



**HALF-YEARLY FINANCIAL REPORT**  
AS AT 30 JUNE 2008

## Schaltbau Group Key Financial Figures for the period ended 30 June

Group key financial figures		1st half of 2008	1st half of 2007	2nd quarter 2008	2nd quarter 2007
<b>Order situation</b>					
Order-intake	€ m.	151.6	131.1	69.1	65.3
Order-book	€ m.	192.1	151.0	192.1	151.0
<b>Income statement</b>					
Sales	€ m.	140.1	109.7	75.0	54.2
Total output	€ m.	142.9	109.4	76.2	54.2
Profit from operating activities (EBIT)	€ m.	12.9	7.3	7.4	3.3
EBIT margin	%	9.2	6.7	9.8	6.2
Group net profit for the period	€ m.	9.1	4.9	5.6	2.5
Profit attr. to shareholders of the AG	€ m.	8.4	4.0	5.3	2.3
Return on capital employed	%	21.0	15.4	24.1	14.0
<b>Balance sheet</b>					
Working capital	€ m.	62.7	45.3	62.7	45.3
Capital employed	€ m.	122.2	95.3	122.2	95.3
Group equity	€ m.	5.1	-6.4	5.1	-6.4
Net bank liabilities	€ m.	52.4	46.2	52.4	46.2
Balance sheet total	€ m.	179.2	146.4	179.2	146.4
<b>Personnel</b>					
Employees at end of reporting period	Number	1,534	1,448	1,534	1,448
Personnel expense	€ m.	39.5	36.4	20.0	18.4
Personnel expense per employee	€ 000	57	55	58	56
Total output per employee	€ 000	208	166	222	165
<b>Earnings per share</b>					
Earnings per share (undiluted)	€	4.51	2.15	2.83	1.21
Earnings per share (diluted)	€	4.19	2.15	2.51	1.21

## Contents

<b>3</b>	<b>To the shareholders</b>
<b>5</b>	<b>Group Interim Management Statement</b>
5	Business environment
5	Major events during the first half of 2008
6	Order situation
7	Sales
8	Group earnings performance
9	Group financial and net assets position
9	Purchasing
10	Significant events occurring after 30 June 2008
11	Opportunities and risks report
11	Forecasts and other statements regarding anticipated development
11	Significant transactions with associated companies and persons
<b>12</b>	<b>Condensed Interim Consolidated Financial Statements as at 30 June 2008</b>
12	Consolidated Income Statement for the first half of 2008
13	Consolidated Income Statement for the second quarter 2008
14	Consolidated Cash Flow statement
15	Consolidated Balance Sheet
16	Consolidated Statement of Changes in Equity
18	Notes and segment information
<b>29</b>	<b>Disclaimer</b>
<b>29</b>	<b>Responsibility statement</b>
<b>29</b>	<b>Comment on unaudited status</b>

## *Dear shareholders,*

In a continuation of its good business performance in the fiscal year 2007, the Schaltbau Group again recorded a highly pleasing level of development in the first half of 2008. The Group's companies benefited from the stable economic situation in all of our relevant markets. The unbroken high demand for door systems, components and industrial braking systems was a key factor in providing the Group with an excellent start to the current year. The volume of incoming orders and the higher sales revenues achieved again boosted the earnings situation significantly.

The unexpectedly high growth rates witnessed in the first quarter of 2008 compared with figures for the same period of 2007 and the Group's continuing positive business performance in April and May as well as the outlook till the end of the year prompted us, already at the beginning of June 2008, to adjust the earnings forecast upwards for the current fiscal year. The guidance for order-intake, sales revenue and earnings has been raised accordingly. Earnings per share are now expected to total between € 5.50 and € 5.70. Our original prediction was one of € 4.50 to € 4.70.

The considerable order-book volume of € 181.3 million at the end of the last fiscal year assured nearly all companies in the Group a thoroughly pleasing level of sales revenues and therefore earnings for the first half of 2008. Earnings before interest and taxes (EBIT) grew correspondingly from € 7.3 million for the first six months of last year to € 12.9 million for the first half of the current year.

The growth in earnings underlines both the importance and the necessity of the activities determined and implemented in 2007. The reorganisation at Bode already began to reap benefit in the first half of 2008. Since implementing the restructuring package designed to improve efficiency, Bode has begun making an appreciable contribution to Group earnings. The process of integrating the Pintsch Bubenzer Group in the Schaltbau Group is also proceeding to our satisfaction. Our expectations for the first six months of 2008 in terms of order-intake, sales revenues and earnings have been more than fulfilled. Thus we see ourselves as being on the right course with regard to both companies.

The previously announced change to the Prime Standard stock market segment was concluded on 2 July 2008. The move reflects our aim to accommodate both the Group's current market capitalisation and its continuing endeavours in international orientation.

At the present time the Group is subject to the short-term general fluctuations of turbulent financial markets, which it has only partially been able to avoid, despite its good performance. We continue to forecast a positive performance for the companies in the Group. In the long term, a whole host of factors speak in favour of the Schaltbau Group. The currently high price of oil, which is unlikely to change in the future, and the continuing debate on greenhouse gases and global warming as well as the agreed inclusion of air traffic in the EU emission trading scheme are all factors that are going to support the trend towards the ecologically and economically expedient use of railway transportation systems and thereby lead to high demand in this sector. It is completely up to us to derive sufficient profit from this ongoing development. For this reason we shall continue pursuing our policy of organic growth, partly by establishing companies in markets with an ongoing high requirement for our products, and expanding our market position through strategically significant acquisitions, thereby sustainably strengthening our profitability at the same time.

As a result of the capital gains tax coming into force on 1 January 2009 and due to the stock price performance to date, we are expecting the issued convertible bonds to be at least partially converted in the course of 2008. The conversion of the bonds to stock will serve to reduce the amount of debt and simultaneously bolster equity. This will improve our balance sheet ratios and hence the valuation indicators used for the Group.

Dear shareholders, we wish to thank you all for the trust you have placed in us and hope you will continue to accompany us in the future.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by several fluid, connected strokes.

Dr. Jürgen H. Cammann  
Spokesman of the Executive Board

## **Group Interim Management Statement**

In the second quarter the Schaltbau Group was successful in sustaining the positive business performance it displayed throughout the first three months of 2008. Order-intake, sales revenues and earnings were all considerably higher than those achieved in the first half of 2007 and are attributable to both the current strength of the German economy and the continued growth on international markets. The earnings situation improved significantly.

### **Business environment**

The increased volume of order-intake is partly due to higher demand in the Mobile Transportation Technology segment and also related to the first-time consolidation of the Bubenzer Group. The ongoing political debate on environmental protection is in many ways responsible for the sharp rise in investments in railway transportation. Both the Bode Group and Schaltbau GmbH have been able to benefit from this trend and a number of notable major contracts for door systems were acquired during the first half of 2008. The trend is underlined by the greater demand for railway components.

The product innovations introduced over the last few years in the field of door systems for railway vehicles have meanwhile become established on the market, thereby sustainably improving the Group's market position in the railway sector. Furthermore, the Group was able to additionally expand its market position for components in the investment goods industry.

The Stationary Transportation Technology segment is being positively assisted by the pleasing developments in world trade. The ongoing expansion of industrial ports was a key factor in driving demand for braking systems manufactured by the Pintsch Bubenzer Group.

### **Major events during the first half of 2008**

In March 2008 Schaltbau Holding AG purchased a total of 5,000 of its own shares at an approximate average price of € 38.50 in conjunction with a buy-back programme. The shares were purchased at a total cost of € 192,475.36. The repurchased shares are to be issued in the form of an individual share subscription programme for a selected circle of employees with special entitlements – this primarily relates to the chief executive officers of German group companies.

As a result of the good first quarter 2008, the gratifying developments in the months that followed and the continuing positive outlook for the Group, in June the management of Schaltbau Holding AG decided to raise its forecast for the current business year.

The Executive Board of Schaltbau Holding AG simultaneously determined to change to the Prime Standard segment of the Frankfurt Stock Exchange. In view of the current level of market capitalisation, the move is designed to support the Group's endeavours regarding international financial markets.

### **Order situation**

The Schaltbau Group received orders with a total volume of € 151.6 million in the first six months of 2008. The figure is considerably higher than the amount of € 131.1 million recorded one year earlier and represents an increase of 15.6%. For the first time the key order-book figures for the first six months of 2008 include € 16.7 million attributable to the Pintsch Bubenzer Group, which specialises in industrial braking systems.

In the Mobile Transportation Technology segment, components business for Schaltbau GmbH performed positively during the first six months of 2008. A number of long-term blanket orders were signed, both within Germany and with customers operating in other parts of Europe. These orders served to safeguard the Group's market position in Austria, France, Poland and Slovakia. The demand for components is also seen to be growing in both China and America. In the Eastern Asian region this demand was expressed in firm orders for master controllers; in America, however, the order-book was dominated by requirements for snap-action switches.

The Bode Group recorded a renewed rise in the volume of incoming orders for the period under report. Growth was achieved both in the field of door systems for buses and trains and for sliding door gear. This was particularly evident in the railway division, in which strong demand for BIDS door systems led to the signing of several major contracts. Bus business continued to display a highly robust trend in comparison to the previous year. A slight economic recovery was noticeable for coaches.

In the Stationary Traffic Technology segment, the signal technology division was unable to match the good figures of the previous year. Previously announced government programmes have been experiencing delays. However, the Pintsch Group participated in the technical safety requirements of the German Federal Railway Authority pertaining to old equipment. A certain amount of retrofitting was necessary, which led to a stable level of incoming orders in this work-intensive area. In the railway vehicle equipment division the company's increasing presence on international markets continued to bear fruit in the first half of 2008 and for the first time an important order for door control systems was placed by a customer on the Russian market.

Business within Germany also performed well. As previously mentioned in the half-yearly report of 2007, the VW police vehicles in service in the state of Baden-Württemberg are being equipped with new lighting systems manufactured by Pintsch Bamag and this led to a follow-up order.

Growth trends are also continuing in braking systems business due to the increasing amount of international goods traffic. An unusually high number of major projects in the field of container handling and the Group's good positioning in this market has led to a sharp rise in order-intake volume.

The currently high order-book volume underlines the positive order situation predominating in the Schaltbau Group. At € 192.1 million the order-book grew by approximately 27% compared with the same period of the previous year (half-year 2007: € 151.0 million).

### **Sales**

The healthy order situation also resulted in sales revenue performance for the Group's companies. Last year's sales figure of € 109.7 million for the first six months was surpassed at a growth rate of 28% to total € 140.1 million. The Bubenzer Group accounted for € 18.7 million of this figure. Even after adjustment, this still represents growth of 11%.

Both Schaltbau GmbH and Bode recorded pleasing sales revenue increases in the Mobile Traffic Technology segment. Schaltbau GmbH in particular is currently experiencing rapid growth in the sale of snap-action switches. Various orders were fulfilled on the French, Austrian and Chinese markets. Business within Germany also developed well and several major call-offs from existing blanket agreements were invoiced.

During the first six months of 2008 the Bode Group generated sales in the Bus Door and Sliding Door Gear divisions, particularly through series deliveries for both city buses and coaches as well as for sliding door gear for commercial vehicles of well-known manufacturers from both Germany and abroad. The Rail division was also responsible for gaining a number of lucrative projects in Germany, Korea and Switzerland.

The Stationary Transportation Technology segment successfully completed several large-scale projects in the fields of signal technology and maritime aids to navigation. This included the delivery of level crossing systems for the "Odenwaldbahn" railway system in Germany and also the transaction of a major contract for buoys, beacons and sea lanterns with a Romanian customer. The braking systems division also showed a pleasing level of sales revenue growth. Among other developments, three extensive major projects for a customer in China were invoiced at a total value of €2.5 million.

## **Group earnings performance**

The high order-book volume at the end of the fiscal year 2007 was the cornerstone for higher sales revenues in the first half of 2008 and thus crucial for the very good earnings situation of the Schaltbau Group. The increased level of revenues led to an above-average growth in profits.

Earnings before interest and taxes (EBIT) climbed sharply from €7.3 million for the first six months of last year to €12.9 million for the period under report. Relating to sales revenues for the first half of the year, the EBIT margin rose to 9.2 percentage points (previous year: 6.7%).

Group net profit for the first six months grew from €4.9 million last year to €9.1 million. The profit attributable to shareholders of Schaltbau Holding AG more than doubled, rising from €4.0 million in 2007 to €8.4 million for the first half of the current year. Earnings per share (undiluted) amounted to €4.51 compared with the previous year's figure of €2.15. Diluted earnings per share – taking the complete conversion of the convertible bonds to the maximum possible number of shares and the resulting interest savings into account – amounted to €4.19 (last year: €2.15).

With an EBIT margin of 9.2 per cent (previous year: 6.8 per cent), the Mobile Transportation Technology segment has not yet been able to generate the same quality of earnings achieved in the Stationary Transportation Technology segment. However, driven by the ongoing vitality of components business and the results reported by the Bode Group, the half-yearly EBIT for the segment improved from €5.3 million last year to €7.9 million in 2008.

The earnings performance for the Bode Group is particularly pleasing and was accomplished by streamlining processes in production, development and administration. The package of measures put in place to re-establish competitiveness is starting to bear fruit and thereby made a decisive contribution to improving Group profitability.

In the Stationary Transportation Technology segment the growth in sales revenue also had a positive effect on the earnings situation and the EBIT almost doubled from €3.5 million for the first six months of last year to €6.9 million for the period under report. The EBIT margin now stands at 12.8 per cent (last year: 11.2 per cent). This performance was well supported by the Bubenzer Group, which was acquired in 2007. Right from its first year of consolidation in the Group, the subsidiary succeeded in making a notable contribution to earnings in the Stationary Transportation Technology segment.

## **Group financial and net assets position**

The earnings performance during the first half of 2008 caused a drastic change in the Group's equity. The negative Group equity of €2.1 million recorded at the end of 2007 has now been eliminated and the Group was again able to declare positive equity amounting to €5.1 million at 30 June 2008. In the IFRS opening balance sheet at 1 January 2005 the Group was burdened by a negative amount of equity of €27 million.

The brisk business developments of the last six months have had an effect on working capital, which has grown by approximately €22 million to an amount of €62.7 million since the end of last year. The growth was, however, affected by an increase in receivables (€13 million) and inventories (€6 million) and a simultaneous seasonal reduction in advance payments received. The main reasons for the Cash flow from operating activities of €-8.2 million (2007: €1.0 million).

These factors have also caused the amount of capital employed to rise from €101 million to €122 million at a largely constant level of fixed assets. The return on capital employed (ROCE) currently stands at 21.0 % (2007: 15.4 %).

Due to the increase in working capital, net bank liabilities stood at €52.4 million at 30 June 2008 (31 December 2007: €41.4 million). The corresponding debt/equity ratio (net bank liabilities / EBITDA) improved from 2.3 in the first half of 2007 to 1.7 for the period under report due to the above-average rise in the EBITDA from €9.9 million for the same period of last year to €15.6 million for the first six months of the current year.

Short-term credit lines totalling €32.5 million are available to the Group. These lines, which also include guarantee lines were utilised with €22.5 million (31 December 2007: €7.6 million) at 30 June 2008. These amounts are stated net of liquid assets. Loans payable amounted to €35.6 million (31 December 2007: €38.8 million) at 30 June 2008. Repayments were made according to schedule.

## **Purchasing**

The prediction regarding purchase price increases already mentioned in the annual report 2007 proved to be correct for the first half of 2008. In addition to the tense price situation, availability also worsened considerably with regard to steel-dependent products. The worldwide rising demand for both iron-carbon alloys and aluminium led to extended delivery times, which were also reflected in the availability of other working materials due to prevailing market conditions. Crude-oil-dependent working materials such as rubber and plastic are either becoming continually more expensive or have stabilised at high price levels. In this respect the market pressure is unlikely to show signs of easing in the medium term.

The Schaltbau Group intensified its efforts accordingly by the signing of long-term contracts and by means of price negotiations, by changing suppliers or substituting materials, in order to combat price rises and supply bottlenecks. The Group is endeavouring to compensate for the tight situation on procurement markets as much as possible with the help of an efficient planning and approval process.

The selection of both national and international suppliers to compensate for price increases on the procurement market is, however, always carried out with due attention to the very high standard of quality that Schaltbau sets for all of its products. It is our highest priority to consistently maintain these standards.

### **Significant events occurring after 30 June 2008**

With the international positioning of the Group's companies and the current market capitalisation in mind, the Executive Board of Schaltbau Holding AG determined to change to the Prime Standard segment of the Frankfurt Stock Exchange. The move obliges the Group to fulfil the requirements of international transparency, which exceed those of the General Standard. The additional requirements that have to be met in order to meet these highest standards of European transparency include the preparing of quarterly reports, the publication of a current corporate calendar on the Group's internet website, the holding of at least one analysts' conference per year and the publication of all financial reports, including English-language versions. The application for a listing on the Germany Stock Exchange was approved and Schaltbau Holding AG has been listed in the Prime Standard segment since 2 July 2008.

On 30 July Schaltbau GmbH announced the purchase of the British company Machine Electrics Ltd. which has its registered office in Bredbury near Manchester. The takeover took economic effect as of 1 January 2008. Machine Electrics has a total workforce of 46 employees and achieved sales of approximately €5.9 million in the fiscal year 2007.

Machine Electrics' business activities comprise the manufacture, sale and repair of electro-mechanical components for industrial applications. Machine Electrics has already acted as UK distributor for Schaltbau GmbH in the industrial trucks sector in the past. The new subsidiary is to be instrumental in driving future sales and market development activities in the field of electro-mechanical components both in the UK and on international markets. The move will give Schaltbau a leading market position in the field of contactors for industrial trucks and emergency power systems.

Due to integration expenses the acquisition is not expected to make an impact on Group earnings for the current year.

### **Opportunities and risks report**

The sustained performance in all relevant markets, the positive expectations for the near future and the resulting opportunities are all reflected in the upward adjustment of current predictions.

In the first six months of the current fiscal year there have been no significant changes to the major risks previously described in the annual financial statements for 2007.

### **Forecasts and other statements regarding anticipated development**

The expectations of Schaltbau Holding AG with regard to sales and earnings figures were more than fulfilled in the first six months of 2008. Thus the Group is looking with optimism at the second half of the year in terms of accomplishing the objectives previously forecasted.

In view of the Group's positive business performance in the first two quarters of 2008, on 10 July 2008 the Executive Board of Schaltbau Holding AG upwardly corrected its forecast for the current fiscal year. The continuation of the prevailing strong economic conditions in Germany and the pleasing trends in demand on foreign markets made it possible to raise the predictions. In accordance with the forecast, order-intake is now expected to reach €260 million and sales revenues are estimated to total €263 million. Earnings before interest and taxes (EBIT) are correspondingly forecast to grow further to €17.7 million and Group net profit for 2008 is expected to increase to €11.5 million. The profit attributable to shareholders is thus predicted to reach €10.3 million.

After publication of the new forecast for the current fiscal year, Schaltbau Holding AG stock took a sudden leap, surpassing the €50 mark at the beginning of June 2008. Due to the high price of Schaltbau stock some investors converted their convertible bonds to shares after the blocking period had expired. The exercising of conversion rights will reduce the percentage of Group debt and lead to an increase in equity simultaneously.

### **Significant transactions with associated companies and persons**

Information available in the Notes.

# Condensed Interim Consolidated Financial Statements as at 30 June 2008

## Consolidated Income Statement for the first half of 2008

	€ 000	€ 000
	1.1.-30.06.2008	1.1.-30.06.2007
1. Sales	140,138	109,665
2. Change in inventories of finished goods and work in progress	2,391	-910
3. Other company-produced assets	378	630
<b>4. Total output</b>	<b>142,907</b>	<b>109,385</b>
5. Other operating income	548	954
6. Cost of materials	74,868	54,596
7. Personnel expense	39,454	36,346
8. Amortisation and depreciation	2,784	2,577
9. Other operating expenses	13,496	9,493
<b>Profit from operating activities</b>	<b>12,853</b>	<b>7,327</b>
a) Result from at-equity accounted investments	780	793
b) Other results from investments	0	0
10. Results from investments	780	793
a) Interest income	94	111
b) Interest expense	3,209	2,467
11. Finance result	-3,115	-2,356
<b>12. Profit before tax</b>	<b>10,518</b>	<b>5,764</b>
13. Income taxes	1,371	902
<b>14. Group net profit for the period</b>	<b>9,147</b>	<b>4,862</b>
<b>Allocation of group net profit for the period</b>		
attributable to minority shareholders	713	843
attributable to the shareholders of Schaltbau Holding AG	8,434	4,019
Group net profit for the period	<b>9,147</b>	<b>4,862</b>
<b>Earnings per share - undiluted:</b>	<b>4.51 €</b>	<b>2.15 €</b>
<b>Earnings per share - diluted:</b>	<b>4.19 €</b>	<b>2.15 €</b>

## Consolidated Income Statement for the second quarter 2008

	€000	€000
	1.4.-30.06.2008	1.4.-30.06.2007
1. Sales	75,021	54,248
2. Change in inventories of finished goods and work in progress	988	-376
3. Other company-produced assets	215	326
<b>4. Total output</b>	<b>76,224</b>	<b>54,198</b>
5. Other operating income	292	597
6. Cost of materials	40,497	26,497
7. Personnel expense	19,994	18,395
8. Amortisation and depreciation	1,379	1,289
9. Other operating expenses	7,270	5,265
<b>Profit from operating activities</b>	<b>7,376</b>	<b>3,349</b>
a) Result from at-equity accounted investments	630	627
b) Other results from investments	0	0
10. Results from investments	630	627
a) Interest income	41	49
b) Interest expense	1,648	1,119
11. Finance result	-1,607	-1,070
<b>12. Profit before tax</b>	<b>6,399</b>	<b>2,906</b>
13. Income taxes	766	412
<b>14. Group net profit</b>	<b>5,633</b>	<b>2,494</b>
<b>Analysis of group net profit</b>		
attributable to minority shareholders	332	227
attributable to the shareholders of Schaltbau Holding AG	5,301	2,267
Group net profit	<b>5,633</b>	<b>2,494</b>
<b>Earnings per share (undiluted)</b>	<b>2.83 €</b>	<b>1.21 €</b>
<b>Earnings per share (diluted)</b>	<b>2.51 €</b>	<b>1.21 €</b>

## Consolidated Cash Flow Statement for the first half of 2008

	€000	€000
	1.1.-30.06.2008	1.1.-30.06.2007
<b>Group net profit for the period</b>	<b>9,147</b>	<b>4,862</b>
Amortisation and depreciation on non-current assets	2,779	2,576
Gain on disposal of non-current assets	48	6
Finance result	3,115	2,356
Income tax expense	1,371	902
Change in current assets	-19,124	-4,398
Change in provisions	-552	-154
Change in current liabilities	-1,118	-2,387
Dividends received	505	324
Interest paid	-3,058	-2,081
Interest received	94	111
Income tax paid	-758	-297
Other non-cash income / expenses	-683	-807
<b>Cash flow from operating activities</b>	<b>-8,234</b>	<b>1,013</b>
<b>Payments for investments in:</b>		
- property, plant and equipment and intangible assets	-2,320	-2,775
- other investments	0	-7
<b>Proceeds from disposal of:</b>		
- property, plant and equipment	0	20
- at-equity accounted investments and other equity investments	0	0
<b>Cash flow from investing activities</b>	<b>-2,320</b>	<b>-2,762</b>
Share buyback	-195	
Dividend payment	-559	-280
Payments to minority interests	0	-263
Repayment of / proceeds from financial liabilities	6,942	3,344
<b>Cash flow from financing activities</b>	<b>6,188</b>	<b>2,801</b>
Change in cash and cash equivalents due to exchange rate fluctuations	-8	3
<b>Changes to cash, cash equivalents and securities</b>	<b>-4,374</b>	<b>1,055</b>
at the end of the period	3,510	5,665
at the beginning of the period	7,884	4,610
	<b>-4,374</b>	<b>1,055</b>

## Consolidated Balance Sheet as at 30 June 2008

ASSETS	€ 000	€ 000
	30.06.2008	31.12.2007
<b>A. NON-CURRENT ASSETS</b>		
I. Intangible assets	11,747	11,413
II. Property, plant and equipment	39,505	40,350
III. At-equity accounted investments	6,750	3,916
VI. Other investments	1,484	1,484
V. Deferred tax assets	8,874	8,725
	<b>68,360</b>	<b>68,888</b>
<b>B. CURRENT ASSETS</b>		
I. Inventories	52,518	46,406
II. Trade accounts receivable	46,405	33,784
III. Income tax receivables	224	218
VI. Other receivables and assets	8,230	7,546
V. Cash and cash equivalents	3,510	7,884
	<b>110,887</b>	<b>95,838</b>
<b>Total assets</b>	<b>179,247</b>	<b>164,726</b>
<b>EQUITY AND LIABILITIES</b>	<b>€ 000</b>	<b>€ 000</b>
	30.06.2008	31.12.2007
<b>A. EQUITY</b>		
I. Subscribed capital	6,840	6,840
II. Capital reserves	8,335	8,335
III. Statutory reserves	231	231
VI. Revenue reserves	-23,023	-29,658
V. Income/expense recognised directly in equity	-532	-176
VI. Revaluation reserve	3,041	3,041
VII. Group net profit attributable to the shareholders of Schaltbau Holding AG	8,434	7,198
VIII. Minority interests	1,739	2,079
	<b>5,065</b>	<b>-2,110</b>
<b>B. NON-CURRENT LIABILITIES</b>		
I. Participation rights capital	6,990	6,978
II. Pension provisions	19,068	19,143
III. Other provisions	5,864	5,804
VI. Financial liabilities	42,907	45,673
V. Other liabilities	0	1,139
VI. Deferred tax liabilities	6,166	6,030
	<b>80,995</b>	<b>84,767</b>
<b>C. CURRENT LIABILITIES</b>		
I. Other provisions	17,710	17,371
II. Income taxes payable	218	66
III. Financial liabilities	25,328	15,729
VI. Trade accounts payable	23,576	21,725
V. Advance payments from customers	12,669	17,587
VI. Other liabilities	13,686	9,591
	<b>93,187</b>	<b>82,069</b>
<b>Total equity and liabilities</b>	<b>179,247</b>	<b>164,726</b>

## Consolidated Statement of Changes in Equity for the first half of 2008

	Equity attributable to the shareholders of the parent company				
	Subscribed capital	Capital reserve	Statutory reserves	Revenue reserves	Revaluation reserve
<b>Balance at 01/01/2007</b>	<b>6,840</b>	<b>7,740</b>	<b>231</b>	<b>-34,522</b>	<b>2,606</b>
Profit brought forward	0	0	0	4,984	0
Transfer to capital reserves	0	0	0	0	0
Shares issued	0	0	0	0	0
Dividend paid	0	0	0	-280	0
Change in group reporting entity	0	0	0	0	0
Other changes	0	0	0	0	0
Group net profit for the period	0	0	0	0	0
<b>Balance at 30/06/2007</b>	<b>6,840</b>	<b>7,740</b>	<b>231</b>	<b>-29,818</b>	<b>2,606</b>
<b>Balance at 01/07/2007</b>	<b>6,840</b>	<b>7,740</b>	<b>231</b>	<b>-29,818</b>	<b>2,606</b>
Profit brought forward	0	0	0	0	0
Transfer to capital reserves	0	0	0	0	0
Shares issued	0	0	0	0	0
Dividend paid	0	0	0	0	0
Change in group reporting entity	0	0	0	0	0
Other changes	0	595	0	160	435
Group net profit for the period	0	0	0	0	0
<b>Balance at 31/12/2007</b>	<b>6,840</b>	<b>8,335</b>	<b>231</b>	<b>-29,658</b>	<b>3,041</b>
<b>Balance at 01/01/2008</b>	<b>6,840</b>	<b>8,335</b>	<b>231</b>	<b>-29,658</b>	<b>3,041</b>
Profit brought forward	0	0	0	7,198	0
Transfer to capital reserves	0	0	0	0	0
Shares issued	0	0	0	0	0
Dividend paid	0	0	0	-559	0
Changes in group reporting entity	0	0	0	0	0
Other changes	0	0	0	-4	0
Group net profit for the period	0	0	0	0	0
<b>Balance at 30/06/2008</b>	<b>6,840</b>	<b>8,335</b>	<b>231</b>	<b>-23,023</b>	<b>3,041</b>

Note: Owing to the use of electronic calculation aids rounding-off differences may occur.

Income/expense recognised directly in equity	Net profit for period	Total	Minority interests			Group equity
			In capital and reserves	In net profit for period	Total	
<b>-169</b>	<b>4,984</b>	<b>-12,290</b>	<b>1,174</b>	<b>1,052</b>	<b>2,226</b>	<b>-10,064</b>
0	-4,984	0	1,052	-1,052	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	-280	-1,066	0	-1,066	-1,346
0	0	0	0	0	0	0
136	0	136	5	0	5	141
0	4,019	4,019	0	843	843	4,862
<b>-33</b>	<b>4,019</b>	<b>-8,415</b>	<b>1,165</b>	<b>843</b>	<b>2,008</b>	<b>-6,407</b>
<b>-33</b>	<b>4,019</b>	<b>-8,415</b>	<b>1,165</b>	<b>843</b>	<b>2,008</b>	<b>-6,407</b>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
143	0	1,047	-53	0	-53	994
0	3,179	3,179	0	124	124	3,303
<b>-176</b>	<b>7,198</b>	<b>-4,189</b>	<b>1,112</b>	<b>967</b>	<b>2,079</b>	<b>-2,110</b>
<b>-176</b>	<b>7,198</b>	<b>-4,189</b>	<b>1,112</b>	<b>967</b>	<b>2,079</b>	<b>-2,110</b>
0	-7,198	0	967	-967	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	-559	-1,044	0	-1,044	-1,603
0	0	0	0	0	0	0
-356	0	-360	-9	0	-9	-369
0	8,434	8,434	0	713	713	9,147
<b>-532</b>	<b>8,434</b>	<b>3,326</b>	<b>1,026</b>	<b>713</b>	<b>1,739</b>	<b>5,065</b>

## **Notes and segment information as at June 2008**

### **DESCRIPTION OF BUSINESS**

The Schaltbau Group is a leading supplier of components and systems for traffic technology and industry. The Group supplies electro-mechanical components and equipment, door systems for buses and trains, safety systems for level crossings, equipment for railway vehicles, point heating systems, maritime aids to navigation and industrial braking systems. Its innovative and future-oriented products make Schaltbau a key business partner in the fields of traffic technology and specific industrial applications.

### **BASIS OF PREPARATION**

The half-yearly financial report of Schaltbau Holding AG, Munich, has been prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting", issued by the International Financial Reporting Standards (IFRS), and with those of German Accounting Standard No. 16 "Interim Reporting" issued by the Accounting Standards Committee of Germany. The same accounting principles and policies have been applied as in the consolidated financial statements for the financial year ended 31 December 2007.

In addition to the figures reported in the financial statements, the interim report also includes explanatory notes to selected financial statement items.

### **GROUP REPORTING ENTITY**

The Schaltbau Holding AG group reporting entity has not changed since the publication of the previous Group financial statements.

### **USE OF ESTIMATES**

In order to draw up the consolidated financial statements, it is necessary to make estimates and assumptions which affect the carrying amounts of assets, liabilities and contingent liabilities at the balance sheet date and the amounts of earnings and expense recognised in the period under report. Due to changes in the existing business situation and other circumstances or events, the actual results can differ from the estimates made.

### **FOREIGN CURRENCY TRANSLATION**

The financial statements of consolidated companies whose functional currency is not the euro are drawn up in accordance with the modified closing rate method.

Exchange rates relevant for foreign currency translation into euro changed as follows:

	Closing rate		Average rate	
	30.6.2008	31.12.2007	1st half- year 2008	1st half- year 2007
Chinese Renminbi Yuan	10.8566	10.7726	10.8204	10.2747
US dollar	1.5799	1.4729	1.5306	1.3475
New Turkish Lire	1.9542	1.7347	1.8930	1.7753

## ACCOUNTING PRINCIPLES AND POLICIES

### Deferred tax assets and liabilities

A corporation tax rate of 16 % and a trade municipal tax rate of 14 % have been used to measure deferred taxes for the Group's German companies. Deferred taxes for the Group's foreign companies are based on the tax rates applicable in the countries concerned.

### Income taxes

Income taxes payable for German companies are based on a tax rate of approximately 30%. Income taxes for the Group's foreign companies are based on the tax rates applicable in the countries concerned.

### Provisions

Pension provisions are measured on the basis of values stated in the relevant actuarial reports for 2008, taking into account pensions paid during the period under report. The provision for obligations for early retirement part-time working arrangements is based on management estimates at 30 June 2008, unlike in the financial statements for the year ended 31 December 2007 when the provision was based on actuarial reports.

### Contingent liabilities

Contingent liabilities correspond to contingent obligations existing at the balance sheet date.

### Cash flow statement

This statement shows the changes in the Schaltbau Group's cash and cash equivalents, these including checks, cash on hand, as well as cash in banks.

Prepared in accordance with IAS 7, the cash flow statement breaks down the change in cash and cash equivalents into the cash flow from operating, investing and financing activities. The cash flow from operating activities is determined according to the indirect method.

## ANALYSIS OF SELECTED ITEMS REPORTED IN THE FINANCIAL STATEMENTS

### PERSONNEL EXPENSE / EMPLOYEES

<b>in €000</b>	<b>1.1. – 30.6.</b>	<b>2008</b>	<b>2007</b>
Wages and salaries		<b>32,992</b>	<b>30,242</b>
Social security, pension and welfare expenses		<b>6,462</b>	<b>6,104</b>
		<b>39,454</b>	<b>36,346</b>

### EMPLOYEES

	<b>2008</b>	<b>2007</b>
Employees	<b>1,374</b>	<b>1,316</b>

These employee figures show the weighted average for the six-month period (including trainees, executives and board members).

### FINANCE RESULT

<b>in €000</b>	<b>1.1. – 30.6.</b>	<b>2008</b>	<b>2007</b>
Other interest and similar income (of which from affiliated companies)		<b>94</b> <b>(14)</b>	<b>111</b> <b>(9)</b>
Interest and similar expenses (of which to affiliated companies)		<b>- 3,209</b> <b>(-7)</b>	<b>- 2,467</b> <b>(-7)</b>
		<b>- 3,115</b>	<b>- 2,356</b>

Interest expenses include €479,000 (2007: €443,000) relating to the interest component of the allocation to the pension provision.

## INCOME TAXES

<b>in €000</b>	<b>1.1. – 30.6.</b>	<b>2008</b>	<b>2007</b>
Income tax expense		<b>1,473</b>	<b>755</b>
Deferred tax expense		<b>-102</b>	<b>147</b>
		<b>1,371</b>	<b>902</b>

Compared with the financial statements as at 31 December 2007, no adjustments were made to deferred taxes on tax losses available for carryforward for companies operating within Germany.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

### INTANGIBLE ASSETS, PLANT PROPERTY AND EQUIPMENT AND INVESTMENTS

**Goodwill** totalling T€5,210 rose by T€10 compared with the previous year. This is attributable to subsequent acquisition costs incurred for Pintsch Bubenzer GmbH. The goodwill relates to the Stationary Transportation Technology segment.

**Measurement at fair value** has only been applied to land and did not change during the period under report.

### INVENTORIES

<b>in €000</b>	<b>30.6.2008</b>	<b>31.12.2007</b>
Raw materials and supplies	22,237	18,693
Work in progress	24,405	22,605
Finished products, goods for resale	5,788	5,020
Advance payments to suppliers	88	88
	<b>52,518</b>	<b>46,406</b>

### TRADE ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND ASSETS

<b>in €000</b>	<b>30.6.2008</b>	<b>31.12.2007</b>
Trade accounts receivable	46,405	33,784
Receivables from affiliated companies	1,404	1,291
Receivables from associated companies	1,111	1,138
Receivables from companies with which an investment relationship exists	273	460
Income tax receivables	224	218
Other assets	5,442	4,657
	<b>54,859</b>	<b>41,548</b>

Allowances totalling €2,844,000 (previous year: €2,555,000) were recognised on trade accounts receivable.

## CASH AND CASH EQUIVALENTS

in €000	30.6.2008	31.12.2007
Cheques and cash on hand	87	26
Cash at bank	3,423	7,858
	<b>3,510</b>	<b>7,884</b>

## CHANGES IN GROUP EQUITY

The proposal for the appropriation of profit for the fiscal year 2007 was approved at the Annual General Meeting of Schaltbau Holding AG held on 12 June 2008.

Details relating to the line items presented in the balance sheet are shown in the **Statement of Changes in Group Equity**.

## PROVISIONS

in €000	30.6.2008	31.12.2007
<b>Non-current provisions</b>		
Pensions	19,068	19,143
Warranties	222	226
Personnel	5,642	5,578
Other non-current provisions	5,864	5,804
	<b>24,932</b>	<b>24,947</b>
<b>Current provisions</b>		
Taxes	1,500	931
Warranties	4,208	4,046
Outstanding costs and materials	4,546	2,872
Personnel	4,077	5,972
Sundry other provisions	3,379	3,550
Other current provisions	17,710	17,371
Total provisions	<b>42,642</b>	<b>42,318</b>

## LIABILITIES

in €000	30.6.2008	31.12.2007
<b>Non-current liabilities</b>		
Liabilities to banks	30,920	33,707
Other financial liabilities	11,987	11,966
Financial liabilities	42,907	45,673
Other liabilities	0	1,139
	42,907	46,812
<b>Current liabilities</b>		
Current income tax liabilities	218	66
Liabilities to banks	25,020	15,602
Other financial liabilities	308	127
Financial liabilities	25,328	15,729
Trade accounts payable	23,576	21,725
Advance payments received	12,669	17,587
Liabilities to affiliated companies	453	460
Liabilities to companies in which investment is held	111	17
Interest rate derivatives	0	52
Sundry other liabilities	13,122	9,062
Other liabilities	13,686	9,591
	75,477	64,698
<b>Total liabilities</b>	<b>118,384</b>	<b>111,510</b>

## OTHER DISCLOSURES

### Contingent liabilities and other financial obligations

in €000	30.6.2008	31.12.2007
Contingent liabilities		
Obligations under guarantees and other guarantee agreements (of which to affiliated companies)	13,741 (-)	11,883 (-)
<b>Other financial obligations</b>		
Rental and lease expenses	4,982	3,552
Other obligations	2,866	3,611

The rental and leasing expenses shown under **other financial obligations** have been calculated on the basis of the earliest possible cancellation dates.

Other financial obligations are all of a nature and amount customary for the business.

### Related party relationships

Transactions between affiliated and associated companies are shown below (from the perspective of affiliated companies):

	Volume of services performed		Volume of services received	
	1st half of 2008	1st half of 2008	1st half of 2008	1st half of 2008
	€000	€000	€000	€000
Goods and services	2,366	692	218	260
Other relationships	6	-	-	-

## PRODUCT-ORIENTED SEGMENTATION

Disclosures in €000

### 1.1. – 30.06.

	Stationary Transportation Technology		Mobile Transportation Technology	
	2008	2007	2008	2007
Order-intake (external)	50,157	39,560	101,411	91,469
Sales	53,928	31,380	86,482	78,572
- of which external	53,659	31,066	86,435	78,552
- of which with other segments	269	314	47	20
Order-book (external)	58,532	44,504	133,607	106,450
Result from operating activities (EBIT)	6,854	3,475	7,918	5,322
Result from at-equity accounted companies	0	0	780	793
Other result from investments	0	0	0	0
Finance result	-466	25	-1,155	-1,139
Income taxes	20	-80	-541	-226
Group net profit for the period	6,408	3,420	7,003	4,750
Capital expenditure	1,063	998	1,253	1,919
Amortisation and depreciation	-693	492	-2,079	2,076
EBIT margin	12.8%	11.2%	9.2%	6.8%
Return on capital employed	32.3%	38.9%	17.1%	11.8%

Disclosures in €000

### 2nd quarter

	Stationary Transportation Technology		Mobile Transportation Technology	
	2008	2007	2008	2007
Order-intake (external)	23,221	17,911	45,870	47,397
Sales	29,233	14,688	45,931	39,644
- of which external	29,084	14,596	45,922	39,630
- of which with other segments	149	92	9	14
Order-book (external)	58,532	44,504	133,607	106,450
Result from operating activities (EBIT)	3,959	1,662	4,529	2,457
Result from at-equity accounted companies	0	0	630	627
Other result from investments	0	0	0	0
Finance result	-242	16	-565	-567
Income taxes	-16	-49	-267	-11
Group net profit for the period <sup>*1)</sup>	3,701	1,629	4,327	2,506
Capital expenditure <sup>*2)</sup>	549	442	860	1,061
Amortisation and depreciation <sup>*2)</sup>	-343	240	-1,028	1,044
EBIT margin <sup>*3)</sup>	13.6%	11.4%	9.9%	6.2%
Return on capital employed <sup>*4)</sup>	37.4%	37.2%	19.5%	10.9%

<sup>\*1)</sup> = profit transfers relating to profit and loss transfer agreements are added back to the segment information

<sup>\*2)</sup> = in / on intangible assets and property, plant and equipment

<sup>\*3)</sup> = EBIT / external sales

<sup>\*4)</sup> = EBIT / capital employed (EBIT extrapolated to annual amount)

Sub-total		Holding, other consolidations		Schaltbau Group	
2008	2007	2008	2007	2008	2007
151.568	131.029	42	45	151.609	131.074
140.410	109.952	272	287		
140.094	109.618	44	47	140.138	109.665
316	334	-316	-334		
192.139	150.954			192.139	150.954
14.772	8.797	-1.920	-1.470	12.852	7.327
780	793	0	0	780	793
0	0	0	0	0	0
-1.621	-1.114	-1.494	-1.242	-3.115	-2.356
-521	-306	-850	-596	-1.371	-902
13.411	8.170	-4.264	-3.308	9.147	4.862
2.316	2.917	2	-142	2.318	2.775
-2.772	2.568	-7	8	-2.779	2.576
				9,2%	6,7%
				21,0%	15,4%

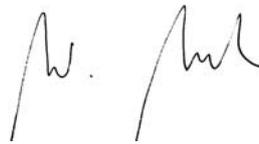
Sub-total		Holding, other consolidations		Schaltbau Group	
2008	2007	2008	2007	2008	2007
69,090	65,308	18	19	69,108	65,328
75,164	54,332	143	84		
75,006	54,226	15	22	75,021	54,248
158	106	-158	-106		
192,139	150,954			192,139	150,954
8,488	4,119	-1,113	-771	7,375	3,348
630	627	0	0	630	627
0	0	0	0	0	0
-807	-551	-800	-518	-1,607	-1,069
-283	-60	-483	-352	-766	-412
8,028	4,135	-2,396	-1,641	5,632	2,494
1,409	1,503	1	-17	1,410	1,486
-1,371	1,284	-3	4	-1,374	1,288
				9.8%	6.2%
				24.1%	14.0%

Munich, 05 August 2008

Schaltbau Holding AG  
The Executive Board

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a series of loops and a final flourish.

Dr. Jürgen Cammann

A handwritten signature in black ink, starting with a large 'W' followed by several loops and a final flourish.

Waltraud Hertreiter

## **Disclaimer**

Several of the statements made here either take the form of forecasts or could be interpreted as such. They have been made according to the best of our knowledge and are, by their very nature, only valid under the premise that no unforeseeable worsening of the economic and specific market situation occurs for the companies of the Group operating in the various corporate sectors, and that the principles of planning and forecasts prove to be accurate in terms of amount and timeliness as predicted. The company does not undertake any obligation to update any of its stated forecasts.

## **Responsibility statement by the company's legal representatives**

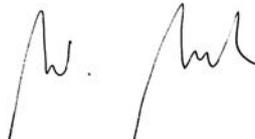
"To the best of our knowledge, and in accordance with the accounting principles applicable for half-yearly reporting, the Group interim financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Group, and the Group interim management report includes 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 for the remaining part of the fiscal year."

Munich, 05 August 2008

Schaltbau Holding AG  
The Executive Board



Dr. Jürgen Cammann



Waltraud Hertreiter

## **Examination information**

The interim Group financial statements and the interim Group management report for the Schaltbau Group as at 30 June 2008 have neither been examined in accordance with § 317 of the German Commercial Code (HGB) nor have they been scrutinised by an auditor.

Schaltbau Holding AG  
Klausenburger Strasse 6  
81677 Munich, Germany  
PO box 80 15 40  
Tel: +49 (0)89 – 930 05 – 0  
Fax: +49 (0)89 – 930 05 – 318  
E-mail: [schaltbau@schaltbau.de](mailto:schaltbau@schaltbau.de)  
Internet: [www.schaltbau.de](http://www.schaltbau.de)