareholder distributions ....
20. Increase (+)/decrease (-) in short-term financial liabilities ....
21. Cash outflow for repayment of long-term, interest-bearing financial debt ....

22. Finance cash flow

IV. Liquidity

23. Cash flow-impacting changes in liquidity ....
24. Foreign exchange rate, consolidation and valuation related changes in liquidity ....
25. Liquidity at the beginning of the period ....

26. Liquidity at the end of the period

Liquidity composition

Cash and cash equivalents ....

1–6/ 2007	1–6/ 2006
€ 000	€ 000
2,579	1,447
- 1,339	**- 1,841**
2,513	**- 1,864**
- 5,331	0
- 2,318	- 400
1,216	- 1,341
- 324	- 429
- 6,757	**- 2,170**
- 4,244	- 4,034
- 95	- 420
32,886	48,959
28,547	**44,505**
28,547	**44,505**

Consolidated statement of changes in equity

for the period from 01/01–30/06/2007

in € 000	Subscribed capital	Capital reserve
01/01/2006	**16,500**	**522**
Shareholder distribution		
Consolidation change		
Period earnings		
Changes in currency differences		
Other changes		
30/06/2006	**16,500**	**522**
01/01/2007	**16,500**	**522**
Shareholder distribution		
Consolidation change		
Period earnings		
Changes in currency differences		
Other changes		
30/06/2007	**16,500**	**522**

Shareholders' equity				Minority interests	Total consolidated equity
Profit reserves	Other comprehensive income	Deductible for treasury stock	Total		
17,973	**28,325**	**- 5,596**	**57,724**	**743**	**58,467**
	0		0	- 400	- 400
	0		0	0	0
	6,072		6,072	202	6,274
	- 437		- 437	17	- 420
	0		0	0	0
17,973	**33,960**	**- 5,596**	**63,359**	**562**	**63,921**
18,044	**35,286**	**- 5,596**	**64,756**	**1,299**	**66,055**
0	- 5,331		- 5,331	- 266	- 5,597
- 34	0		- 34	- 27	- 61
0	5,165		5,165	349	5,514
0	60		60	37	97
0	0		0	- 417	- 417
18,010	**35,180**	**- 5,596**	**64,616**	**975**	**65,591**

Notes to the interim financial statements

[1] Reporting under International Financial Reporting Standards (IFRS)

Since fiscal 2005, R. STAHL AG has been preparing its consolidated financial statements according to International Financial Reporting Standards (IFRS) or International Accounting Standards (IAS). The interim reports have therefore been prepared pursuant to IAS 34. The previous year's comparable figures have been determined according to the same standards. The consolidated interim report and the consolidated interim management report have not been subject to audit according to article 317 of the German Commercial Code (Handelsgesetzbuch, HGB) nor has a certified public accountant audited them.

[2] Consolidation

The consolidated interim report includes besides R. STAHL AG another 26 domestic and foreign group companies in which R. STAHL AG has a controlling interest. Since 31 December 2006, altro consult Deutschland GmbH and SP Solution GmbH both of Oberhausen, Germany, have been deconsolidated upon divestment. The former associated enterprise hlw Consulting GmbH of Bielefeld, Germany, has also been deconsolidated since 31 December 2006. With the divestment of these IT services companies, R. STAHL Technologies is now fully focussed on safety technology and explosion protection. In the first half of fiscal 2007, we have furthermore sold all our shares in CSE EX Pty Ltd. of Sydney, Australia, that was still listed as an associated enterprise on 31 December 2006, to facilitate the revamping of our Australian distribution activities. R. STAHL AG acquired another stake of some 22% in STAHL-Syberg A.S of Oslo, Norway, in the period under review.

[3] Accounting and valuation methods

The accounts in the consolidated interim reports and the comparable figures for the preceding year's period have been calculated using the same accounting and valuation principles as the consolidated annual financial statements for 2006. Please refer to the notes to our 2006 consolidated financial statements (in print or online at www.stahl.de) for details on the principles applied.

[4] Cash flow statement

The cash flow statement has been prepared according to IAS 7 and shows the cash inflows and outflows of R. STAHL Technologies in the period under review.

The financial funds shown in the cash flow statement include cash on hand, cheques, and credit balances with banks. This position furthermore includes securities with original maturities of up to three months.

[5] Segment report

With the divestment of our IT services companies, our group is now fully focussed on explosion protection. We therefore no longer distinguish divisions as of fiscal 2007.

[6] Earnings per share

Earnings per share are calculated by dividing consolidated earnings net of minority interests by the average number of common shares outstanding. Our diluted earnings per share are the same as our earnings per share as no new shares have been issued.

[7] Statement of dividends paid

Subsequent to the annual general shareholders' meeting, R. STAHL AG distributed to its shareholders a dividend of € 0.90 per share in June 2007. The total distribution amounted to € 5,331 thousand.

[8] Note to the treasury stock

Unchanged from 31 December 2006, R. STAHL AG held a treasury stock of 516,291 own shares on 30 June 2007. As of both balance sheet dates, the treasury stock has been netted against equity at historical costs of € 5,596 thousand.

[9] Number of employees

As of the balance sheet date on 30 June 2007, R. STAHL Technologies employed 1,200 persons (excluding apprentices) (previous year: 1,116 persons).

[10] Legal liabilities and other financial obligations

There have been no material changes in the group's legal liabilities and other financial obligations since 31 December 2006.

[11] Report on material transactions with related parties

The group has not undertaken any material transactions with related parties in the period under review.

[12] Important events after the end of the reporting period

Upon ratification of the 2008 Corporate Tax Reform Act by the German Upper House of Parliament (Deutscher Bundesrat) on 6 July 2007, new tax regulations will take effect in Germany on 1 January 2008. This will necessitate a revaluation of R. STAHL Technologies' domestic deferred taxes in the third quarter of fiscal 2007. Since the group has an excess of deferred tax assets, this revaluation will result in higher tax expenses.

[13] Management affidavit

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements provide a true and fair representation of the assets, liabilities, financial position, and income situation of the consolidated group. The consolidated interim management report provides a true and fair representation of the group's business development and performance including an outline of the principal risks and opportunities associated with the expected development of the group in the remaining months of the fiscal year.

Waldenburg, 13 August 2007

R. STAHL AG

The Management

Financial calendar 2007

Third Quarter Financial Report 2007 .... 15 November 2007

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