

Q.2



- Continuing economic crisis has effect on order intake, sales and result
- Additional measures introduced to reduce costs
- A ray of hope: distinct growth in the USA

**INTERIM REPORT
AS OF 30 JUNE 2009**



Key Data

<i>€ 000</i>	1–6/ 2009	1–6/ 2008
Sales revenues	102,532	111,720
thereof in Germany	29,052	28,429
thereof in Central (excl. Germany)	47,110	51,911
thereof in the Americas	12,043	8,459
thereof in Asia/Pacific	14,327	22,921
Foreign share in %	71.7	74.6
Order intake	107,852	116,677
Orders on hand	44,050	44,205
EBITDA	11,187	18,470
EBIT	6,849	14,358
EBT	5,148	12,960
Period earnings	3,206	8,812
Earnings per share in € (total)	0.50	1.42
Capex on intangible and PP&E assets	7,767	4,602
DA&I on intangible and PP&E assets	4,338	4,112
EBITDA margin (in % of sales revenues)	10.9	16.5
EBIT margin (in % of sales revenues)	6.7	12.9
EBT margin (in % of sales revenues)	5.0	11.6
Staff as of the balance sheet date (excl. apprentices)	1,402	1,324

Consolidated management report as of 30 June 2009 – 6M Report

Effects of the global economic crisis again marked the economic environment during the second quarter. The customers were still reluctant in regard to investments; in some fields even with a declining tendency. Even though the situation was very difficult the order intake in the group added up to € 107.9 million for the first half year which means a decline of 7,6% compared to the previous year. With regard to the current market situation this decline is quite moderate. This is due to the numerous measures we have taken to use further potentials for order acquisition. During the first six months sales decreased by 8.2% to € 102.5 million.

After six months pre-tax earnings amounted to € 5.1 million (previous year: € 13.0 million) and reached in the second quarter about the same level as during the first quarter. It has to be taken into account here that one-off expenses for the introduced programs for cost optimization is reflected in the budget of the first half year. A significantly more severe price war furthermore has its effects on the margins.

In Germany we could slightly increase sales during the first six months, compared to the previous year. In the European Countries outside Germany, however, sales declined by 9.3%. The economic crisis hit our company hardest in Asia/Pacific: Here sales fell to € 14.3 million (previous year: € 22.9 million). In the Americas our efforts to further expand our market share continued to yield fruit. With a sales increase by 42.4% to € 12.0 million R. STAHL stood their ground quite well in this market.

Economic environment still unstable

In the second quarter of 2009 the economic environment has still been extremely unstable. The situation is uncertain and there are no clear and definite market assessments – not from the customers either. The first tentative estimations that the bottom might already be reached are not confirmed by our customers.

Owing to the slightly increased oil price the request for quotations increased – however, the price level suffered due to the high competitive pressure. Furthermore, commodity prices rise as well.

Domestic order intake declined significantly during the last three months, but the first positive indices are noticeable in Europe. In Asia/Pacific a slight recovery of the markets could be felt as well, while demand in the Americas still ranged between restrained and good.

During the last three months even the pharmaceutical industry, a sector that has been quite stable up to now, announced a first decline and a moratorium on new investments. Still almost no maintenance work is done on the chemicals sector, though this was common in the past during times of drop in output. But in the meantime the stores in this sector are presumably exhausted so that production is

R. STAHL – at a glance

Business:	supplier of electromechanical and electrical 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:	1,402 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

expected to increase. Oil and gas industry profit from the rising oil price, so we expect to be rewarded some large-scale projects in this market in the months to come. Demand from the international plant construction sector has momentarily increased, but this cannot yet be seen as a sign of stabilization.

Income, financial, and asset position

Order intake – continuing economic crisis is clearly noticeable

After the first six months of 2009 a decline in order intake by 7.6% to € 107.9 million has to be observed compared to the same period in the previous year. Reason for declining number of orders is poor demand due to the continuing economic crisis. Owing to the introduced measures R. STAHL could maintain their hold on the market quite well: In spite of the difficult economic conditions the number of orders on hand on 30 June 2009 reached last year's level with about € 44 million.

Sales revenues fell by 8% – positive Americas

Compared to the same period of the previous year sales revenues fell by € 9.2 million (-8.2%) to € 102.5 million during the first six months of 2009.

In Europe (excluding Germany) a significant loss of € 4.8 million (-9.3%) to € 47.1 million had to be borne. Development in the Americas has been positive: Here our sales team realized a growth in sales of € 3.6 million (+42.4%). Even in the difficult global economic environment the growth strategies we introduced continue to yield fruit. Furthermore, the rising oil price increases interest in costly oil production – and offers us good prospects to realize further sales potentials with the Canadian oil sands.

Compared to the same period in the previous year sales revenues in Asia/Pacific fell significantly by € 8.6 million, i.e. 37.5%, to € 14.3 million.

Compared to the previous year we could achieve a slight increase by € 0.6 million (2.2%) to € 29.1 million in Germany.

We now realize 71.7% of our sales abroad (same period in the previous year: 74.6%). To cover our exchange risks derivative financial instruments are used. The aspired sales extension in the Americas and in Asia/Pacific will lead to a globally balanced customer structure. That way we will increase R. STAHL's independence from regional fluctuations in demand.

Negative effect on earnings – further measures introduced

As expected R. STAHL group could no longer escape the negative effects of the economic crisis on earnings after the first six months of 2009.

Already during the previous year we started to adjust structures and workflows and so laid the foundations to be able to react flexibly to a declining order intake to avoid further negative contribution to the operating income. Especially against the background of economic decline optimization of processes in production, purchase and marketing continue to be in the focus of our work.

Due to the continuing economic crisis we introduced additional measures to achieve a satisfactory result in 2009. These one-off expenses also burden result of the first six months. We assume that the cost-cutting programs we initiated will yield results in the second half of the year.

Operating earnings before financial income and income taxes (EBIT) fell from € 14.4 million in 2008 to € 6.8 million during the first six months in 2009. Operative EBIT-margin based on sales revenues is now 6.7% (previous year: 12.9%).

Operating EBT fell from € 13.0 million to € 5.1 million, operating EBT-margin based on sales revenues is 5.0% (previous year: 11.6%).

Earnings per share achieved € 0.50 (previous year: € 1.42).

Assets and liabilities structure and pattern of finance – a firm basis even in the crisis

At the reporting date balance sheet total has fallen by € 6.3 million or 3.5% to € 172.4 million compared to 31 December 2008.

On the asset side the long-term assets have been increased. Especially noteworthy are the capitalization of the goodwill from the acquisition of further shares in the Russian subsidiary as well as exchange rate effects from goodwill with the upward revaluation of the Norwegian Krone at the balance sheet date. By contrast the total short-term assets significantly decreased. While, compared to the end of 2008, inventory stock and trade accounts receivable remained almost constant, a reduction by € 12.6 million has to be observed in regard to cash and cash equivalents. Inventories are used to keep delivery periods.

On the liabilities side the total equity slightly fell by € 1.0 million to € 77.2 million. Equity ratio rose from 43.7% on 31 December 2008 to 44.8% at the reporting date. Like at the end of 2008 R. STAHL group held 516,291 treasury shares on 30 June 2009. At both key dates treasury shares in the amount of the acquisition costs (€ 5.6 million)

have been deducted from the equity. Long-term liabilities remained almost constant. Short-term liabilities have been reduced by a total of € 5.3 million.

Financing structure of R. STAHL group is firm. Equity exceeds long-term assets by € 4.6 million and liquid assets that amount to € 21.6 million exceed short- and long-term interest-bearing liabilities by € 7.7 million.

With this financial basis R. STAHL group is well armed for a future that will presumably become more difficult, even after the first six months of the year of crisis 2009. Thanks to the existent liquid assets the company still has a comparatively high liquidity and so, due to the small dependency on outside creditors, the company management can concentrate on fulfilling the operative core tasks. We assume that the measures we introduced will also be reflected in the balance sheet and that anticipated negative influences may be compensated.

Cash flow – operational sectors slightly negative

After the first six months of 2009 the operating cash flow amounted to € -1.6 million (previous year: € 13.3 million). The change of the net working capital also added to this fall, besides the low current result.

Cash flow from investment activities amounts to € -8.9 million (previous year: € -4.9 million). This sum also comprises € 0.8 million for the acquisition of further shares in the Russian subsidiary.

Free cash flow amounts to € -10.5 million (previous year: € 8.5 million).

In financing dividend payout of € 5.3 million to the shareholders has to be mentioned. Capital has been raised in the form of short-term interest-bearing financial debts. Long-term loans have been redeemed as scheduled.

Investments during the first six months of 2009

From January till June 2009 we invested € 8.1 million (previous year: € 4.9 million) in long-term assets. According to plan our Dutch subsidiary made further investments in the new production facilities and office buildings. The Dutch plant started well and is used to capacity. Furthermore, we invested in software and in the modification of the Waldenburg building. Moreover, different machines and tools like e.g. jigs and measurement and testing equipment have been acquired.

Unique position with new products

The economic crisis also has an effect on our development work: We adjusted the focuses to the requirements in the crisis and accordingly brought projects forward that have an effect within a short time.

During the second quarter we also pushed approval activities. So we e.g. got approval for our lighting fixtures for certain additional fire protection requirements. New areas of application, like use below deck on ships or in the crew compartments on drilling platforms become possible. With receipt of approval for the emergency light fittings we now offer a complete program of lighting fixtures for the Australian market.

Range of articles for automation technology is continuously extended. R. STAHL is the first supplier to include an Ethernet-connection into the already existing Remote I/O-system for explosion protection zone 1. With the new systems for uninterruptible power supply (UPS) we have a unique position in the market as well: R. STAHL devices are the only ones that have an equipment condition monitoring system for chargers and accumulators including a display that complies with the standards.

In time for the international trade fair Interkama in Hanover we expanded the spectrum of wireless-articles, so that now field devices can also communicate in potentially explosive areas.

Good feedback to exhibitions

During the report period three important trade fairs took place where R. STAHL was present with a booth. Even though the times are economically difficult both the Interkama in Hanover and the Achema in Frankfurt have been visited by many qualified trade visitors. In Hanover we could substantiate our technical top position in lighting engineering with the new LED-basis. At the biggest trade fair for chemical engineering in Frankfurt we exhibited, among others, new products for system solutions. Here R. STAHL stood out as the one supplier in our line of business with the largest number of new products.

In Oslo, Norway, the fair Norshipping took place, one of the most important international trade fairs for shipbuilding and offshore. Our subsidiaries Tranberg and R. STAHL HMI represented the R. STAHL group. Among others our camera systems met with great interest. Compared to the last fairs for shipping we could notice a pleasant increase in visitors.

High flexibility in regard to human resources

To achieve the required flexibility during the crisis the management board and the works council agreed upon a company agreement. So we laid the foundations to be able to take efficient countermeasures should the economic situation become even more difficult.

Investor Relations

The Annual General Meeting on 19 June took place as scheduled, all the items on the agenda that were put to vote have been adopted by a great majority.

We were awarded second place in the LACP Award of the American League of Communications Professionals for the R. STAHL Annual Report 2008. This prize awards our open and investor-oriented investor relations work.

Report on chances and risks

All R. STAHL subsidiaries regularly write a report on chances and risks, so all risks and chances the company faces world-wide are gathered. If there are important events, possibly during a quarter, every managing director is obliged to report to the risk-and-chances-management. The statements from page 47 onwards of the Annual Report remain unchanged.

Outlook

So far R. STAHL stood their ground quite well in the crisis. Our numerous efforts during the past years, also as part of the growth strategy, created additional order potential. This helps to partly compensate for the demand-related downturn.

However, there is still a lot of uncertainty, at our customer's as well, if the bottom of the crisis has already been reached. We assume that the order situation will become even more difficult for R. STAHL in the second half of the year. But we hope that the measures we introduced will continue to at least partly compensate for the expected decline.

The activities for process- and cost optimization we initiated burdened the result of the first six months. For the third and fourth quarter we expect to experience the first effects from these activities. Price levels will still heavily burden our margins.

Our goal to keep the key staff during the crisis motivates our employees. This makes it possible to intensively work the market, to further our projects to speed up processes and at the same time cut expenses by reducing vacation and working-time accounts.

We confidently stick to our goal to further strengthen our market position in the economic crisis.

The Management Board

August 2009

Consolidated income statement

for the period 01/01–30/06/2009

€ 000	4–6/ 2009	4–6/ 2008	1–6/ 2009	1–6/ 2008
Sales revenues	50,817	57,692	102,532	111,720
Change in inventories of finished and unfinished goods	-1,997	260	226	1,807
Other own work capitalised	680	435	1,110	967
Total operating performance	49,500	58,387	103,868	114,494
Other operating income	1,293	824	2,810	2,326
Cost of materials	-15,754	-19,682	-33,964	-38,424
Personnel costs	-19,924	-19,555	-40,460	-38,739
Depreciation, amortisation and impairment on intangible non-current assets and property, plant and equipment assets	-2,223	-2,078	-4,338	-4,112
Other operating expense	-9,319	-10,875	-21,067	-21,187
Earnings before net financial earnings and income taxes	3,573	7,021	6,849	14,358
Net financial earnings	-918	-644	-1,701	-1,398
Earnings before income taxes	2,655	6,377	5,148	12,960
Taxes on income	-1,106	-2,215	-1,942	-4,148
Period earnings	1,549	4,162	3,206	8,812

€ 000	4-6/ 2009	4-6/ 2008	1-6/ 2009	1-6/ 2008
Minority interests in earnings	152	247	226	390
R. STAHL earnings share	1,397	3,915	2,980	8,422
Earnings per share in €	0.23	0.66	0.50	1.42

Consolidated balance sheet

as of 30/06/2009

€ 000	30/06/ 2009	31/12/ 2008
ASSETS		
Long-term assets		
Intangible assets	24,274	20,867
Property, plant and equipment	35,048	33,212
Other financial investments	400	108
Other assets	1,644	1,622
Real estate held as financial investment	9,772	9,921
Deferred taxes	1,493	1,235
	72,631	66,965
Short-term assets		
Inventories and prepayments made	35,727	35,212
Trade receivables	36,165	36,263
Other receivables and other assets	6,349	6,127
Cash and cash equivalents	21,557	34,135
	99,798	111,737
Total assets	172,429	178,702

€ 000	30/06/ 2009	31/12/ 2008
EQUITY & LIABILITIES		
Equity	77,199	78,171
Long-term liabilities		
Pension provisions	46,267	46,138
Other provisions	2,318	2,237
Interest-bearing loans	4,228	4,512
Deferred taxes	1,630	1,567
	54,443	54,454
Short-term liabilities		
Provisions	7,164	8,963
Trade liabilities	9,915	13,213
Interest-bearing loans	9,594	6,254
Deferred liabilities	9,374	10,634
Other liabilities	4,740	7,013
	40,787	46,077
Total equity & liabilities	172,429	178,702

Consolidated cash flow statement

for the period from 01/01–30/06/2009

€ 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...)

1-6/ 2009	1-6/ 2008
3,206	8,812
4,338	4,112
80	- 145
- 261	- 449
- 109	679
0	3
7,254	13,012
738	1,968
- 9,589	- 1,655
- 8,851	313
- 1,597	13,325
- 8,060	- 4,896
0	30

€ 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 shareholders (dividend)
18. Distribution to/contribution from minority shareholders
19. Increase (+)/decrease (-) in short-term interest-bearing financial debt
20. Cash outflow for repayment of long-term, interest-bearing financial debt
- 21. Finance cash flow**
- IV. Liquidity**
22. Cash flow-impacting changes in liquidity
23. Foreign exchange rate, consolidation and valuation related changes in liquidity
24. Liquidity at the beginning of the period
- 25. Liquidity at the end of the period**
- Liquidity composition**
- Cash and cash equivalents

1-6/ 2009	1-6/ 2008
- 800	0
- 8,860	- 4,866
- 10,457	8,459
- 5,331	- 6,516
- 230	52
3,273	- 2,956
- 283	- 1,066
- 2,571	- 10,486
- 13,028	- 2,027
450	- 310
34,135	29,747
21,557	27,410
21,557	27,410

Consolidated statement of changes in equity

for the period from 01/01–30/06/2009

€ 000

	Sub- scribed capital	Capital reserve
01/01/2008	16,500	522
Shareholder distribution		
Consolidation change		
Period earnings		
Changes in currency differences		
Other changes		
30/06/2008	16,500	522
01/01/2009	16,500	522
Shareholder distribution		
Consolidation change		
Period earnings		
Changes in currency differences		
Other changes		
30/06/2009	16,500	522

Profit reserve	Shareholders' equity			Minority interests	Consolidated equity total
	Cumulated other equity	Deduction for treasury shares	Total		
63,873	- 1,335	- 5,596	73,964	1,121	75,085
- 6,516			- 6,516	- 8	- 6,524
				32	32
8,422			8,422	390	8,812
	- 713		- 713	- 6	- 719
				30	30
65,779	- 2,048	- 5,596	75,157	1,559	76,716
69,377	- 4,037	- 5,596	76,766	1,405	78,171
- 5,331			- 5,331	- 429	- 5,760
				33	33
2,980			2,980	226	3,206
	1,295		1,295	108	1,403
				146	146
67,026	- 2,742	- 5,596	75,710	1,489	77,199

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 20 January 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 half of 2008 amount to € 65,779,000 (previously: € 63,731,000) and cumulated other equity for the prior-year half in 2008 amounts to € -2,048,000 (previously: € 0). The Accounting Interpretations Committee pointed to an increase of contributions to the Pension-Assurance-Association for 2009. Due to the announcement of an increase in contributions the pension provisions have been estimated at € 164,000 in this interim financial statement.

[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] Disclosure of dividends paid

In June 2009, after conclusion of the shareholders' meeting, R. STAHL AG paid a dividend of € 0,90 per share to the shareholders. A total of € 5,331,000 has been distributed.

[7] Treasury stock disclosure

On 30 June 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] Number of employees

The company employed 1,402 persons (excluding apprentices) as of the reporting date on 30 June 2009 (previous year: 1,324 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

With effect from 31 July 2009 R. STAHL AG acquired 17,39% of the voting shares in company R. STAHL Norge AS, Oslo (Norway) and now holds 100% of the shares. Purchase price for the shares amounts to € 7,700,000 and has been paid in cash.

[12] 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, 4 August 2009

R. STAHL AG

The Management Board

Martin Schomaker

Dr. Peter Völker

Financial calendar for 2009

Interim report as of 30/09/2009	10 November 2009
Analyst- and Investors' conference	
– German Equity Forum	11 November 2009

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