



Focus Customer

HALF-YEARLY FINANCIAL REPORT
as at 30 JUNE 2013

STAHL

R. STAHL – at a glance

Business:	supplier of electromechanical and electrical safety technology for hazardous environments
Customers:	oil and gas industry, pharmaceutical industry, chemical industry, maritime industry, food, biofuel industry and plant construction
Products:	control and installation equipment, light fittings, terminals, automation, system solutions
Employees:	approx. 1,750 worldwide
Headquarter:	Waldenburg, Germany
Production:	Waldenburg (D), Weimar (D), Cologne (D), Hengelo (NL), Stavanger (N), Chennai (IN), Houston (USA), Selangor (MAL)
Sales:	2012: EUR 291 million (2013e: EUR 305 million)
EBIT margin:	2012: 8.6% (2013e: 8.1%)
Shares:	6.44 million shares; app. 41% free float

e= expected

Group Management Report

as at 30 June 2013

In the first six months of 2013, we raised sales revenues by 9.2% to EUR 148.3 million. Our order intake increased by 3.4% to EUR 158.2 million during the reporting period, while EBIT was improved by 2.9% to EUR 11.8 million.

INDUSTRY ENVIRONMENT REMAINS STABLE DESPITE ADVERSE ECONOMIC CLIMATE

Our key markets continue to boast solid growth rates: in particular, the oil and gas industry in the North Sea region is flourishing, while the chemical and pharmaceutical industries are making stable progress. International plant construction is also operating on a sound basis. The niche segment of special shipbuilding relevant to us is well positioned due to offshore oil and gas activities.

ORDER POSITION – 10% RISE IN GERMAN ORDERS FOR R. STAHL

In this stable economic environment, R. STAHL recorded order intake of EUR 158.2 million in the first six months of 2013 (previous year: EUR 153.0 million) – corresponding to a year-on-year increase of 3.4%. Whereas the lion's share of this positive development was due to increased demand from Germany and Europe, we also enjoyed success outside our domestic market: for example, a leading Japanese general contractor has appointed us as its preferred supplier for the next few years. Our sales team also succeeded in winning a major contract from an Australian operator of natural gas projects. As of the end of June 2013, the order backlog amounted to EUR 78.8 million (previous year: EUR 82.9 million).

EUROPE DRIVES SALES GROWTH OF 9.2%

In the first six months of 2013, we posted revenues of EUR 148.3 million (previous year: EUR 135.8 million) and thus achieved year-on-year growth of 9.2% – driven mainly by northern and western Europe.

In **Germany**, we generated revenues of EUR 30.6 million. Although budget cuts in Europe are slowing Germany's economic growth and demand for German engineering products is stagnating – albeit at a healthy level – we succeeded in raising R. STAHL's revenues by 4.0% year on year. Order intake was up by as much as 10.2% to EUR 32.9 million.

Despite the ongoing euro crisis, we raised revenues in **Europe (excluding Germany)** by 13.2% to EUR 69.7 million. Although demand for large projects in southern Europe has been hit by the region's economic problems, business in western and northern Europe is making strong progress – thanks to oil and gas finds in the North Sea region. In the first six months, order intake from European customers rose by 8.8% to EUR 73.6 million. With the successful acquisition of a major contract by our Italian subsidiary, we were able to successfully place our innovative camera systems on the local market as part of a Saudi Arabian natural gas project.

The use of fracking to tap gas reserves in North America has led to a fall in the gas price. As a result, Canadian energy companies have postponed or even cancelled planned investments, leading to a strong fall in demand from Canada. In the USA, however, we have observed a more encouraging development and our Brazilian subsidiary reports a turnaround. All in all, we posted sales growth of 8.3% to EUR 22.7 million in the **Americas**. Due to the high prior-year level and the postponement of investment projects, order intake fell by 3.6% to EUR 26.5 million.

Sales revenues in the **Asia/Pacific** region rose by 6.1% to EUR 25.3 million. Falling demand in China also affected other Asian markets, which is why R. STAHL's growth was somewhat weaker than in the preceding periods. In Australia, the major commodity groups reduced their budgets for investments in mines, as well as oil and gas plants. This falling demand also slowed sales growth of the R. STAHL Group. However, we did enjoy some success, such as the award of a major project in the field of natural gas. Compared to the previous year, order intake fell by 10.2% to EUR 25.0 million in this region.

In the first six months of the year, we generated 79.4% of our sales revenues outside Germany (prior-year period: 78.3%).

OPERATING EBIT UP FROM EUR 9.8 MILLION TO EUR 13.3 MILLION

In the first six months of 2013, we posted earnings before interest and taxes (EBIT) of EUR 11.8 million – representing a slight year-on-year increase of 2.9% (previous year: EUR 11.4 million).

Adjustment for currency effects and special items reveals that the R. STAHL Group achieved significant growth in its operating profit margin: in the first half of the previous year, EBIT contained currency effects and special items with a net positive effect of EUR 1.6 million, so that operating EBIT amounted to EUR 9.8 million. In the second quarter of 2013, the devaluation of certain foreign currencies against the euro led to a negative foreign exchange effect of EUR 1.5 million. After consideration of these effects, operating EBIT in the first half of 2013 amounted to EUR 13.3 million. With revenue growth of 9.2%, our operating EBIT in the first half-year grew strongly by 35.3% while the operating EBIT margin rose from 7.2% last year to 9.0% in the reporting period.

In order to improve flexibility and remove capacity bottlenecks, we are currently examining the possibility of outsourcing certain manufacturing stages. Internally, we aim to focus more on producing complex and sophisticated products and systems.

In the first six months of 2013, we generated pre-tax earnings (EBT) of EUR 10.0 million – an increase of 3.9% (previous year: EUR 9.6 million). As a percentage of sales revenues, the EBT margin reached 6.8% (previous year: 7.1%) while earnings per share remained unchanged at EUR 1.18.

ASSETS AND FINANCIAL STRUCTURE – SOLID BASIS FOR EXPANSION IN GROWING MARKETS

As of the reporting date, the R. STAHL Group had total assets of EUR 243.6 million – EUR 14.0 million or 6.1% more than on 31 December 2012.

Due to planned investments long-term assets rose by EUR 3.8 million to EUR 104.2 million. In the short-term period, inventories rose by EUR 5.9 million to EUR 51.8 million due to unfinished and finished goods, while raw materials and supplies remained virtually stable. The high availability of our products means that we can supply customers quickly and thus raise satisfaction with the aid of this service. At EUR 59.0 million, trade receivables were slightly above the year-end 2012 figure (EUR 57.7 million).

R. STAHL applied IAS 19 rev. (2011) “Employee Benefits” for the first time in 2013 and adjusted its prior-year figures in accordance with IAS 8. The main changes to IAS 19 concern accounting for defined benefit obligations. Pension obligations are measured at the present value of obligations less fund assets in the balance sheet using the remeasurement approach, resulting in differences in the accounting of pension obligations.

Increases and decreases in the present value of defined benefit obligations resulted in actuarial losses, caused by changes in the calculation parameters. Due to a change in interest rates from 5.2% in 2011 to 3.6% as of 31 December 2012, the present value of future benefit obligations increased by EUR 16.8 million to EUR 80.5 million. As the corridor method was still used in 2012, this interest rate change does not affect the balance sheet according to the old regulation, but is listed in an auxiliary calculation and disclosed as an actuarial loss.

The discontinuation of the corridor method for actuarial gains and losses means they are now disclosed in equity after consideration of deferred taxes. This effect reduced our equity as of 31 December 2012 by EUR 13.8 million and impacted the equity ratio. According to the old regulation, equity amounted to EUR 99.7 million with an equity ratio of 44.3%. After applying the new regulation, equity at year-end 2012 amounts to EUR 85.9 million with an equity ratio of 37.4%.

Equity amounted to EUR 84.6 million at the end of the first half-year 2013, compared to EUR 85.9 million at the end of 2012. The increase resulting from period earnings of EUR 7.0 million was offset by currency effects from the translation of balance sheets of our key subsidiaries in non-euro countries amounting to EUR 2.4 million and the dividend paid to R. STAHL AG shareholders (EUR 5.9 million).

The equity ratio stood at 34.7% as of the reporting date (year-end 2012: 37.4%). As on 31 December 2012, the R. STAHL Group held 516,291 treasury shares on 30 June 2013. On both reporting dates, treasury shares were netted against equity at cost (EUR 5.6 million).

Long-term debts increased by EUR 2.3 million to EUR 90.9 million following the assumption of long-term loans. Short-term interest-bearing loans rose by EUR 13.5 million to EUR 20.3 million. Both trade payables and other liabilities were reduced.

R. STAHL's financial basis continues to be extremely solid: equity and long-term debts exceed long-term assets by EUR 71.3 million (31 December 2012: EUR 74.1 million). Liquid funds of EUR 18.0 million were slightly up on the year-end figure (EUR 17.6 million) and almost covered short-term interest-bearing financial debts (EUR 20.3 million).

Our available financial funds provide us with a healthy liquidity position while our financial structure minimizes the dependency on lenders. With contractually agreed credit lines amounting to a total volume of EUR 50 million at different principal banks and long-term loans of EUR 10 million, we have taken the necessary financial precautions. These bilateral agreements expire in 2015 and 2017 and were concluded without financial covenants thanks to our good credit rating. All in all, we enjoy a solid financial foundation for expansion in growing markets.

CASH FLOW – FOCUS ON INVESTMENT PROJECTS

At the end of the first half-year 2013, cash flow of EUR 15.8 million was EUR 4.6 million higher than at the same time last year.

Although more funds were used for working capital than in the previous year, we were able to raise cash flow from ongoing business operation by 57.4% in total to EUR 2.3 million.

In the period from January to the end of June 2013, capex cash flow amounted to EUR 10.9 million. This figure includes outflows for our construction projects. In addition, there were expenses for expansion investments, e.g. in Waldenburg, during the reporting period.

Business activities generated free cash flow of EUR -8.6 million (previous year:

EUR -9.4 million).

A dividend payment to shareholders of EUR 5.9 million was adopted by the Annual General Meeting, disclosed in cash flow as a use of funds. During the course of the reporting period, R. STAHL received short-term funds of EUR 13.5 million to finance its ongoing business operation. In addition, we secured the Group's financial base by taking out long-term loans at favourable interest rates (EUR 2.4 million).

All in all, financial funds at the end of the period were up slightly by EUR 0.4 million to EUR 18.0 million compared to 31 December 2012.

CAPITAL EXPENDITURE

In the first six months of 2013, we made planned investments of EUR 11.3 million (previous year: EUR 9.0 million) in long-term assets. In addition to investments in software, plant and tools, the main focus was on expansion projects of the R. STAHL Group. We also continued to invest continuously in the replacement of old machines with new, more efficient equipment.

UNCOVERING NEW POTENTIAL AT INTERNATIONAL TRADE SHOWS

R. STAHL was represented at both the Moscow International Oil & Gas (MIOGE) Exhibition, Russia's largest trade show for oil and gas, and Brasil Offshore – the world's third-largest offshore fair with over 800 exhibitors in 2013. We successfully presented ourselves as an internationally operating company, showcased our top-quality products and nurtured our contacts with national and international business partners as well as potential new customers.

NEW PRODUCT LAUNCHES REFLECT R. STAHL'S INNOVATIVE STRENGTH

In order to extend our technological lead, we once again launched a host of promising new products in the second quarter of the year: in the field of automation technology, for example, we launched the remote I/O system IS1+ – this interface between Ex-area sensors and the control room ensures seamless digital communication in potentially explosive environments. Thanks to its high degree of flexibility, extensive diagnostic capabilities and energy efficiency, the product offers customers a genuine added value. In the field of Ex-Remote I/O systems, R. STAHL is both the technological and global market leader.

CUSTOMER SERVICE CENTER – BE FASTER, BE BETTER

Our Customer Service Center was established with the aim of reducing lead times – both for the preparation of offers and processing of orders – as well as optimizing customer relations. Thanks to faster and simpler communication between sales staff and engineers, we can process offers and orders more efficiently and reduce the number of interface problems. By focusing more on the specific needs of our customers during the preparation of offers, we have achieved a further improvement in our service. After all, we not only want to meet customer needs, but exceed their expectations!

EUROPEAN DISTRIBUTION CENTER – ORDERED TODAY, DELIVERED TOMORROW

We already began the establishment of our European Distribution Center (EDC) in the past year. Standard products are kept in stock here in order to reduce delivery times for our customers. Within Germany, we can therefore keep our promise for EDC-stocked goods of “ordered today – delivered tomorrow”. For example, we succeeded in significantly reducing the delivery time of goods produced in India. However, our external customers are not the only ones to benefit from fast deliveries – there are also numerous benefits for our subsidiaries, such as reduced inventories and simplified import processes. As a result of these positive effects, we will be gradually adding further products to the EDC from September 2013 onwards.

CAPACITY IN WALDENBURG AND COLOGNE EXPANDED

In the first half of 2013, we expanded our facility in Waldenburg: the new high shelf warehouse with more than 1,000 additional pallet slots was completed on schedule and has already been put into operation. In addition, the new three-storey logistics extension was completed in July – creating a total increase in floor space of 3,300 m².

The acquisition of a plot in Cologne measuring around 11,000 m² also marked the launch of a new construction project – building work is due to start in an attractive business park in autumn 2013. A new joint facility for R. STAHL Schaltgeräte GmbH Niederlassung West, R. STAHL HMI Systems GmbH and R. STAHL Camera Systems GmbH is to be created by 2015. The new Development and Production Center is designed to give our Cologne-based companies space for new ideas and help them implement customer wishes.

GROWTH MOTOR INDIA – R. STAHL EXPANDING

Our subsidiary in India previously had a total floor space of 3,200 m² divided between three different locations and an additional storage hall – it took 30 to 60 minutes to travel between the sites. Due to state regulations, R. STAHL was unable to expand at these sites and thus fully exploit the country's order potential. As a consequence, our Indian subsidiary relocated to the attractive Maraimalai Nagar Industrial Area in Chennai in February 2013, in close proximity to many other international companies. The 5,000 m² factory building already on the site was expanded to provide 7,000 m² of production and 2,000 m² of office space. In order to raise efficiency, a new and faster milling and laser machine was also procured. The factory's machines were positioned according to best-in-class, lean management principles to ensure lean and efficient production. With the aid of this expansion, production capacity has been increased and the product portfolio extended. A further 3,000 m² are still available on the company-owned site for future growth.

NORWAY AND USA EQUIPPED FOR GROWTH

Thanks to its strong order position, R. STAHL is also expanding in the USA. Whereas our US subsidiary previously had just 850 m² of production space, its new site south-west of Houston with a total of 3,700 m² will enable us to expand business operations. In addition to the extra floor space, the new facility also offers huge efficiency gains for factory processes. Our American team completed the move to the new building in Houston within just one week. As a result, the relocation barely affected ongoing business. At the opening ceremony in June, CEO Martin Schomaker commented: "Thanks to the relocation, we now have more capacity in the USA and can easily cope with increased order volumes."

Our Norwegian subsidiary near Oslo has also moved to a larger building. The rise in order volume of STAHL-Syberg A.S. had necessitated an expansion of capacity to meet company targets. We expect the relocation to the new building with 400 m² of production space and 600 m² of storage space to result in more efficient work processes and shorter lead times. The move reflects our service-oriented approach in Norway.

ANNUAL GENERAL MEETING – SUPERVISORY BOARD ELECTIONS

The 20th Annual General Meeting took place as planned in Neuenstein on 17 May. Scheduled Supervisory Board elections were held and Hans-Volker Stahl, Heike Dannenbauer, Waltraud Hertreiter, Peter Leischner and Rudolf Meier were re-elected for the next four years. Heiko Stallbörger succeeded the retired member Josef Kurth. The Chairman of the Supervisory Board Hans-Volker Stahl thanked Josef Kurth and the retired worker representatives Monika Weidmann and Christoph Carle for their constructive cooperation. The work force had already voted for Klaus Erker and Nikolaus Simeonidis to join the Supervisory Board. In addition, the Annual General Meeting adopted a total dividend payment of EUR 5.9 million, whereby the dividend of EUR 1.00 per eligible share exceeded the prior-year figure by almost 43%.

RISK AND OPPORTUNITY REPORT

All R. STAHL subsidiaries regularly prepare a report on opportunities and risks, in which all opportunities and risks that the company faces around the world are duly recorded. In the case of important events – also during the quarter – every managing director is obliged to report to the opportunities and risks management team. The statements made on page 36–47 of the Annual Report 2012 continue to apply.

OUTLOOK

In the first six months of 2013 we achieved year-on-year revenue growth of 9.2%. The comparatively modest increase in order intake of 3.4% reflects weaker demand in certain regions. Major projects in Canada and Australia – which were expected to be awarded in summer 2013 – have been delayed. This is due to falling gas prices in America and a more cautious investment climate in Australia. Chinese demand for raw materials is also cooling.

R. STAHL aims to compensate for weaker demand in these regions by stepping up its activities in other markets. Our targeted investments in Cologne and Waldenburg are aimed at expanding capacity for our core markets of Germany and Europe. Our component and systems business forms a solid basis for further growth.

For 2013 as a whole, we expect to reach the lower end of our targeted corridor with revenues of EUR 305 million and EBT of EUR 21 million.

August 2013

Executive Board

Consolidated **income statement**

FOR THE PERIOD 1 JANUARY TO 30 JUNE 2013

EUR 000	4–6/2013	4–6/2012	1–6/2013	1–6/2012
Sales revenue	76,179	70,282	148,257	135,785
Change in inventories of finished and unfinished products	1,309	1,169	4,735	4,169
Other own work capitalized	850	740	1,640	1,618
Total operating performance	78,338	72,191	154,632	141,572
Other operating income	1,342	3,776	2,926	5,139
Cost of materials	- 26,070	- 26,011	- 52,926	- 50,597
Personnel costs	- 28,410	- 26,127	- 56,083	- 51,634
Depreciation, amortization and impairments on intangible assets and property, plant & equipment	- 2,882	- 3,108	- 5,798	- 5,532
Other operating expense	- 16,137	- 14,358	- 30,993	- 27,519
Earnings before financial earnings and income taxes	6,181	6,363	11,758	11,429
Net financial earnings	- 908	- 929	- 1,746	- 1,795
Earnings before income taxes	5,273	5,434	10,012	9,634
Taxes on income	- 1,530	- 1,492	- 3,051	- 2,713
Period earnings	3,743	3,942	6,961	6,921
Minority interests in earnings	- 42	6	- 52	- 64
R. STAHL earnings share	3,785	3,936	7,013	6,985
Earnings per share (in EUR)	0.64	0.67	1.18	1.18

Overall net result of a given period

FOR THE PERIOD 1 JANUARY TO 30 JUNE 2013

EUR 000	1-6/2013	1-6/2012
Net result of a given period	6,961	6,921
Change of adjustments from currency translations of foreign subsidiaries	- 2,385	691
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	91	131
Deferred taxes from the subsequent measurement of cash flow hedges	- 21	- 38
Changes in earnings with reclassification to result for period	- 2,315	784
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	0	0
Changes in earnings without reclassification to result for period	0	0
Components of the overall result not affecting net income	- 2,315	784
Total annual result after taxes	4,646	7,705
Earnings contribution from minority interests	- 63	- 68
Earnings contribution R. STAHL	4,709	7,773

Tax effects from components of the overall result not affecting net income

FOR THE PERIOD 1 JANUARY TO 30 JUNE 2013

EUR 000	1-6/2013			1-6/2012		
	Before taxes	Tax effects	After taxes	Before taxes	Tax effects	After taxes
Change of adjustments from currency translations of foreign subsidiaries	- 2,385	0	- 2,385	690	0	690
Unrealized gains/losses from cash flow hedges	91	- 21	70	131	- 38	93
Unrealized gains/losses from pensions	0	0	0	0	0	0
Components of the overall result not affecting net income	- 2,294	- 21	- 2,315	821	- 38	783

Consolidated **balance sheet**

AS AT 30 JUNE 2013

EUR 000	30/06/2013	31/12/2012
ASSETS		
Long-term assets		
Intangible assets	38,595	39,779
Property, plant & equipment	47,707	42,586
Other financial investments	136	142
Other assets	1,183	1,514
Real estate held as a financial investment	7,948	8,052
Deferred taxes	8,660	8,359
	104,229	100,432
Short-term assets		
Inventories and prepayments made	51,792	45,870
Trade receivables	59,030	57,659
Other receivables and other assets	10,620	8,042
Cash and cash equivalents	17,976	17,601
	139,418	129,172
Total assets	243,647	229,604

EUR 000	30/06/2013	31/12/2012
EQUITY AND LIABILITIES		
Equity	84,587	85,894
Long-term liabilities		
Accruals for pension obligations	71,548	71,689
Other accruals	1,585	1,572
Interest-bearing loans	15,125	12,750
Other liabilities	794	692
Deferred taxes	1,874	1,896
	90,926	88,599
Short-term liabilities		
Accruals	6,804	5,827
Trade liabilities	14,006	14,843
Interest-bearing loans	20,302	6,801
Deferred liabilities	13,998	13,735
Other liabilities	13,024	13,905
	68,134	55,111
Total equity & liabilities	243,647	229,604

Consolidated statement of changes in equity

FOR THE PERIOD 1 JANUARY TO 30 JUNE 2013

EUR 000	Shareholders' equity		
	Subscribed capital	Capital reserve	Profit reserve
Balance on 1 January 2012	16,500	522	76,234
Results for the period			6,985
Cumulated other equity			0
Total result for the period			6,985
Dividend distribution			-4,147
Balance on 30 June 2012	16,500	522	79,072
Balance on 1 January 2013	16,500	522	86,417
Results for the period			7,013
Cumulated other equity			0
Total result for the period			7,013
Dividend distribution			-5,924
Changes of minority property situation			- 147
Other changes			0
Balance on 30 June 2013	16,500	522	87,359

Shareholders' equity			
Cumulated other equity			
Unrealized gains/losses from cash flow hedges	Unrealized gains/losses from pensions	Currency translation	Total of cumulated other equity
- 620	- 3,216	1,429	- 2,407
			0
93	0	694	787
93	0	694	787
			0
- 527	- 3,216	2,123	- 1,620
			0
- 254	- 13,790	1,930	- 12,114
			0
70	0	- 2,374	- 2,304
70	0	- 2,374	- 2,304
			0
			0
			0
- 184	- 13,790	- 444	- 14,418

Shareholders' equity		Minority interests	Consolidated equity
Deduction for treasury shares	Total		Total
- 5,596	85,253	280	85,533
	6,985	- 64	6,921
	787	- 4	783
	7,772	- 68	7,704
	- 4,147	- 43	- 4,190
- 5,596	88,878	169	89,047
- 5,596	85,729	165	85,894
	7,013	- 52	6,961
	- 2,304	- 11	- 2,315
	4,709	- 63	4,646
	- 5,924	- 52	- 5,976
	- 147	45	- 102
	0	125	125
- 5,596	84,367	220	84,587

Consolidated cash flow statement

FOR THE PERIOD 1 JANUARY TO 30 JUNE 2013

EUR 000	1-6/2013	1-6/2012
1. Operating activities		
1. Period earnings	6,961	6,921
2. Depreciation, amortization and impairment of non-current assets	5,798	5,531
3. Changes in long-term provisions	22	- 17
4. Changes in deferred taxes	- 397	- 463
5. Other income and expenses without cash flow impact	3,467	-785
6. Income/expense from the disposal of non-current assets	- 34	3
7. Cash flow	15,817	11,190
8. Changes in inventories, trade receivables and other non-capex or non-financial assets	- 13,763	- 15,928
9. Changes in short-term provisions, trade liabilities and other non-capex or non-financial liabilities	245	6,199
10. Changes in net current assets	- 13,518	-9,729
11. Cash flow from ongoing business operation	2,299	1,461

EUR 000	1–6/2013	1–6/2012
II. Capex cash flow		
12. Cash outflow for capex on long-term assets	- 11,279	- 8,981
13. Cash inflow from disposals of long-term assets	438	172
14. Increase (+)/decrease (-) of short-term financial assets	-29	-22
15. Cash outflow from the investment of consolidated companies – net of cash acquired	0	- 2,000
16. Capex cash flow	- 10,870	- 10,831
17. Free cash flow	- 8,571	- 9,370
III. Finance cash flow		
18. Distribution to shareholders (dividend)	- 5,924	- 4,147
19. Distribution to/contribution from minority shareholders	- 28	- 43
20. Increase (+)/decrease (-) in short-term, interest-bearing financial debt	13,519	12,993
21. Cash inflow from long-term, interest-bearing financial debt	2,375	0
22. Cash outflow for repayment of long-term, interest-bearing financial debt	0	- 250
23. Finance cash flow	9,942	8,553

EUR 000	1-6/2013	1-6/2012
IV. Financial fund assets		
24. Cash flow-impacting changes in financial funds	1,371	- 817
25. Foreign exchange and valuation-related changes in financial funds	- 996	- 83
26. Financial funds at the beginning of the period	17,601	15,214
27. Financial funds at the end of the period	17,976	14,314
Composition of financial funds held		
Cash and cash equivalents	17,976	14,314

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 34 domestic and foreign companies in which R. STAHL AG may exert a controlling influence. Compared to 31 December 2012, the group of consolidated companies remains unchanged. In February 2013, R. STAHL AG, Waldenburg (Germany) acquired a further 13% of shares in R. STAHL Engineering & Manufacturing Sdn. Bhd., Selangor (Malaysia) for a purchase price of EUR 100 thousand and now holds 100% of shares.

.. 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 2012. The underlying principles are published in the notes to our consolidated financial statements for 2012. The latter is available on our corporate website www.stahl.de. R. STAHL is applying IAS 19 rev. (2011) “Employee Benefits” for the first time in 2013. IAS 19 rev. (2011) was adopted retroactively and in accordance with IAS 8. The prior-year figures have been adjusted accordingly. The main changes to IAS 19 concern accounting for defined benefit obligations. Material effects result from the discontinued use of the corridor method for actuarial gains and losses, which are now recognized on occurrence in other comprehensive income. For further information on the effects, please refer to our comments on the Assets and Financial Structure in the Group Management Report.

We generally use the historical cost approach in preparing our consolidated financial statements. The accounting for derivative financial instruments is an exception to this rule, as these must be accounted for at their applicable fair value.

In order to present the reliability of the valuation of financial instruments at fair value in a comparable manner, IFRS introduced a fair value hierarchy with the following three steps:

- Valuation on the basis of exchange price or market price for identical assets or liabilities (step 1)
- Valuation on the basis of exchange price or market price for similar instruments or on the basis of assessment models that are based on market observable input parameters (step 2)
- Valuation on the basis of assessment models with significant input parameters that are not observable on the market (step 3)

Derivative financial instruments measured at fair value of the R. STAHL Group are rated solely according to the fair value hierarchy step 2.

The positive fair values of the derivative financial instruments on the balance sheet date amounted to EUR 147 thousand (31 December 2012: EUR 154 thousand). We recognized negative fair values of EUR -346 thousand (31 December 2012: EUR -472 thousand).

.. 4 Cash flow statement

Our cash flow statement according to IAS 7 shows the cash inflows and outflows of the 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 proposed dividend

On completion of the Annual General Meeting, R. STAHL AG paid its shareholders a dividend of EUR 1.00 per eligible share in May 2013. The total dividend payment amounted to EUR 5,924 thousand.

.. 7 Treasury stock disclosure

On 30 June 2013, the Company held 516,291 treasury shares, as it did on 31 December 2012. On both reporting dates, treasury stock was netted against equity at the acquisition cost of EUR 5,596 thousand.

.. 8 Number of employees

The Company employed 1,755 persons (excluding apprentices) as of the reporting date on 30 June 2013 (previous year: 1,591 persons).

.. 9 Changes in the Supervisory Board of R. STAHL AG

The following persons retired from the Supervisory Board of R. STAHL AG on completion of the Annual General Meeting on 17 May 2013:

- Josef Kurth, Dipl.-Volkswirt, Öhringen
Deputy Chairman
Former Managing Director of Berner GmbH
- Christoph Carle, Künzelsau (staff representative)
Project manager process optimization
- Monika Weidmann, Künzelsau (staff representative)
Technical drafts person

The scheduled election of the six shareholder representatives on the Supervisory Board for the coming four years was conducted during the Annual General Meeting on 17 May 2013. The Annual General Meeting 2013 voted the following persons as its representatives on the Supervisory Board:

- Hans-Volker Stahl, Dipl.-Kfm., Starnberg
- Heike Dannenbauer, Magistra Artium (M.A.), Empfingen
Stage Manager of Stage Apollo Theater Produktionsgesellschaft mbH
- Waltraud Hertreiter, Dipl.-Betriebswirtin (FH), Neubeuern,
Freelance consultant
 - Chairwoman of the Supervisory Board of Textilgruppe Hof AG
 - Chairwoman of the Advisory Board of Südbayerisches Portland-Zementwerk Gebr. Wiesböck & Co. GmbH
 - Member of the Regional Advisory Board South of Commerzbank AG

- Peter Leischner, Dipl.-Kfm., Frankfurt
Authorised signatory, Director, Head of Treasury Management of Gutmark, Radtke & Company AG
- Rudolf Meier, Dipl.-Ing., Nuremberg
Head of Production Machinery, Motion Control Systems of Siemens AG
- Heiko Stallbörger, Dipl.-Ing., Stuttgart
Freelance engineering consultant

Prior to the Annual General Meeting, the following persons were voted by the work force as its representatives on the Supervisory Board in accordance with the German One-Third Employee Participation Law (“Drittelbeteiligungsgesetz”)

- Klaus Erker, Dörzbach
Chairman of the Works Council
- Heinz Grund, Braunsbach
Agricultural technician/mechanic
- Nikolaus Simeonidis, Bretzfeld
Work preparation

At the constituent Supervisory Board meeting held directly after the Annual General Meeting, Hans-Volker Stahl was elected as Chairperson of the Supervisory Board and Heike Dannenbauer as Deputy Chairperson of the Supervisory Board.

.. 10 Legal liabilities and other financial obligations

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2012.

..11 Transactions with related persons

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

..12 Significant events after the end of the reporting period

There have been no significant events since the reporting date.

..13 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining year.

Waldenburg, 6 August 2013

R. STAHL Aktiengesellschaft

Martin Schomaker

CEO

Bernd Marx

CFO

Key figures

EUR 000	1-6/2013	1-6/2012	%
Sales revenue	148,257	135,785	+ 9.2
Germany	30,596	29,431	+ 4.0
Central excl. Germany	69,672	61,551	+ 13.2
Americas	22,677	20,943	+ 8.3
Asia/Pacific	25,312	23,860	+ 6.1
Foreign share (%)	79.4	78.3	
Order intake	158,153	153,007	+ 3.4
Order backlog	78,826	82,903	- 4.9
EBITDA	17,556	16,961	+ 3.5
EBIT	11,758	11,429	+ 2.9
EBT	10,012	9,634	+ 3.9
Period earnings	6,961	6,921	+ 0.6
EPS/earnings per share in EUR (total)	1.18	1.18	0.0
Capex on intangible and PP&E assets	11,279	8,981	+ 25.6
DA&I on intangible and PP&E assets	5,798	5,532	+ 4.8
EBITDA margin (% of sales revenues)	11.8	12.5	
EBIT margin (% of sales revenues)	7.9	8.4	
EBT margin (% of sales revenues)	6.8	7.1	
Staff as of the balance sheet date (excl. apprentices)	1,755	1,591	+ 10.3

Financial calendar **2013**

Interim report as at 30 September 2013 // **6 November 2013**

German Equity Forum Frankfurt // **12-13 November 2013**

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