FOCUS ON VALUE GROWTH

HALF-YEARLY FINANCIAL REPORT
AS AT 30 JUNE 2016

STAHL

R. STAHL – AT A GLANCE

Business:	supplier of electromechanical and electronical 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, systems solutions
Employees:	approx. 1,820 worldwide
Headquarter:	Waldenburg, Germany
Production:	Waldenburg (D), Weimar (D), Cologne (D), Hengelo (NL), Stavanger (N), Chennai (IN), Houston (USA), Selangor (MAL)
Sales:	2015: EUR 313 million (2016e: EUR 275–285 million)
EBIT margin:	2015: 1.2% (2016e: 4% – 5%)
Shares:	6.44 million shares; approx. 40% free float

e=expected

GROUP MANAGEMENT REPORT

as at 30 June 2016

VARIED PICTURE IN FIRST HALF-YEAR

The first half of 2016 continued to be dominated by the oil price crisis. The oil production industry, the so-called upstream segment, was hit particularly hard by low oil prices and reacted by cutting investment in new equipment. As the upstream segment accounts for 32%, and the oil and gas industry as a whole for around 50% of R. STAHL Group's total sales in 2015, these cuts have translated into lower order volumes. We already recognized this trend in 2015 and were quick to define a restructuring programme aimed at adapting the company to these changing circumstances. Based on the assumption that order intake and sales would fall drastically in 2016, we successfully implemented the adopted cost-reduction package in late 2015. Over the course of the first six months of 2016, our assessment proved to be accurate and the measures taken had the desired effect: thanks to the Group's timely reaction to changed market circumstances, we have largely succeeded in securing profitability.

In the first half of 2016, our expectations for order intake were exceeded slightly. Our forecasts in terms of sales were confirmed. Only operating EBIT failed to reach the anticipated level.

In view of the ongoing weak market situation, we are satisfied with our order intake of EUR 150.2 million as of 30 June 2016. At EUR 142.5 million, R. STAHL's sales lay exactly within the forecast range – and a ratio of order intake to sales of more than one suggests a positive development for the company's order position.

Despite the decline in sales of 13.1% in the first half of 2016, EBIT amounted to EUR 5.3 million as of 30 June 2016 (previous year: EUR 6.8 million). However, as we targeted an operating EBIT margin of 5–7%, we are not satisfied with the 3.7% achieved as of 30 June 2016.

ORDER INTAKE BETTER THAN EXPECTED

In the first six months of 2016, order intake fell by 9.9% to EUR 150.2 million and was thus above our expectations for the period – we had anticipated a figure of EUR 140–145 million for the first half of 2016.

In **Germany**, order intake reached EUR 31.6 million (previous year: EUR 34.2 million) – helped in part by the favourable trend in our automation business.

Although the market environment remained challenging, order intake in the region **Europe** (excluding Germany) increased by an encouraging 10.6% in the first half of 2016 and stood at EUR 72.2 million as of 30 June 2016 (previous year: EUR 65.3 million). Amongst other things, R. STAHL received further partial delivery calls on major orders whose master contracts we won in the past – such as for a gas production and processing plant in Russia, an offshore project in Angola and the expansion of an oil production plant in western Kazakhstan. In the case of many of these projects, further partial delivery calls are still open.

In **the Americas**, consistently weak market demand was reflected in our order intake: at the end of the first half of 2016, it was 29.7% down year on year at EUR 18.9 million (previous year: EUR 26.8 million). According to a study published by Rystad Energy, US shale oil producers have adapted their costs to the market trend over the past two years and reduced the break-even threshold for US shale oil from USD 70–90 in 2013 to USD 40–50 in 2015. Despite this tense market situation, we won our first North American order for R. STAHL's new helideck lighting system during the reporting period – a system which a system which we already began marketing in Europe with great success in 2015. In addition, we received orders for mobile energy provision systems that can be used, for example, by refineries for shut-downs – i.e. when the normal energy supply is interrupted during maintenance work and power is supplied by mobile provision systems.

In the **Asia/Pacific** region, order intake fell to EUR 27.5 million in the first half of the year (previous year: EUR 40.4 million), due in part to much slower decision processes for projects than in the previous year. In addition, we recently observed very restrictive behaviour of our customers in the downstream segment with regard to awarding projects. By contrast, there was encouraging progress in our business with LED luminaires produced at the R. STAHL plant in Chennai, which our Indian subsidiary marketed very successfully in the first six months of 2016.

All in all, the order backlog reached EUR 100.0 million by the end of the second quarter (previous year: EUR 95.4 million). Around two thirds of this amount are expected to be recognized as sales in 2016, while the remaining third is due to be delivered and invoiced in 2017. The extensive time range of order backlog is due to the high proportion of projects with very long leadtimes.

EXPECTED DECLINE IN SALES

As of 30 June 2016, sales stood at EUR 142.5 million and were thus 13.1% down on the previous year (EUR 164.0 million). Due in particular to the very strong sales trend in the first half of 2015 and the modest current market situation, we had already anticipated this development for 2016.

In **Germany**, sales of EUR 31.9 million were on a par with the previous year (EUR 31.8 million). We succeeded in offsetting falling sales in the oil and gas industry with sales in other client industries.

In **Europe** (excluding Germany), sales of EUR 66.2 million were slightly up on the previous year (EUR 65.3 million). This trend is based on the traditionally strong basis of European customers in the chemical and pharmaceutical industry. At 46.5%, the Central region accounted for the largest share of Group sales.

Due to consistently weak business with OEMs, which continues to suffer from postponed investment as a result of reduced drilling for oil and gas, sales revenue in **the Americas** fell by 42.7% to EUR 16.1 million (previous year: EUR 28.2 million).

Sales in the **Asia/Pacific** region reached EUR 28.3 million as of 30 June 2016 – 27.0% below the strong first half-year 2015 figure (EUR 38.7 million). Compared to the first six months of 2014, however, the current sales level in this region is above that generated two years ago – despite oil prices being more than halved since this time.

EARNINGS INFLUENCED BY TENSE MARKET SITUATION

Against the backdrop of a challenging market situation, we were able to largely offset the negative effects of a sales decline of EUR 21.5 million caused by the oil price crisis. In the first half of 2016, the cost-cutting measures implemented in 2015 resulted in positive operating effects of EUR 12.2 million. These effects result from a reduction in personnel expenses of EUR 6.6 million and in material and production costs of EUR 5.6 million. In addition, we achieved further cost cuts of EUR 3.0 million in the first six months of 2016. We are therefore well on track to reach the planned savings for 2016 of EUR 20 million. As of 30 June 2016, EBIT reached EUR 5.3 million (previous year: EUR 6.8 million). This means an EBIT margin of 3.7% (previous year: 4.2%). In the first half of 2016, we failed to reach our forecast operating range of 5–7%. The reasons include a change in the regional composition of sales revenues with a negative impact on earnings. Shifts in demand also led to a different product mix than in the previous year. Demand for wage-intensive products rose in the first half of 2016. This resulted in an increase in relative personnel expenses and represented a burden on earnings. The reduced market volume in the oil industry led to heavy price reductions by customers. The resulting negative effects lowered our earnings more than expected. By contrast, the implementation of cost-cutting measures in procurement had a positive impact on gross profit, which fell year on year by 1%.

As of 30 June 2016, EBT amounted to EUR 3.9 million (previous year: EUR 5.4 million) while the EBT margin as a proportion of sales revenues reached 2.7% (previous year: 3.3%). Earnings after taxes amounted to EUR 2.6 million (previous year: EUR 3.6 million).

Earnings per share for the first half of 2016 stood at EUR 0.39 (previous year: EUR 0.56).

BALANCE SHEET

Non-current assets rose by EUR 3.9 million to EUR 137.8 million (31 December 2015: EUR 133.9 million). Current assets grew by 3.7% to EUR 150.2 million (31 December 2015: EUR 144.9 million), due mainly to a rise in inventories of 6.7%. The increased proportion of major projects with higher volumes and longer leadtimes led to a rise in work in progress of 8.7%. Due mainly to the invoicing of large projects, trade receivables rose by 10.9%. At the same time, there was an increase in prepayments received from customer projects. These two items cannot be netted with each other in the balance sheet. Customer prepayments are therefore disclosed under other current liabilities.

Cash and cash equivalents fell to EUR 12.8 million at the end of the second quarter (31 December 2015: EUR 18.3 million).

As of 30 June 2016, total assets of the R. STAHL Group amounted to EUR 288.0 million (31 December 2015: EUR 278. 8 million).

The equity ratio as of 30 June 2016 fell to 31.1% (31 December 2015: 36.2%). The profit for the year of EUR 2.6 million served to increase equity. This was offset by an increase in pension obligations of EUR 9.9 million as a result of the underlying interest rate falling from 2.42% as of 31 December 2015 to 1.56% as of 30 June 2016. The dividend payment reduced equity by EUR 3.9 million and other effects by EUR 0.3 million. All in all, equity as of 30 June 2016 was down EUR 11.5 million to EUR 89.5 million (31 December 2015: EUR 101.0 million).

Non-current liabilities rose by 12.6% in the first half of 2016 due to the increase in pension obligations. Long-term debt was redeemed as scheduled.

At the end of the first half of 2016, current liabilities amounted to EUR 74.1 million (31 December 2015: EUR 67.3 million). The rise results from a EUR 4.0 million increase in the usage of bank loan facilities compared to the previous year. In addition, there was a rise in customer prepayments of EUR 3.9 million to EUR 10.8 million.

IMPROVED OPERATING AND FREE CASH FLOW

Despite the fall in sales revenue, cash flow improved slightly to EUR 8.3 million in the first half of 2016 (previous year: EUR 8.1 million). We only required EUR 6.9 million of funding for net current assets (previous year: EUR 7.6 million). This also led to improved cash flow from operating activities of EUR 1.3 million (previous year: EUR 0.5 million). Following the scheduled completion of our expansion programme in 2015, capital expenditure fell in the first half of 2016. Regular replacement purchases and the investment in a new laser line at our facility in Waldenburg led to cash outflow for non-current assets of EUR 7.3 million (previous year: EUR 11.8 million). As a result of the year-on-year decline in capital expenditure during the first six months of 2016, free cash flow improved to EUR -4.4 million (previous year: EUR -11.1 million).

The dividend payment and acquisition of the remaining 25% of shares in R. STAHL Camera Systems GmbH from Orlaco ProductsB.V. led to a cash outflow of EUR 4.3 million and reduced our liquidity. At the same time, we took out short-term loans of EUR 3.4 million and made scheduled repayments of long-term loans totalling EUR 0.5 million. Cash flow from financing activities amounted to EUR -1.3 million as of 30 June 2016 (previous year: EUR 10.8 million).

After the first six months of 2016, our cash and cash equivalents amounted to EUR 12.8 million (previous year: EUR 16.1 million).

FOCUS ON INVESTMENT IN TECHNOLOGY AND PRODUCTS

After successfully concluding our expansion programme in 2015, we focused on investments in new technologies and products in the first half of 2016 in order to expand our position as an innovative technological leader in the market. With the purchase of the remaining 25% of shares in R. STAHL Camera Systems GmbH, based in Cologne, the company became a wholly-owned subsidiary of R. STAHL AG. Following the complete takeover from Orlaco Products B.V., R. STAHL Camera Systems GmbH signed a sales partnership agreement with the Italian camera manufacturer Videotec. This partnership will strengthen R. STAHL's own market position and at the same time expand its product portfolio. In addition, we continued to invest steadily in machines and equipment for our manufacturing facilities as well as in tools, IT and maintenance.

LIGHTING – GROWTH BUCKS MARKET TREND

R. STAHL is the only supplier in the explosion protection market to offer a complete portfolio of LED lights and enjoys great success in this field: sales of these products already more than tripled from 2014 to 2015 and we expect this positive trend to continue in 2016. Thanks to the growth in our LED segment, there has also been a positive sales trend in our lighting business as a whole – contrary to the prevailing market trend.

DIVIDEND PAYMENT – A SIGN OF STRENGTH AND RELIABILITY

The 23rd Annual General Meeting of R. STAHL AG in Neuenstein on 3 June 2016 approved the payment of a dividend of EUR 0.60 per voting share. The Annual General Meeting thus followed the proposal presented by the Supervisory Board and Executive Board and confirmed the company's dividend policy of the previous years. The dividend payment is a sign of R. STAHL Group's strength and confidence in the future, even in such troubled economic times.

Legal challenges have been filed against agenda item 2 of the Annual General Meeting.

25TH ANNIVERSARY OF R. STAHL SCHWEIZ AG

R. STAHL AG has been represented in Switzerland by its wholly-owned local subsidiary since 6 June 1991 and over the past quarter century has established itself as the Swiss market leader in the field of electrical explosion protection for zones exposed to the danger of gas and dust explosions. Initially trading under Fribos AG, the company was renamed as R. STAHL Schweiz AG in 2007, thus underlining its affiliation with the R. STAHL Group. The anniversary will be celebrated with a Customer Day on which clients will have the opportunity to learn about our products and technologies and personally get to know their local contact partners.

PENSION PROVISIONS

Due to a fall in the underlying interest rate, from 2.42% on 31 December 2015 to 1.56% on 30 June 2016, there was a significant change in pension provisions. The interest rate used is calculated by independent specialists, in our case by Mercer Deutschland GmbH, based on AA-rated company bonds. The remaining maturity of these company bonds is important when determining the interest rate. The calculated interest rates are published on the Internet. Mercer Deutschland GmbH has been producing specialist reports to measure our pension obligations in accordance with IFRS every quarter since 2012. We do not have any influence on the development of the interest rate.

RISK AND OPPORTUNITY REPORT

All R. STAHL subsidiaries regularly prepare a report on opportunities and risks in which every opportunity and risk that the company faces around the world is taken into account. In the case of important events – also during the quarter – each managing director is obliged to report to the opportunities and risks management team. The statements made on page 51 et seq. of the Annual Report 2015 continue to apply.

OUTLOOK

The cost-reduction programme completed in late 2015 has enabled us to adapt the Group to reduced demand from the oil production industry. The first half of 2016 demonstrated that our assessment and the measures taken were right. In the second quarter of 2016, we unfortunately realized that demand in the downstream segment had also become more restrictive. This fall in demand has been confirmed by the financial reports for the second quarter of 2016 recently published by the major oil corporations. In their financial reports, these corporations disclosed a significant decline of margins in their refinery business.

For the second half of 2016, we expect the situation in the downstream segment to deteriorate. We therefore anticipate a further decline in demand and a related weakening of margins in this segment.

The changed market behaviour of this client group is preventing us from successfully continuing the path we have taken to raise profitability in the second half of 2016. We therefore feel bound to downgrade our guidance for order intake and sales for the full-year 2016 from EUR 280–290 million to EUR 275–285 million. We anticipate operating EBIT for the financial year 2016 of between EUR 11 and 15 million (previously: EUR 14–20 million).

August 2016

The Executive Board

CONSOLIDATED INCOME STATEMENT

for the period 1 January to 30 June 2016

EUR 000	4–6/2016	4–6/2015	1–6/2016	1–6/2015
Sales revenue	70,770	81,873	142,515	164,042
Change in finished and unfinished products	166	215	1,687	2,837
Other own work capitalized	1,088	1,035	2,108	1,931
Total operating performance	**72,024**	**83,123**	**146,310**	**168,810**
Other operating income	2,782	791	4,965	6,545
Cost of materials	- 24,876	- 27,481	- 50,087	- 56,998
Personnel costs	- 30,662	- 33,412	- 61,543	- 68,241
Depreciation and amortization	- 3,029	- 3,394	- 6,213	- 6,669
Other operating expenses	- 14,251	- 16,925	- 28,156	- 36,609
Earnings before financial result and income taxes	**1,988**	**2,702**	**5,276**	**6,838**
Financial result	- 687	- 780	- 1,424	- 1,406
Earnings before income taxes	**1,301**	**1,922**	**3,852**	**5,432**
Income taxes	- 523	- 687	- 1,270	- 1,817
Net profit for the period	**778**	**1,235**	**2,582**	**3,615**
Non-controlling interests	56	- 4	61	9
Profit share of R. STAHL	722	1,239	2,521	3,606
Earnings per share (EUR)	**0.11**	**0.15**	**0.39**	**0.56**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period 1 January to 30 June 2016

EUR 000	1–6/2016	1–6/2015
Profit for the period	**2,582**	**3,615**
Gains/losses from currency translations of foreign subsidiaries, recognized in equity	61	2,725
Deferred taxes on gains/losses from currency translations	0	0
Currency translation differences after taxes	61	2,725
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	- 72	- 1,107
Recognized in profit or loss	99	1,091
Deferred taxes on cash flow hedges	- 8	7
Cash flow hedges after taxes	19	- 9
Other comprehensive income with reclassifications to profit for the period	**80**	**2,716**
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	- 13,941	5,600
Deferred taxes from pension obligations	4,047	- 1,644
Other comprehensive income without reclassification to profit for the period	**- 9,894**	**3,956**
Other comprehensive income (valuation differences recognized directly in equity)	**- 9,814**	**6,672**
of which attributable to non-controlling interests	31	28
of which attributable to R. STAHL	- 9,845	6,644
Total comprehensive income after taxes	**- 7,232**	**10,287**
Total comprehensive income attributable to non-controlling interests	92	37
Total comprehensive income attributable to R. STAHL	- 7,324	10,250

TAX EFFECTS ON INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY

for the period 1 January to 30 June 2016

EUR 000	1–6/2016			1–6/2015		
	Before taxes	Tax effects	After taxes	Before taxes	Tax effects	After taxes
Currency translation differences	61	0	61	2,725	0	2,725
Cash flow hedges	27	- 8	19	- 16	7	- 9
Pension obligations	- 13,941	4,047	- 9,894	5,600	- 1,644	3,956
Income and expense recognized directly in equity	**- 13,853**	**4,039**	**- 9,814**	**8,309**	**- 1,637**	**6,672**

CONSOLIDATED BALANCE SHEET

as at 30 June 2016

EUR 000	30/06/2016	31/12/2015
ASSETS		
Non-current assets		
Intangible assets	40,205	40,599
Property, plant & equipment	66,700	66,640
Other financial assets	126	124
Other assets	1,470	1,321
Real estate held as a financial investment	7,809	7,952
Deferred taxes	21,520	17,271
	137,830	**133,907**
Current assets		
Inventories and prepayments made	61,107	57,267
Trade receivables	66,961	60,364
Other receivables and other assets	9,303	8,905
Cash and cash equivalents	12,789	18,343
	150,160	**144,879**
Total assets	**287,990**	**278,786**

EUR 000	30/06/2016	31/12/2015
EQUITY AND LIABILITIES		
Equity	**89,514**	**101,015**
Non-current liabilities		
Pension provisions	99,646	85,692
Other provisions	1,748	1,724
Interest-bearing financial liabilities	18,788	19,238
Other liabilities	640	481
Deferred taxes	3,588	3,385
	124,410	**110,520**
Current liabilities		
Provisions	5,946	7,172
Trade payables	15,488	14,884
Interest-bearing financial liabilities	20,534	16,501
Deferred liabilities	14,759	13,959
Other liabilities	17,339	14,735
	74,066	**67,251**
Total equity and liabilities	**287,990**	**278,786**

CONSOLIDATED CASH FLOW STATEMENT

for the period 1 January to 30 June 2016

	EUR 000	1–6/2016	1–6/2015
I.	**Operating activities**		
1.	Net profit for the period	2,582	3,615
2.	Depreciation, amortization and impairment of non-current assets	6,213	6,669
3.	Changes in long-term provisions	11	3
4.	Changes in deferred taxes	- 9	- 1,230
5.	Other income and expenses without cash flow impact	- 458	- 1,008
6.	Result from the disposal of non-current assets	- 66	28
7.	**Cash flow**	**8,273**	**8,077**
8.	Changes in inventories, trade receivables and other non-capex or non-financial assets	- 9,810	- 10,190
9.	Changes in short-term provisions, trade payables and other non-capex or non-financial liabilities	2,871	2,580
10.	**Changes in net current assets**	**- 6,939**	**- 7,610**
11.	**Cash flow from operating activities**	**1,334**	**467**
II.	**Investing activities**		
12.	Cash outflow for capex on non-current assets	- 7,331	- 11,837
13.	Cash inflow from disposals of non-current assets	1,630	238
14.	Increase (+)/decrease (-) of current financial assets	0	0
15.	**Cash flow from investing activities**	**- 5,701**	**- 11,599**
16.	**Free cash flow**	**- 4,367**	**- 11,132**

EUR 000	1–6/2016	1–6/2015
III. Financing activities		
17. Distribution to shareholders (dividend)	- 3,864	- 5,152
18. Distribution to/contribution from minority shareholders	- 405	- 35
19. Cash inflow/outflow from the sale/ for the purchase of treasury shares	0	24,044
20. Increase (+)/decrease (-) in current interest-bearing financial debt	3,401	- 12,566
21. Cash inflow from non-current interest-bearing financial debt	0	5,000
22. Cash outflow for repayment of non-current interest-bearing financial debt	- 450	- 500
23. Cash flow from financing activities	**- 1,318**	**10,791**
IV. Cash and cash equivalents		
24. Changes in cash and cash equivalents	- 5,685	- 341
25. Foreign exchange and valuation-related changes in cash and cash equivalents	131	620
26. Cash and cash equivalents at the beginning of the period	18,343	15,820
27. Cash and cash equivalents at the end of the period	**12,789**	**16,099**
Composition of cash and cash equivalents		
Cash and cash equivalents	12,789	16,099

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period 1 January to 30 June 2016

			Shareholders' equity
	Subscribed capital	Capital reserves	Revenue reserves
EUR 000			
01/01/2015	**16,500**	**494**	**99,659**
Profit for the period			3,606
Accumulated other comprehensive income			0
Total comprehensive income			**3,606**
Dividend distribution			- 5,152
Purchase/sale of treasury shares		12,835	0
Consolidation changes			0
30/06/2015	**16,500**	**13,329**	**98,113**
01/01/2016	**16,500**	**13,457**	**94,394**
Profit for the period			2,521
Accumulated other comprehensive income			0
Total comprehensive income			**2,521**
Dividend distribution			- 3,864
Change in non-controlling interests			- 217
Consolidation changes			0
30/06/2016	**16,500**	**13,457**	**92,834**

Shareholders' equity

Accumulated other comprehensive income			
Currency translation	Unrealized gains/losses from cash flow hedges	Gains/losses from pension obligations	Total accumulated other comprehensive income
- 2,177	**- 335**	**- 28,346**	**- 30,858**
			0
2,697	- 9	3,956	6,644
2,697	**- 9**	**3,956**	**6,644**
			0
			0
			0
520	**- 344**	**- 24,390**	**- 24,214**
- 1,404	**- 9**	**- 22,206**	**- 23,619**
			0
30	19	- 9,894	- 9,845
30	**19**	**- 9,894**	**- 9,845**
			0
			0
			0
- 1,374	**10**	**- 32,100**	**- 33,464**

Shareholders' equity		Non-controlling interests	Consolidated equity
Deduction for treasury shares	Total		Total
- 11,209	**74,586**	**294**	**74,880**
	3,606	9	3,615
	6,644	28	6,672
	10,250	**37**	**10,287**
	- 5,152	- 35	- 5,187
11,209	24,044	0	24,044
	0	0	0
0	**103,728**	**296**	**104,024**
0	**100,732**	**283**	**101,015**
	2,521	61	2,582
	- 9,845	31	- 9,814
	- 7,324	**92**	**- 7,232**
	- 3,864	- 105	- 3,969
	- 217	- 83	- 300
	0	0	0
0	**89,327**	**187**	**89,514**

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 2015, the group of consolidated companies remains unchanged. The remaining 25% of shares in R. STAHL Camera Systems GmbH were acquired from Orlaco Products B.V. in April 2016. The purchase price amounted to EUR 300 thousand.

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 2015. The underlying principles are published in the notes to our consolidated financial statements for 2015. The latter is available on our corporate website www.stahl.de.

We 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 levels:

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

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

The positive fair values of derivative financial instruments on the balance sheet date amounted to EUR 144 thousand (31 December 2015: EUR 376 thousand). We recognized negative fair values of EUR -385 thousand (31 December 2015: EUR -296 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 shares. Our diluted earnings per share are the same as our earnings per share.

6. Disclosure of dividend payment

Following the Annual General Meeting in June 2016, R. STAHL AG paid a dividend of EUR 0.60 per share to its shareholders. A total of EUR 3,864 thousand was distributed.

The dividend payout was made on the basis of the dividend resolution adopted under agenda item 2 of this year's Annual General Meeting. Legal challenges have been filed against agenda item 2.

7. Number of employees

The company employed 1,820 persons (excluding apprentices) as of the reporting date on 30 June 2016 (previous year: 1,973 persons).

8. Legal liabilities and other financial obligations

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2015.

9. Transactions with related persons

There were no material transactions with related persons in the period under review.

10. Significant events after the end of the reporting period

Legal challenges have been filed against agenda items 2 to 5 of this year's Annual General Meeting. Moreover, an application for the judicial appointment of a special auditor for various topics has been made.

Waldenburg, 10 August 2016
R. Stahl Aktiengesellschaft

Martin Schomaker	**Bernd Marx**
Chief Executive Officer	Chief Financial Officer

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated 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 group management 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, 10 August 2016
R. Stahl Aktiengesellschaft

Martin Schomaker
Chief Executive Officer

Bernd Marx
Chief Financial Officer

KEY FIGURES

EUR 000	1–6/2016	1–6/2015
Sales revenue	142,515	164,042
Germany	31,862	31,792
Central (without Germany)	66,233	65,346
Americas	16,140	28,165
Asia/Pacific	28,280	38,739
Foreign share (%)	77.6	80.6
Order intake	150,153	166,631
Order backlog	100,031	95,371
EBITDA	11,489	13,507
EBIT	5,276	6,838
EBT	3,852	5,432
Net profit for the period	2,582	3,615
Earnings per share (EUR) (total)	0.39	0.56
Capex on tangible and intangible assets	7,331	11,837
Depreciation and amortization on tangible and intangible assets	6,213	6,669
EBITDA margin (% of sales)	8.1	8.2
EBIT margin (% of sales)	3.7	4.2
EBT margin (% of sales)	2.7	3.3
Employees as of 30 June (without apprentices)	1,820	1,973

FINANCIAL CALENDAR 2016

Third quarter financial report 2016 **10 November 2016**

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