



Group Interim Report
as at 30 June 2014

Schaltbau Group Key Financial Figures for the period ended 30 June

Group key financial figures		1st half of 2014	1st half of 2013	2nd quarter 2014	2nd quarter 2013
Order situation					
Order-intake	€ m.	227.7	213.4	115.5	105.5
Order-book	€ m.	283.1	248.8	283.1	248.8
Income statement					
Sales	€ m.	196.7	193.7	104.7	98.4
Total output	€ m.	201.9	193.8	106.9	98.1
EBITDA	€ m.	16.8	22.0	8.4	10.9
Profit from operating activities (EBIT)	€ m.	12.3	17.6	6.1	8.6
EBIT margin	%	6.3	9.1	5.8	8.7
Group net profit for the period	€ m.	20.3	12.5	14.9	6.2
Profit attr. to shareholders of the AG	€ m.	18.0	10.5	13.7	5.5
Return on capital employed	%	9.6	17.2	9.5	16.8
Balance sheet					
Fixed Assets	€ m.	120.4	85.7	120.4	85.7
Working capital	€ m.	135.6	118.9	135.6	118.9
Capital employed	€ m.	256.0	204.7	256.0	204.7
Group equity ¹	€ m.	104.2	77.7	104.2	77.7
Net bank liabilities	€ m.	83.2	54.6	83.2	54.6
Balance sheet total ¹	€ m.	340.3	271.7	340.3	271.7
Personnel					
Employees at end of reporting period	Number	2,569	2,006	2,569	2,006
Personnel expense	€ m.	65.3	59.2	33.9	29.8
Personnel expense ² per employee ³	€ 000	62.0	65.1	64.3	65.5
Total output ² per employee ³	€ 000	191.7	213.2	203.0	216.0
Earnings per share					
Earnings per share (undiluted)	€	2.93	1.71	2.23	0.90
Earnings per share (diluted)	€	2.93	1.71	2.23	0.90

¹ The previous year's figures were adjusted as a result of the changed accounting treatment required to be applied retrospectively for pension provisions.

² Based on figures to date extrapolated to twelve months

³ Weighted average for period including trainees, executive directors and members of Management Board

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Dear Shareholders

At € 2.93 per share, the Schaltbau Group achieved the best half-year result in its history and surpassed the previous year's figure by more than 70 per cent. Nevertheless, we are not completely satisfied with our performance so far this year, as the record earnings were largely due to valuation adjustments made after gaining a majority interest in the Polish company RAWAG. However, during the reporting period, projects were postponed in operating activities that we will no longer be able to completely make up for in the remaining course of the year. This applies firstly to the Rail Infrastructure business field, which has been downright stifled by an increasingly large investment backlog in the field of control and safety systems, and secondly to the Platform Screen Doors project in Sao Paulo, Brazil, where various reasons have led to the recognition of sales being postponed until next year. At the same time, business with components in the USA has been held down by adverse market conditions and delays in the awarding of orders. In a contrasting trend, other fields have performed better than expected.

The moderate 1.6 per cent increase in sales revenue was due to the first-time consolidation of ALTE Technologies and RAWAG, as in organic terms we lost ground by 4.5 per cent. Earnings from operating activities (EBIT) of € 12.3 million were some 30 per cent down on those recorded one year earlier. Apart from the project backlog, upfront expenditure required to secure future growth also had an impact and relates to staff recruitment in the areas of development, sales and production – as well as investments in IT infrastructure and project costs that have not yet been translated into sales revenue. The incidental costs connected with recent acquisitions also need to be considered. ALTE Technologies, which has been consolidated since the end of April, still contributed negatively to earnings. For the reasons mentioned above, we have downwardly adjusted our EBIT expectations for the full year by € 5 million to € 31 million. At the same time this means we want to improve in the second half of the year. The continued brisk pace of business in the Mobile Transportation Technology segment and the Brake Systems business field as well as the increased demand for components in Europe makes us confident in our ability to do so. Moreover, we expect to see a considerable upswing in the Rail Infrastructure business field over the next six months.

In order to finance transactions in the second quarter, we utilised a part of our free credit lines and are temporarily prepared to accept a higher debt ratio in order to expand our market position in terms of rolling stock, which is a fundamental element in our strategy for the next few years. As previously mentioned at this point a number of times, we continue to see two trends in the railway industry that are closely connected with each other. Firstly, the trend towards internationalisation continues unabated, partly as a reaction to the expansion plans of the major Chinese manufacturers – and secondly, the consolidation phase in the industry is not yet over by any means.

Earnings generated by ALTE Technologies will be additionally held down by integration costs and restructuring measures during the current year. However, not only do we expect the acquisition to pay off within a few years, we also see the Mobile Transportation Technology segment benefiting generally from an improved market position. Our medium-term target of directing the growth of the Group to ensure that earnings per share reach € 5.00 by 2016 is also based on assumptions that these synergies and the improved market position in particular will be highly profitable for the Group as a whole.

Best regards

A handwritten signature in black ink, appearing to read 'A. Cammann', with a stylized flourish at the end.

Dr Jürgen Cammann

Spokesman of the Executive Board

Group Interim Management Statement

Profile of the Schaltbau Group

The Schaltbau Group consistently pursued its growth-oriented strategy and continued to expand its business model in the first half of 2014.

On 21 April 2014 Schaltbau completed its takeover of the operations of ALTE Transportation S.L. by ALTE Technologies, Barcelona, which was founded for this purpose. The activities taken over from ALTE, a leading manufacturer of sanitary systems for railway vehicles, are now assigned to the Mobile Transportation Technology segment and have been included in the Group reporting entity since the end of April 2014.

On the same day, the Schaltbau Group acquired a minority shareholding of 5.6 per cent in Albatros S.L. based in Madrid, the former parent company of ALTE. Albatros generates its sales with high-voltage inverters for railway vehicles and also with information and communications systems specially designed for use on board trains. Due to Schaltbau's minor shareholding, Albatros is not currently consolidated. Furthermore, purchase options for additional shares have been agreed upon, which will enable Schaltbau to take over a majority shareholding in Albatros within the next five years.

In the second quarter, the Group increased its shareholding in the Polish subsidiary RAWAG Sp.z.o.o. by 46.5 per cent to total 89.1 per cent. RAWAG works in close partnership with the Bode Group, selling Door Systems for Railway Vehicles and Buses on the Central and Eastern European market. RAWAG's production range also includes windows for railway vehicles in particular, as well as a wide variety of components for the interior fitting of passenger coaches. The entity, which was previously accounted for using the equity method, became fully consolidated as from 1 April 2014 and is now also part of the Mobile Transportation Technology segment.

Moreover, the detailed description of the Schaltbau Group's strategic aims and measures contained in the Group Management Report 2013 continues to apply. The same is also true for the descriptions of Group structure, business model and management.

Report on economic position

General economic environment

Although early reports suggest that growth in the eurozone gathered pace in the second quarter, it remains at a moderate level. China, however, recorded better growth figures than expected. The International Monetary Fund (IMF) predicts 3.6 per cent growth for the full year worldwide, predominantly driven by the current economic vitality of the USA and the emerging economies.

According to the German Institute for Economic Research (DIW), growth in Germany slowed to 0.3 per cent in the second quarter, after registering 0.8 per cent in the first quarter, the strongest growth rate seen in a first quarter for three years. However, the upswing primarily resulted from

early activity in the building industry at the beginning of the year, due to the mild winter. Consumers and businesses therefore continue to be optimistic.

The Schaltbau Group generates the large majority of its sales in euros. Currency exchange effects are chiefly a result of fluctuations in the US dollar and the Chinese renminbi against the euro. During the first six months of 2014, both EUR-USD and EUR-CNY exchange rates were on average around four per cent above the rates recorded one year previously. Nevertheless, these currency factors have not had a great deal of impact on the Schaltbau Group's earnings.

Sector-specific and regulatory environment

The Schaltbau Group's most important **sales markets** and customer sectors performed with varied success during the six-month period under report.

Despite isolated project delays, demand for railway vehicles generally remained at a high level. The Mobile Transportation Technology segment, with its BIDS drive system for railway vehicle doors, which is listed on numerous product platforms, profited from this trend, as did the Components segment. Demand for components increased, particularly on European markets outside Germany. The trend towards market stabilisation continued in the Chinese rail sector, although the investment backlog has not yet been totally compensated, despite brisk demand from end customers. Again in the second quarter, business with Russia remained unaffected by the political tension caused by the Ukraine crisis. The demand for Rail Infrastructure products continued to be held down by the slowness of our most important customer to award orders for certain projects, which had a particularly negative impact on the sale of railway crossing systems.

As expected, the bus and small commercial vehicles industry experienced a slowdown in the second quarter, as the brisk demand seen during the first three months primarily related to advance purchases prior to the new Euro 6 standard coming into force. Overall, however, sales volumes for the six-month period were slightly up on the previous year. Demand from industry customers also remained generally stable throughout the second quarter. The order volume for industrial trucks increased, while the photovoltaics and wind power markets stagnated at a generally dissatisfactory level.

On **procurement markets**, prices continued to fall. The average price of copper (DEL notation) over the six-month period was 11.6 per cent lower than in the previous year. Aluminium prices followed a similar pattern. Rolled steel and flame-cut steel parts were also cheaper on average. The prices of gold (18.6 per cent) and silver (27.2 per cent) fell even more sharply. Schaltbau mainly utilises these precious metals to manufacture the contacts of switches and contactors. The average price of Brent crude oil was 3.4 per cent below that recorded for the same six-month period one year earlier.

Business and earnings position

Overall assessment of financial condition

The Schaltbau Group achieved a significant year-on-year rise in six-month sales as well as record net profit for a six-month period. Both of these achievements, however, were due to a large extent

to acquisitions and the ensuing consolidation and valuation impact. By contrast, the forecast figures for organic sales and earnings growth were not quite met. The principal reason for the shortfall was lower-than-expected demand in the Rail Infrastructure business field for control and signal technology. In addition, Components segment business in the USA was on the disappointing side, mainly owing to project delays. Neither of these business fields is now likely to reach its forecast target for the full year.

Profit from operating activities (EBIT) also reflects the impact of substantial upfront expenditure for future growth. Alongside expenditure on projects, for which sales will only be recognised from 2015 onwards, earnings also had to bear the brunt of personnel and non-personnel expenditure in connection with the modernisation of the enterprise's IT infrastructure. The operations taken over from ALTE Technologies and acquisition transaction costs also adversely affected EBIT during the period under report. Taking all of these factors into consideration, it is no longer feasible to achieve the original target for 2014 of maintaining EBIT at the previous year's level (€ 36 million). Instead, an EBIT of € 31 million is now being targeted. By contrast, the target Group net profit for 2014 has been raised from the previous level of € 25.2 million to € 29.4 million (see Outlook report).

Business and earnings position of the Schaltbau Group

Key performance figures for the Schaltbau Group						
in € million	Jan. - June 2014	Jan. - June 2013	Δ	2nd quarter 2014	2nd quarter 2013	Δ
Order intake	227.7	213.4	6.7%	115.5	105.5	9.4%
Sales	196.7	193.7	1.6%	104.7	98.4	6.4%
EBIT	12.3	17.6	-30.1%	6.1	8.6	-29.2%

Order intake and order book

Order intake during the six-month period increased to € 227.7 million, 6.7 per cent up on the previous year's already high figure of € 213.4 million. Most of the increase came about as a result of the full consolidation of RAWAG within the Mobile Transportation Technology segment from the beginning of the second quarter. Moreover, the major order for platform screen door systems recorded in the first quarter by the Stationary Transportation Technology segment had a good impact on order intake. These positive developments more than compensated for declining volumes for control and signal technology as well as for the moderate dip in new railway vehicle door systems and brake systems business. Excluding consolidation factors, order intake went up by 3.2 per cent.

The Schaltbau Group's order book grew by 24.1 per cent to € 283.1 million during the first six months of the year (31 December 2013: € 228.1 million). This exceptional rise is partly due to the inclusion of ALTE Transportation's operations and RAWAG. The increase also includes the receipt of the major order for platform door systems mentioned above, which will not be translated into sales revenue in the current year. Furthermore, it is also a reflection of project delays, particularly within the field of signal technology.

Sales

Sales of the Schaltbau Group in the first six months of 2014 totalled € 196.7 million, 1.6 per cent up on the corresponding period last year (€ 193.7 million). The 6.4 per cent increase recorded in the second quarter was attributable to the first-time consolidation of ALTE operations and RAWAG sales, totalling € 12.2 million. By contrast, organic sales fell year-on-year by 4.5 per cent during the six-month period. The principal reason for this development was declining demand for rail infrastructure business within the Stationary Transportation Technology segment. Brake systems business was also slightly down on the previous year's higher level. The Components segment recorded lower sales in the USA and higher sales in China as well as for export business in Europe.

Overall, 62.1 per cent of six-month sales were generated outside Germany (January - June 2013: 58.1 per cent).

Group earnings performance

Profit from operating activities (EBIT) of the Schaltbau Group amounted to € 12.3 million, a drop of 30.1 per cent compared to the first half of the previous year (January - June 2013: € 17.6 million). The EBIT margin deteriorated from 9.1 per cent to 6.3 per cent.

As in the first three months of the year, earnings were negatively impacted by substantial upfront expenditure for projects, for which sales will only be recognised in subsequent periods (including the PSD project in Sao Paulo).

The 10.3 per cent increase in personnel expenses to € 65.3 million is attributable to the integration of RAWAG and ALTE. Increases in collectively bargained tariff rates made a moderate contribution to the increase in personnel expense. Other operating expenses went up as a result of newly consolidated entities.

Group net profit for the six-month period jumped by € 7.8 million to € 20.3 million, primarily as a result of the revaluation gain recognised on the 42.6 per cent shareholding in RAWAG already held prior to the acquisition of a majority shareholding. The one-time gain of € 11.8 million is included in the result from investments, which – including some moderate valuation-related adjustments on other investee entities – added up to € 12.8 million. Net interest expense dropped from € 2.4 million to € 1.9 million, mainly due to the interest expense saved on the profit participation rights repaid in June 2014.

The profit attributable to shareholders of Schaltbau Holding AG amounted to € 18.0 million (January - June 2013: € 10.5 million). Six-month earnings per share jumped to € 2.93, compared to € 1.71 one year earlier.

Business and earnings position of the segments

The Mobile Transportation Technology segment

Key performance figures for the Mobile Transportation Technology segment						
in € million	Jan. - June 2014	Jan. - June 2013	Δ	2nd quarter 2014	2nd quarter 2013	Δ
Order intake	91.4	83.3	9.8%	52.8	45.8	15.2%
Sales	84.8	74.2	14.3%	47.1	38.6	22.2%
EBIT	6.2	6.8	-9.1%	3.1	3.7	-15.5%

Order intake for the Mobile Transportation Technology segment (Bode Group and ALTE) in the six-month period rose by 9.8 per cent to € 91.4 million compared to the previous year, mainly due to the first-time inclusion of RAWAG. Adjusted for consolidation-related factors, the segment moderately improved on the previous year's very high level. As in the previous year, approximately 55 per cent of order intake related to railway vehicle door systems. Orders received for door systems for city buses and coaches were nearly 10 per cent up year-on-year, partly the result of greater sales volumes with one customer in conjunction with the introduction of the Euro 6 norm.

Segment sales increased by 14.3 per cent to € 84.8 million, thanks to substantial contributions from RAWAG and ALTE, which more than offset the moderate decrease recorded by the Bode Group as a result of billing-related issues. EBIT came in at € 6.2 million, slightly down on the previous year's figure (€ 6.8 million). The EBIT margin slipped to 7.3 per cent (January - June 2013: 9.2 per cent), influenced by ALTE's negative contribution to earnings and inter-company profit eliminations as a result of the full consolidation of RAWAG.

The Stationary Transportation Technology segment

Key performance figures for the Stationary Transportation Technology segment						
in € million	Jan. - June 2014	Jan. - June 2013	Δ	2nd quarter 2014	2nd quarter 2013	Δ
Order intake	78.8	74.2	6.2%	36.5	35.9	1.7%
Sales	57.6	63.9	-9.9%	30.4	33.1	-8.2%
EBIT	-1.8	2.3		-1.0	1.6	

Order intake for the Stationary Transportation Technology segment in the six-month period was 6.2 per cent higher at € 78.8 million. The significant increase recorded for the Rail Infrastructure business field was partly attributable to the major contract for platform screen doors (PSD) in Sao Paolo recorded in the first quarter and partly to good export business achieved – particularly with axle counting systems. Demand for level crossing systems remained at lower-than-forecast levels, with major customers still not launching any large-scale projects to modernise signalling and safety systems. Order intake for point heating systems was at a similar level to the previous year. The decrease in order intake recorded by the Brake Systems business field ended up being lower than expected, with demand at major container terminals starting to pick up again.

Segment sales fell by 9.9 per cent to € 57.6 million, mainly reflecting the fact that signal technology business was down by almost one half. Segment EBIT was a negative amount of € 1.8 million (January - June 2013: € 2.3 million) and due to a large extent to the shortfall in signal technology sales on the one hand and upfront expenditure for the PSD project on the other. The EBIT margin was a negative 3.1 per cent (January - June 2013: positive 3.6 per cent).

The Components Segment

Key performance figures for the Components segment						
in € million	Jan. - June 2014	Jan. - June 2013	Δ	2nd quarter 2014	2nd quarter 2013	Δ
Order intake	57.4	55.8	2.9%	26.2	23.8	9.9%
Sales	54.3	55.5	-2.3%	27.1	26.6	1.9%
EBIT	11.1	10.8	2.7%	5.7	4.4	29.5%

In the second quarter the Components segment more than made up for the slight dip in order intake recorded in the first three months of the year. Incoming orders for the six-month period were 2.9 per cent up at € 57.4 million. Impetus was generated by rising demand in the Chinese rail sector and for export business in Europe. At the same time, however, order volumes were down in the US rail sector and the photovoltaic market, in part due to project delays which it may not be possible to compensate over the course of the year.

Six-month segment sales amounted to € 54.3 million, almost matching the previous year's level despite lower-than-forecasted business levels in North America. The sales figure for the second quarter was slightly up on the previous year. The upward trend in export sales for snap-action switches with good margins in Europe deserves particular mention. Sales in China increased at a moderate rate, helped by positive exchange rate factors. EBIT for the first half of the year came in at € 11.1 million, 2.7 per cent ahead of the previous year's corresponding figure (€ 10.8 million). The EBIT margin of 20.5 per cent (January - June 2013: 19.5 per cent) remained at the accustomed high level.

Financial and net assets position

The financial and net assets position of the Schaltbau Group was influenced by the two acquisition transactions in the second quarter. The cash outflow used in investing activities was significantly greater than in the previous year, due to the acquisitions made. The consolidated balance sheet total increased by 27.3 per cent, with the first-time consolidations having an impact on both fixed assets and working capital. The revaluation made in conjunction with the acquisition of the majority shareholding in RAWAG gave rise to an increase in goodwill (before purchase price adjustments) on the assets side of the balance sheet, while the financing of the transactions caused a sharp rise in non-current financial liabilities. The impact of the two transactions is shown in detail in the condensed notes to the consolidated financial statements (page 20).

Analysis of capital structure

Long-term debt capital jumped by 53.4 per cent to € 143.5 million, primarily as a result of the utilisation of the credit line to finance the two transactions and the repayment of profit participation rights.

Short-term debt capital amounted to € 92.7 million at the end of the period under report (31 December 2013: € 84.4 million), The 9.8 per cent increase reflected increased utilisation of current account credit lines as well as higher levels of operational payables and advance payments from customers, partly due to consolidation factors. Other liabilities – mainly relating to payroll-related and sales taxes – were also higher than at the end of 2013 due to timing factors. The scheduled repayment of participation rights capital in June 2014 amounting to € 7.3 million reduced liabilities.

Net liabilities to banks (current and non-current bank liabilities less cash and cash equivalents) amounted to € 83.2 million at 30 June 2014 (31 December 2013: € 41.7 million). The debt ratio (based on annualised EBITDA) at the end of the reporting period was 2.48 compared to 0.9 at 31 December 2013.

The Group had access to a total financing facility of € 148.9 million at 30 June 2014 (31 December 2013: € 125.8 million), of which € 65.6 million (31 December 2013: € 41.9 million) had been disbursed as loans. Current account credit lines totalled € 83.3 million (31 December 2013: € 68.9 million), of which € 75.0 million is available until December 2017. At the end of the reporting period € 61.3 million (31 December 2013: € 22.0 million) of the current account credit lines (including guarantee lines) were being utilised.

Equity went up from € 89.4 million at the end of 2013 to stand at € 104.2 million at 30 June 2014, mainly due to the high six-month net profit. The equity ratio nevertheless fell from 33.4 per cent to 30.6 per cent, due to the significantly higher balance sheet total.

Liquidity analysis

Cash flows from operating activities for the six-month period finished at a negative amount of € 2.6 million, which represented a significant deterioration compared to the positive figure reported last year (€ 5.9 million). The principal reason for this development, in addition to reduced EBIT, was the increase in inventories and receivables, a factor which was mainly exacerbated by the inclusion of ALTE Technologies and RAWAG.

The cash outflow for investing activities totalling € 20.3 million (January - June 2013: outflow of € 8.4 million) mainly reflects the payment of the purchase price for ALTE Technologies operations, the investment in Albatros and the increase in the investment in RAWAG. In addition, capital expenditure on property, plant and equipment was higher than one year earlier, due to ongoing capacity expansion in the Mobile Transportation Technology and Components segments.

Financing for the various transactions undertaken during the six-month period is reflected in the increase in cash flow from financing activities to € 28.8 million (January - June 2013: € 1.6 million).

Overall, cash and cash equivalents increased by € 5.8 million to € 18.9 million during the period under report.

Net assets position

Non-current assets increased by 26.6 per cent to € 133.5 million over the six-month period. Intangible assets almost doubled as a result of the recognition of goodwill for ALTE Technologies and RAWAG. Concurrently, the carrying amount for property, plant and equipment was almost € 10 million higher than six months earlier, mainly due to the first-time consolidation. One item reducing non-current assets was the decrease in investments previously accounted for using the equity method following the transition of RAWAG to full consolidation.

Current assets went up by 27.7 per cent to € 206.9 million during the reporting period. The main factors here were the increases in inventories and receivables, partly in conjunction with the inclusion of new operations and partly due to timing factors around the period end.

Working capital went up overall by 28.0 per cent from the end of the previous financial year (€ 105.9 million) to € 135.6 million at 30 June 2014. The increase in inventories and receivables was partly offset by higher levels of payables and advance payments from customers, including € 16 million relating to the newly acquired entities.

Employees

Due to the consolidation of RAWAG and the acquisition of ALTE's operations, the Schaltbau Group gained a total of 495 employees in the second quarter. New staff was also recruited for the development, logistic and sales departments of the two transportation technology segments as well as for the production department of the Components segment. At the end of the second quarter, the Schaltbau Group employed a total of 2,569 people (31 December 2013: 2,044 people).

Events after the end of the reporting period

No further events or developments of special significance took place subsequent to 30 June 2014.

Report on outlook, opportunities and risks

Generally, macroeconomic conditions have developed in line with predictions made in the Outlook report, which is part of the Group Management Report 2013 (see Annual Report pages 43 to 46). The companies of the Schaltbau Group do not expect to see any major changes during the coming six months. This also means, however, that the current investment backlog in the field of control and safety technologies is likely to continue. Moreover, we can conclude that it will no longer be possible to entirely compensate for the numerous project delays by the end of the current year – particularly in the Rail Infrastructure business field of the Stationary Transportation Technology segment, but also in Components segment business in the USA.

The Schaltbau Group intends to generate sales of € 425 million for the full year. The expected increase of almost € 34 million compared to the previous year (€ 391.3 million) is relying on the anticipated sales generated by ALTE Technologies and RAWAG.

According to the current state of our planning, the previously mentioned project delays are likely to negatively impact the Schaltbau Group's EBIT. The effect is worsened by expected negative earnings from ALTE Technologies as well as further IT-related expenses, which means EBIT is now forecast to total only € 31 million for the full year 2014.

The decrease, however, will be easily compensated by the improvement in the result from investments. After taking moderate valuation adjustments for further investee entities into account as well as the currently assumed amount of the Group's share of the loss of the Spanish investment Albatros, the net positive effect in the result from investments should amount to around € 8.8 million for the full year. For this reason, the target for Group net profit for 2014 has been raised from € 25 million to € 29.4 million, which is equivalent to upwardly adjusting the planned earnings per share from € 3.50 to € 4.15.

The Schaltbau Group's risk and opportunity situation has not fundamentally changed compared to that presented in the Group Management Report 2013. The risk and opportunity report is included in the Annual Report on pages 35 to 42. Although sanctions against Russia could jeopardise the implementation of both ongoing and scheduled projects, they would only affect a maximum of approximately 2 per cent of total revenue. At the present time, no risks have been identified that pose a threat to the going-concern status of the Group.

Condensed Interim Consolidated Financial Statements as at 30.06.2014

Consolidated Income Statement for the period from 1 January to 30 June 2014

€000	1.1.-30.06.2014	1.1.-30.06.2013
1. Sales	196,710	193,687
2. Change in inventories of finished and work in progress	3,495	-809
3. Own work capitalised	1,743	869
4. Total output	201,948	193,747
5. Other operating income	1,755	1,713
6. Cost of materials	100,976	95,498
7. Personnel expense	65,323	59,212
8. Amortisation and depreciation	4,502	4,423
9. Other operating expenses	20,606	18,737
10. Profit from operating activities (EBIT)	12,296	17,590
a) Result from at-equity accounted investments	1,816	1,629
b) Other results from investments	10,960	-250
11. Results from investments	12,776	1,379
a) Interest income	52	58
b) Interest expense	1,935	2,453
12. Finance result	-1,883	-2,395
13. Profit before tax	23,189	16,574
14. Income taxes	2,937	4,117
15. Group net profit for the period	20,252	12,457
Analysis of group net profit		
attributable to minority shareholders	2,290	1,963
attributable to the shareholders of Schaltbau Holding AG	17,962	10,494
Group net profit for the period	20,252	12,457
Earnings per share – undiluted:	2.93 €	1.71 €
Earnings per share – diluted:	2.93 €	1.71 €

Statement of Income and Expenses recognised in equity for the period from 1 Jan. to 30 June 2014

€000	1.1.-30.06.2014			1.1.-30.06.2013		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net profit for the period			20,252			12,457
Actuarial gains/losses relating to pensions	-3,599	1,080	-2,519			0
Unrealised gains/losses arising on currency translations						
- from fully consolidated companies			-93			629
- from at-equity accounted companies			35			-430
Derivative financial instruments						
- Change in unrealised gains / losses	-417	125	-292	-488	146	-342
- Realised gains / losses	107	-32	75	311	-93	218
	-310	93	-275	-177	53	75
Other comprehensive income			-2,794			75
Group comprehensive income			17,458			12,532
of which attributable to minority shareholders			2,155			2,2775
of which attributable to the shareholders of Schaltbau			15,303			10,257

Consolidated Income Statement for the second quarter 2014

€000	1.4.-30.06.2014	1.4.-30.06.2013
1. Sales	104,707	98,380
2. Change in inventories of finished and work in progress	1,300	-799
3. Own work capitalised	908	564
4. Total output	106,915	98,145
5. Other operating income	661	925
6. Cost of materials	53,896	48,874
7. Personnel expense	33,860	29,779
8. Amortisation and depreciation	2,303	2,294
9. Other operating expenses	11,439	9,545
10. Profit from operating activities (EBIT)	6,078	8,578
a) Result from at-equity accounted investments	452	981
b) Other results from investments	10,635	-125
11. Results from investments	11,087	856
a) Interest income	34	31
b) Interest expense	1,025	1,243
12. Finance result	-991	-1,212
13. Profit before tax	16,174	8,222
14. Income taxes	1,225	2,025
15. Group net profit for the period	14,949	6,197
Analysis of group net profit		
attributable to minority shareholders	1,264	667
attributable to the shareholders of Schaltbau Holding AG	13,685	5,530
Group net profit for the period	14,949	6,197
Earnings per share – undiluted:	2.23 €	0.90 €
Earnings per share – diluted:	2.23 €	0.90 €

Statement of Income and Expenses recognised in equity for the second quarter 2013

€000	1.4.-30.06.2014			1.4.-30.06.2013		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net profit for the period			14,949			6,197
Actuarial gains/losses relating to pensions	-1,800	540	-1,260			0
Unrealised gains/losses arising on currency translations						
- from fully consolidated companies			408			-311
- from at-equity accounted companies			98			-415
Derivative financial instruments						
- Change in unrealised gains / losses	-193	58	-135	-309	93	-216
- Realised gains / losses	6	-2	4	213	-64	149
	-187	56	375	-96	29	-793
Other comprehensive income			-885			-793
Group comprehensive income			14,064			5,404
of which attributable to minority shareholders			1,384			592
of which attributable to the shareholders of Schaltbau			12,680			4,812

Consolidated Cash Flow Statement for the period from 1 January to 30 June 2014

€ 000	1.1.-30.06.2014	1.1.-30.06.2013
Profit before financial result and taxes (EBIT)	12,296	17,590
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	4,501	4,423
Gains/losses on the disposal of intangible assets and property, plant and equipment	-5	11
Change in current assets	-19,489	-9,085
Change in provisions	-471	-2,226
Change in current liabilities	3,106	-2,225
Dividends received	704	845
Income tax paid	-3,256	-3,391
Other non-cash income / expenses	-3	-2
Cash flow from operating activities	-2,617	5,940
Payments for investments in:		
- intangible assets and property, plant and equipment	-8,415	-6,490
- financial investments	-2,151	-1,623
- payments for investments to acquire fully consolidated entities less cash acquired	-9,779	-300
Proceeds from disposal of:		
- property, plant and equipment	21	24
Cash flow from investing activities	-20,324	-8,389
Dividend payment by Schaltbau Holding AG	-5,892	-4,726
Distribution to minority interests	-1,545	-535
Repayment of participation rights capital	-7,255	0
Loan repayments	-2,770	-2,842
New loans raised	8,500	1,100
Interest paid	-2,331	-2,415
Interest received	52	58
Change in current financial liabilities	40,037	10,945
Cash flow from financing activities	28,796	1,585
Change in cash funds due to exchange rate fluctuations	-79	141
Changes in cash funds	5,776	-723
Cash funds at the end of the period	18,933	6,940
Cash funds at the beginning of the period	13,157	7,663
	5,776	-723

Consolidated Balance Sheet as at 30 June 2014

ASSETS	€ 000	€ 000
	30.06.2014	31.12.2013
A. NON-CURRENT ASSETS		
I. Intangible assets	46,853	24,217
II. Property, plant and equipment	62,631	52,941
III. At-equity accounted investments	5,062	10,442
IV. Other investments	5,849	4,763
V. Deferred tax assets*	13,088	13,043
	133,483	105,406
B. CURRENT ASSETS		
I. Inventories	87,826	68,514
II. Trade accounts receivable	84,973	66,187
III. Income tax receivables	1,016	274
IV. Other receivables and assets	13,492	12,612
V. Cash and cash equivalents	19,545	14,392
	206,852	161,979
Total assets	340,335	267,385
EQUITY AND LIABILITIES	€ 000	€ 000
	30.06.2014	31.12.2013
A. EQUITY		
I. Subscribed capital	7,506	7,506
II. Capital reserves	15,805	15,805
III. Statutory reserves	231	231
IV. Revenues reserves*	44,572	31,833
V. Income/expense recognised directly in equity	-609	-686
VI. Revaluation reserve	3,041	3,041
VII. Group net profit attributable to shareholders of Schaltbau Holding AG	17,962	21,371
VIII. Equity attributable to shareholders of Schaltbau Holding AG	88,508	79,101
IX. Minority interests	15,652	10,317
	104,160	89,418
B. NON-CURRENT LIABILITIES		
I. Participation rights capital	36,488	33,113
II. Pension provisions*	3,357	3,410
III. Personnel-related accruals	880	78
IV. Other provisions	96,087	49,790
V. Financial liabilities	13	15
VI. Other liabilities	6,634	7,138
VII. Deferred tax liabilities	143,459	93,544
C. CURRENT LIABILITIES		
	0	7,132
I. Personnel-related accruals	4,868	6,207
II. Other provisions	19,278	19,048
III. Income taxes payable	469	317
IV. Financial liabilities	10,261	6,350
V. Trade accounts payable	23,747	20,961
VI. Advance payments received	13,441	7,826
VII. Other liabilities	20,652	16,582
	92,716	84,423
Total equity and liabilities	340,335	267,385

Consolidated Statement of Changes in Equity as at 30 June 2014

	Equity attributable to shareholders of Schaltbau Holding AG					
	Subscribed capital	Capital reserves	Statutory reserves	Revenue Other	Reserves Derivate financial Instruments	Revaluation reserve
Balance at 1.1.2013	7,506	15,805	231	18,109	-1,431	3,041
Profit brought forward	0	0	0	18,980	0	0
Shares issued / converted	0	0	0	-4,726	0	0
Dividends	0	0	0	434	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	-123	0
Group comprehensive income	0	0	0	0	-123	0
Balance at 30.06.2013	7,506	15,805	231	32,797	-1,554	3,041
Balance at 1.7.2013	7,506	15,805	231	32,797	-1,554	3,041
Profit brought forward	0	0	0	0	0	0
Shares issued / converted	0	0	0	0	0	0
Dividend paid	0	0	0	-399	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	546	443	0
Group comprehensive income	0	0	0	546	443	0
Balance at 31.12.2013	7,506	15,805	231	32,944	-1,111	3,041
Balance at 1.1.2014	7,506	15,805	231	32,944	-1,111	3,041
Profit brought forward	0	0	0	21,371	0	0
Dividend paid	0	0	0	-5,892	0	0
Change in Group reporting entity	0	0	0	0	0	0
Other changes	0	0	0	-4	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	-2,520	-216	0
Group comprehensive income	0	0	0	-2,520	-216	0
Balance at 30.06.2014	7,506	15,805	231	45,899	-1,327	3,041

Note: rounding differences may arise due to the use of electronic rounding aids.

Income/expenses directly in equity	recognised		Total	Minority interests in equity			Group equity
	from fully consolidation	from at-equity consolidation		Net profit for the period	in capital and reserves	in net profit for the period	
320	-28	18,980	62,533	5,355	3,244	8,599	71,132
0	0	-18,980	0	3,244	-3,244	00	0
0	0	0	-4,7260	-1,619	0	-1,619	-6,345
0	0	0	4340	0	0	0	434
0	0	10,494	10,494	0	1,963	1,963	12,457
316	-430		-237	312	0	312	75
316	-430	10,494	10,257	312	1,963	2,275	12,532
636	-458	10,494	68,498	7,292	1,963	9,255	77,753
636	-458	10,494	68,498	7,292	1,963	9,255	77,753
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	-399	24	0	24	-375
0	0	10,877	10,877	0	1,415	1,415	12,292
-739	-125		125	-376	-1	-377	-252
-739	-125	10,877	11,002	-376	1,414	1,038	12,040
-103	-583	21,371	79,101	6,940	3,377	10,317	89,418
-103	-583	21,371	79,101	6,940	3,377	10,317	89,418
0	0	-21,371	0	3,377	-3,377	0	0
0	0	0	-5,892	-1,699	0	-1,699	-7,591
0	0	0	0	4,879	0	4,879	4,879
0	0	0	-4	0	0	0	-4
0	0	17,962	17,962	0	2,290	2,290	20,252
42	35	0	-2,659	-135	0	-135	-2,794
42	35	17,962	15,303	-135	2,290	2,155	17,458
-61	-548	17,962	88,508	13,362	2,290	15,652	104,160

Explanatory Notes and segment information as at 30 June 2014

DESCRIPTION OF BUSINESS

The Schaltbau Group is one of the leading suppliers of components and equipment for transportation technology and industry. The enterprise supplies complete level crossing systems, shunting and signalling technology, door and boarding systems for buses, trains and commercial vehicles, toilet modules, air conditioning units, industrial braking systems for container cranes and wind power plants as well as high- and low-voltage components for railway vehicles and other applications. Its innovative and future-oriented products make Schaltbau a highly influential business partner in the area of traffic technology.

BASIS OF PREPARATION

The Interim 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 Accounting Standards Board (IASB), and with those of German Accounting Standard No. 16 "Interim Reporting" issued by the Accounting Standards Committee of Germany (DRSC). The same accounting principles and policies have been applied as in the consolidated financial statements for the fiscal year ended 31 December 2012.

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

BUSINESS COMBINATIONS / GROUP REPORTING ENTITY

On 10 February 2014 Schaltbau Holding AG acquired all of the shares of MADIX XXI S.L.U., Barcelona, Spain for a purchase price of EUR 6,000 and changed its name to ALTE Technologies S.L.U.

On 21 April, in conjunction with a share capital increase, Schaltbau Holding AG acquired a 5.6% stake in Albatros S.L., which is based in Madrid, Spain. Moreover, purchase options for further shares in the company have been agreed upon, enabling Schaltbau to gain a majority holding in the Spanish manufacturer of railway technology within the next five years. Schaltbau intends to purchase a 40 per cent share during 2014. At the same time, in conjunction with an asset deal, Schaltbau Holding AG – via ALTE Technologies S.L.U. – acquired the operations of ALTE Transportation S.L., Barcelona (a subsidiary of Albatros S.L.), which specialises in toilet and air conditioning systems. The total purchase price amounts to EUR 8.3 million. Assets acquired in conjunction with the deal included a 51.0% stake in Kineco Alte Train Technologies Pvt Ltd, Bardez, India. The fully consolidated ALTE Technologies as well as the participations accounted at acquisition cost are allocated to the Mobile Transportation Technology segment. In 2013, ALTE Transportation generated sales in the region of € 20 million. The acquisitions will enable the Schaltbau Group to broaden its range of products and strengthen its presence, both on the Spanish market and in North and South America.

In accordance with contracts signed back in 2011, Gebr. Bode & Co. Beteiligungs GmbH acquired a further 46.5 % of the shares of Rawicka Fabryka Wyposazenia Wagonow Sp.z.o.o. (RAWAG), Rawicz, Poland, on 25 June for a purchase consideration of EUR 6,999,000, bringing Bode's investment up to approximately 89.1%. The sellers

transferred their voting rights to Bode Beteiligung on 4 April and, based on the acquisition of control, RAWAG has been fully consolidated with effect from 1 April. In accordance with IFRS accounting requirements, the previous carrying amount of the investment in RAWAG (accounted for at equity) was increased to the Group's share of the fair value of RAWAG's assets and liabilities and a gain of € 11,777,000 recorded in other results from investments. The non-controlling interest of the minority shareholders (approximately 10.9%) is valued at their proportionate fair value of the entity's net assets. RAWAG continues to operate as part of the Mobile Transportation Technology segment. Working closely with the Bode Group, RAWAG sells door systems for railway vehicles and buses on the Central and East European market. The production programme also includes, in particular, windows for railway vehicles and a broad range of components for passenger train interiors.

As a result of the changes in the group reporting entity, the figures reported in the consolidated financial statements are not fully comparable with the previous year. The principal effects on the consolidated balance sheet at 30 June 2014 following the acquisition of additional shares in RAWAG and the asset deal with ALTE Transportation are disclosed in the table below. In order to achieve better comparability, the amounts shown must be deducted from (or, in the case of amounts shown with a negative sign, added to) the corresponding line items in the consolidated balance sheet as at 30 June 2014. It should be noted that the determination of the fair value of the assets and liabilities acquired has not yet been completed and that the carrying amounts of those assets and liabilities held by entities being consolidated for the first time are still based on the amounts reported in the separate financial statements, which have been drawn up in accordance with local accounting practises. The computations relating to the recognition and measurement of acquired assets and liabilities in accordance with IFRS are expected to be completed in the fourth quarter 2014.

Balance sheet at 30 June 2014			
	€ 000		€ 000
Intangible assets and property, plant and equipment	28,838	Revenue reserves including translation differences	54
At-equity accounted investments	-6,908	Group net profit after minority interests	12,106
Other investments	1,294	Minority interests in equity	4,961
Deferred tax assets	201	Deferred tax liabilities	82
Inventories	9,072	Provisions	844
Trade accounts receivable	13,738	Liabilities to banks	18,552
Receivables from associated companies	-1,188	Other financial liabilities	3,615
Other assets	111	Trade accounts payable	3,884
Cash and cash equivalents	4,162	Sundry other liabilities	5,222
	49,320		49,320

The following summary shows the impact of this transaction on the income statement after elimination of intragroup items. In order to achieve better comparability, the amounts shown must be deducted from the corresponding line items in the consolidated income statement.

Income statement 1 Jan. – 30 June 2014		Income statement 1 April – 30 June 2014	
	€ 000		€ 000
Sales	11,627	Sales	11,627
Change in inventories	-1,134	Change in inventories	-1,134
Own work capitalised	88	Own work capitalised	88
Other operating income	96	Other operating income	96
Cost of materials	6,089	Cost of materials	6,089
Personnel expense	2,304	Personnel expense	2,304
Amortisation and depreciation	142	Amortisation and depreciation	142
Other operating expenses	1,467	Other operating expenses	1,467
Result from investments	11,777	Results from investments	11,777
Net interest result	-124	Net interest result	-103
Income taxes	64	Income taxes	64
Group net profit for the period	12,264	Group net profit for the period	12,285
Attributable to minority interests	158	Attributable to minority interests	158
Attributable to Schaltbau Holding AG	12,106	Attributable to Schaltbau Holding AG	12,127
Group net profit for the period	12,264	Group net profit for the period	12,285

Based on the fair value of assets and liabilities measured at the date of first-time consolidation, acquiring control in RAWAG by purchasing additional shares and the asset deal relating to ALTE Technologies, had the following impact:

Disclosures in €000	Carrying amounts at acquisition date	Fair value adjustments	Fair values at acquisition date
Intangible assets	387		387
Property, plant and equipment	6,428		6,428
Investments	76		76
Deferred tax assets	121		121
Inventories	9,310		9,310
Trade accounts receivable	10,327		10,327
Other assets	164		164
Cash and cash equivalents	4,877		4,877
Total assets acquired	31,690		31,690
Deferred tax liabilities	81		81
Provisions	587		587
Liabilities to banks	790		790
Other financial liabilities	3,347		3,347
Trade accounts payable	4,694		4,694
Sundry other liabilities	5,337		5,337
Total liabilities acquired	14,835		14,835
Net assets acquired			16,855
Acquisition cost	14,505		
Fair value of own shares of acquired entities	19,007		
Fair value attributable to minority interests	4,879		
			38,391
Goodwill			21,536

It is assumed that only EUR 5,811,000 of new goodwill arising will be deductible for tax purposes.

If the acquisition of RAWAG had taken place with effect from 1 January, Group sales would have been EUR 4,470,000 higher. Group net profit after minority interests would not have changed. The at-equity result for RAWAG has been included since 1 January on the basis of a shareholding of approximately 89.1%, since the purchase contracts signed in 2011 stipulate that no earnings would be attributable to the sellers for the financial year 2014. The impact of executing the asset deal relating to ALTE Technologies at an earlier stage as well as the additional impact of eliminating intragroup receivables, payables and profit cannot be quantified.

Other disclosures required by IFRS 3 could not be determined before the interim consolidated financial statements were issued for authorisation. The collation of the necessary data has not yet been completed. It is expected that this data will become available during the forth quarter.

USE OF ESTIMATES

For the purposes of drawing 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 and the amounts of income and expense recognised in the period under report. Actual results can differ from estimates as a result of changes in the economic situation and due to other circumstances.

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	
	30.06.2014	31.12.2013	1.1. bis 30.06.2014	1.1. bis 30.06.2013
Chinese renminbi yuan	8.4722	8.3491	8.4208	8.1995
US dollar	1.3658	1.3791	1.3710	1.3132
British pound	0.8015	0.8337	0.8216	0.8504
New Turkish lire	2.8969	2.9605	2.9653	2.3791
Polish Zloty	4.1568	4.1543	4.1747	4.1741

ACCOUNTING PRINCIPLES AND POLICIES

Provisions

Pension provisions are measured on the basis of values stated in the relevant actuarial reports for 2014, taking into account pensions paid during the period under report and the change in the interest rate level. The interest rate at the end of the quarter is calculated on the basis of the discount rate updated in accordance with the Mercer Pension Discount Yield Curve Approach (MPDYC). Adjustments resulting from the change in the interest rate level are recognised directly in equity, net of deferred tax. The provision for obligations for early retirement part-time working arrangements is based on management estimates, unlike in the financial statements for the year ended 31 December 2013 when the provision was based on actuarial reports.

Contingent liabilities

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

Consolidated cash flow statement

The cash flow statement shows changes in the Schaltbau Group's cash and cash equivalents. Cash and cash equivalents comprise checks, cash on hand, cash at bank and the net amount on cash management balances with non-consolidated companies (see also additional disclosures made for the Consolidated Statement of Cash Flows).

The cash flow statement has been prepared in accordance with IAS 7, with cash flows classified into cash flows from operating, investing and financing activities. The cash flow from operating activities is determined using the indirect method.

ANALYSIS OF SELECTED ITEMS REPORTED IN THE FINANCIAL STATEMENTS

PERSONNEL EXPENSE / EMPLOYEES

in € 000	1.1. – 30.06.	2014	2013
Wages and salaries		54,795	49,593
Social security, pension and welfare expenses		10,528	9,619
		65,323	59,212
EMPLOYEES			
		2014	2013
Employees		2,107	1,818

These employee figures show the weighted average for the period under report (including trainees, executives and board members). The above figure includes 241 employees working at companies which have been fully consolidated for the first time (counted proportionately for the period of employment within the Group).

Results from investments

In order to achieve better comparability, the amount reported in the line item "Results from at-equity accounted investments" only includes the amount attributable to operating activities. The gain of € 11,777,000 arising on the revaluation of the investment in RAWAG following the change from at-equity accounting to full consolidation is reported in the line item "Other results from investments".

Other results from investments include impairment losses of EUR 1,142,000 (January - June 2013: EUR 250,000) recognised on investments in two (January - June 2013: one) non-consolidated foreign subsidiaries.

FINANCIAL RESULT

in € 000	1.1. – 30.06.	2014	2013
Other interest and similar income (of which from affiliated companies)		52 (-)	58 (-)
Interest and similar expenses (of which to affiliated companies)		- 1,935 (- 8)	- 2,453 (- 10)
		- 1,883	- 2,395

Interest expenses include €590,000 (1.1. – 30.06.2013: € 590,000) relating to the interest component of the allocation to the pension provision.

INCOME TAXES

in € 000	1.1. – 30.06.	2014	2013
Income tax expense		- 2,279	- 3,234
Deferred tax expense		- 658	- 883
		- 2,937	- 4,117

EUR 947,000 (January – June 2013: EUR 934,000) of deferred tax assets, recognised in previous accounting periods on tax losses available for carryforward in Germany, were derecognised.

OTES TO THE CONSOLIDATED BALANCE SHEET

INTANGIBLE ASSETS, PLANT PROPERTY AND EQUIPMENT AND INVESTMENTS

The **revaluation method** has only been applied for land. The revaluation reserve did not change during the period under report.

INVENTORIES

in € 000	30.06.2014	31.12.2013
Raw materials, consumables and supplies	40,315	29,899
Work in progress	34,548	27,877
Finished products, goods for resale	12,056	10,309
Advance payments to suppliers	907	429
	87,826	68,514

Write-downs totalling € 346,000 (January - June 2013: € 137,000) and reversals of impairment losses totalling € 237,000 (January - June 2013: € 41,000) were recognised on inventories during the period under report. Write-downs on inventories at the end of the reporting period totalled € 16,289,000 (2013: € 14,692,000).

RECEIVABLES AND OTHER ASSETS

in € 000	30.06.2014	31.12.2013
Trade accounts receivable	84,973	66,187
Receivables from affiliated companies	6,570	5,445
Receivables from associated companies	89	761
Income tax receivables	1,016	274
Positive fair values of derivative instruments	66	164
Other assets	6,767	6,242
	99,481	79,073

Allowances on trade accounts receivable amount to € 3,282,000 (31 June 2013: € 2,646,000). Write-downs amounting to € 622,000 (January – June 2013: € 904,000) and reversals of write-downs amounting to € 24,000 (January – June 2013: € 22,000) were recorded against receivables and other assets.

CASH AND CASH EQUIVALENTS

in € 000	30.06.2014	31.12.2013
Cheques and cash on hand	52	25
Cash at bank	19,493	14,367
	19,545	14,392

CHANGES IN GROUP EQUITY

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

PROVISIONS

in € 000	30.06.2014	31.12.2013
Non-current provisions		
Pension provision*	36,488	33,113
Personnel-related accruals	3,357	3,410
Warranties	345	78
Other provisions	535	0
Other non-current provisions	4,237	3,488
	40,725	36,601
Current provisions		
Personnel-related accruals	4,868	6,207
Current tax	2,585	2,851
Warranties	6,932	7,336
Outstanding costs and material	7,258	5,877
Other provisions	2,503	2,984
Other current provisions	19,278	19,048
	24,146	25,255
Total provisions*	64,871	61,856

A discount rate of 2.7% (2013: 3.5%) was used to calculate the pension provision. The resulting EUR 3,600,000 increase in the pension provision was recognised directly in equity.

LIABILITIES

in € 000	30.06.2014	31.12.2013
Non-current liabilities		
Liabilities to banks	92,975	49,790
Finance lease liabilities	88	0
Other financial liabilities	3,024	0
Financial liabilities	96,087	49,790
Other liabilities	13	15
	96,100	49,805
Current liabilities		
Current income tax liabilities	469	317
Liabilities to banks	9,758	6,350
Finance lease liabilities	18	0
Other financial liabilities	485	0
Financial liabilities	10,261	6,350
Trade accounts payable	23,747	20,961
Advance payments received	13,441	7,826
Payables to affiliated companies	876	1,543
Liabilities to other group entities	584	720
Negative fair values of derivatives	1,904	1,643
Sundry other liabilities	<u>17,288</u>	<u>12,676</u>
Other liabilities	20,652	16,582
	68,570	52,036
Total liabilities	164,670	101,841

SEGMENTS

The Group's segment designations are product-oriented. The Group's business units are allocated to the segment for which they generate most of their sales. A detailed description of the three segments, "Mobile Transportation Technology", "Stationary Transportation Technology" and "Components" is provided in the Combined Group and Company Management Report in the section "Business activities"

The column "Holding company, other consolidation items" comprises the activities of the holding company. This is influenced by the financing function of the holding company for the Group and by the tax group arrangements in place in Germany. These expenses are not recharged to the subsidiaries concerned. By contrast, expenses incurred for providing centralised services (e.g. SAP system costs) are recharged. The financial reporting principles used for segment reporting correspond to those used in the consolidated financial statements.

Reconciliations

€ 000	Sales		€ 000	EBIT	
	2014	2013		2014	2013
1.1.-30.06.			1.1.-30.06.		
Total sales of segments	197,601	194,546	Total EBIT of segments	15,501	19,915
Other sales	1,044	1,291	Other EBIT	-3,206	-2,396
Consolidation	-1,935	-2,150	Consolidation	1	71
Sales as per income statement	196,710	193,687	EBIT as per income statement	12,296	17,590

€ 000	Assets		€ 000	Liabilities	
	2014	2013		2014	2013
30.06.			30.06.		
Total segment assets	355,903	286,227	Total segment liabilities	224,273	181,969
Other assets excluding deferred tax assets	69,723	54,961	Other liabilities excluding deferred tax liabilities	89,610	75,023
Deferred taxes	4,335	6,404	Deferred taxes	-80	784
Consolidation	-89,626	-75,887	Consolidation	-77,628	-63,824
Group assets as per balance sheet	340,335	271,705	Group liabilities as per balance sheet	236,175	193,952

"Other sales" comprise almost entirely sales recorded at the level of Schaltbau Holding AG for IT services provided to subsidiaries. These sales, together with inter-segment sales, are eliminated on consolidation.

"Other EBIT" comprises mainly expenses recorded at the level of Schaltbau Holding AG for personnel, non-rechargeable materials expenses, other operating expenses and other taxes.

"Other assets" relate primarily to receivables of Schaltbau Holding AG from affiliated companies in connection with financing activities. These receivables are eliminated on consolidation along with other inter-segment receivables.

"Other liabilities" comprise mainly financial liabilities, pension provisions and payables to affiliated companies recorded at the level of Schaltbau Holding AG. The latter are eliminated on consolidation along with other inter-segment payables.

PRODUCT-BASED SEGMENT INFORMATION

Disclosures in € 000

1.1. – 30.06.

	Mobile Transportation Technology		Stationary Transportation Technology	
	2014	2013	2014	2013
Order-intake (external)	91,397	83,264	78,844	74,231
Sales	84,994	74,215	57,957	64,444
- of which external	84,751	74,163	57,630	63,933
- of which with other segment	243	52	327	511
External order-book	133,274	115,039	97,214	85,203
EBITDA	7,313	7,899	-72	3,872
Result from operating activities (EBIT)	6,176	6,799	-1,795	2,288
Result from at-equity accounted investments	1,816	1,629	0	0
Other results from investments	11,057	0	-422	-250
Interest income	94	73	43	43
Interest expense	-452	-305	-1,305	-1,155
Income taxes	-876	-368	-462	-97
Segment result / Group result	17,815	7,828	-3,941	829
Changes in group reporting entity	21,198	0	0	0
Capital expenditure on investments	1,703	1,418	-2	205
Impairment losses on investments	-720	0	-422	-250
Capital expenditure ¹⁾	2,787	716	3,075	4,226
Amortisation and depreciation ¹⁾	-1,137	-1,100	-1,723	-1,585
Impairment losses	0	0	-172	0
Reversal of impairment losses	25	0	24	0
Other significant non-cash expenses	-3,757	-3,120	-3,195	-2,928
Segment assets ²⁾	138,859	80,677	111,726	106,721
Investments accounted for at-equity	5,062	9,776	0	0
Capital employed ³⁾	106,223	61,444	81,797	77,242
Segment liabilities ⁴⁾	68,173	35,733	95,623	87,244
Employees (average as per HGB)	827	566	660	645
EBIT margin ⁵⁾	7,3 %	9,2 %	-3,1 %	3,6 %
Return on capital employed ⁶⁾	11,6 %	22,1 %	-4,4 %	5,9 %

¹⁾ = in / on intangible assets and property, plant and equipment

²⁾ = Balance sheet total

³⁾ = Working capital (inventories + trade accounts receivable – advance payments received – trade accounts payable) plus non-current assets excluding deferred tax assets

⁴⁾ = Liabilities

⁵⁾ = EBIT / external sales

⁶⁾ = EBIT / capital employed (EBIT extrapolated to annual amount)

Components		Sub-total		Holding, Reconciling items		Schaltbau Group	
2014	2013	2014	2013	2014	2013	2014	2013
57,424	55,830	227,665	213,325	46	49	227,711	213,374
54,650	55,887	197,601	194,546	-891	-859		
54,284	55,542	196,665	193,638	45	49	196,710	193,687
366	345	936	908	-936	-908		
52,155	48,536	283,093	248,778			283,093	248,778
12,621	12,282	19,862	24,053	-3,064	-2,040	16,798	22,013
11,120	10,828	15,501	19,915	-3,205	-2,325	12,296	17,590
0	0	1,816	1,629	0	0	1,816	1,629
325	0	10,960	-250	0	0	10,960	-250
40	40	177	156	-125	-98	52	58
-721	-858	-2,478	-2,318	543	-135	-1,935	-2,453
-1,021	-1,595	-2,359	-2,060	-578	-2,057	-2,937	-4,117
9,743	8,415	23,617	17,072	-3,365	-4,615	20,252	12,457
0	0	21,198	0	0	0	21,198	0
0	0	1,701	1,623	450	0	2,151	1,623
0	0	-1,142	-250	0	0	-1,142	-250
2,525	1,544	8,387	6,486	28	4	8,415	6,490
-1,500	-1,454	-4,360	-4,139	-141	-284	-4,501	-4,423
-796	-1,041	-968	-1,041	0	0	-968	-1,041
212	62	261	62	0	0	261	62
-5,618	-3,855	-12,570	-9,903	-1,323	-2,570	-13,893	-12,473
105,318	98,829	355,903	286,227	-15,568	-14,522	340,335	271,705
0	0	5,062	9,776	0	0	5,062	9,776
79,173	77,536	267,193	216,222	-11,187	-11,547	256,006	204,675
60,477	58,992	224,273	181,969	11,902	11,983	236,175	193,952
599	588	2,086	1,799	21	19	2,107	1,818
20.5 %	19.5 %					6.3 %	9.1 %
28.1 %	27.9 %					9.6 %	17.2 %

PRODUCT-BASED SEGMENT INFORMATION

Disclosures in € 000

1.4. – 30.06.

	Mobile Transportation Technology		Stationary Transportation Technology	
	2014	2013	2014	2013
Order-intake (external)	52,751	45,773	36,508	35,909
Sales	47,353	38,591	30,701	33,310
- of which external	47,144	38,590	30,436	33,127
- of which with other segment	209	1	265	183
External order-book	133,274	115,039	97,214	85,203
EBITDA	3,737	4,251	-139	2,444
Result from operating activities (EBIT)	3,096	3,665	-978	1,619
Result from at-equity accounted investments	452	981	0	0
Other results from investments	11,057	0	-422	-125
Interest income	47	32	20	18
Interest expense	-282	-162	-677	-590
Income taxes	-464	-176	-186	-51
Segment result / Group result	13,906	4,340	-2,243	871
Changes in group reporting entity	21,198	0	0	0
Capital expenditure on investments	1,703	478	-2	0
Impairment losses on investments	-720	0	-422	-125
Capital expenditure ¹⁾	2,035	305	1,415	3,521
Amortisation and depreciation ¹⁾	-641	-586	-839	-825
Impairment losses	0	0	0	0
Reversal of impairment losses	25	0	0	0
Other significant non-cash expenses	-1,257	-1,445	-1,447	-1,145
Segment assets ²⁾	138,859	80,677	111,726	106,721
Investments accounted for at-equity	5,062	9,776	0	0
Capital employed ³⁾	106,223	61,444	81,797	77,242
Segment liabilities ⁴⁾	68,173	35,733	95,623	87,244
Employees (average as per HGB)	827	566	660	645
EBIT margin ⁵⁾	6,6 %	9,5 %	3,2 %	4,9 %
Return on capital employed ⁶⁾	11,7 %	23,9 %	4,8 %	8,4 %

¹⁾ = in / on intangible assets and property, plant and equipment

²⁾ = Balance sheet total

³⁾ = Working capital (inventories + trade accounts receivable – advance payments received – trade accounts payable) plus non-current assets excluding deferred tax assets

⁴⁾ = Liabilities

⁵⁾ = EBIT / external sales

⁶⁾ = EBIT / capital employed (EBIT extrapolated to annual amount)

Components		Sub-total		Holding, Reconciling items		Schaltbau Group	
2014	2013	2014	2013	2014	2013	2014	2013
26,196	23,839	115,455	105,521	21	25	115,476	105,546
27,282	26,773	105,336	98,674	629	294		
27,106	26,639	104,686	98,356	21	25	104,707	98,381
176	134	650	318	-650	-318		
52,155	48,536	283,093	248,778			283,093	248,778
6,423	5,182	10,021	11,877	-1,640	-1,003	8,381	10,874
5,671	4,441	7,789	9,725	-1,711	-1,145	6,078	8,580
0	0	452	981	0	0	452	981
0	0	10,635	-125	0	0	10,635	-125
20	17	87	67	-53	-37	34	30
-371	-423	-1,330	-1,175	304	-68	-1,026	-1,243
-388	-631	-1,038	-858	-187	-1,168	-1,225	-2,026
4,932	3,404	16,595	8,615	-1,647	-2,418	14,948	6,197
0	0	21,198	0	-3	0	21,195	0
0	0	1,701	478	450	0	2,151	478
0	0	-1,142	-125	0	0	-1,142	-125
1,448	956	4,898	4,782	22	3	4,920	4,785
-751	-741	-2,231	-2,152	-71	-142	-2,302	-2,294
-644	-741	-644	-741	0	0	-644	-741
144	0	169	0	0	0	169	0
-1,277	69	-3,981	-2,521	-642	-1,359	-4,623	-3,880
105,318	98,829	355,903	286,227	-15,568	-14,522	340,335	271,705
0	0	5,062	9,776	0	0	5,062	9,776
79,173	77,536	267,193	216,222	-11,187	-11,547	256,006	204,675
60,477	58,992	224,273	181,969	11,902	11,983	236,175	193,952
599	588	2,086	1,799	21	19	2,107	1,818
20.9 %	16.7 %					5.8 %	8.7 %
28.7 %	22.9 %					9.5 %	16.8 %

CONSOLIDATED CASH FLOW STATEMENT

Composition of cash funds

Cash funds comprise:

€ 000	30.06.2014	31.12.2013
Cash and cash equivalents	19,545	14,392
Balance on cash management accounts	-612	-1,235
	18,933	13,157

€ 000	30.06.2013	31.12.2012
Cash and cash equivalents	8,416	8,510
Balance on cash management accounts	-1,476	-847
	6,940	7,663

In addition to cash and cash equivalents, the balance on cash management accounts with non-consolidated subsidiaries is included. This item is presented in the balance sheet in current other liabilities (payables to affiliated companies).

OTHER DISCLOSURES

Contingent liabilities and other financial commitments

in € 000	30.06.2014	31.12.2013
Other financial obligations		
Rental and lease expenses	7,896	8,350
Other commitments	3,231	4,309

Contingent liabilities amounted to € 972,000 at 30 June 2014 (31 December 2013: € 959,000).

The risk of incurring costs in connection with these contingent liabilities is considered small.

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 fully consolidated companies on the one hand and associated and non-consolidated companies on the other are disclosed below from the perspective of the fully consolidated companies:

	Volume of services performed		Volume of services received	
	1.1.-30.6.2014	1.1.-30.6.2013	1.1.-30.6.2014	1.1.-30.6.2013
	€ 000	€ 000	€ 000	€ 000
Associated companies				
goods and services	1,243	3,731	2,188	2,965
other relationships	-	-	-	-
Non-consolidated companies				
goods and services	5,162	5,546	3,222	1,100
other relationships	25	39	715	794

The following receivables and payables existed at the balance sheet date from the perspective of the fully consolidated companies (mostly relating to the supply of goods).

	Receivables		Payables	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013
	€ 000	€ 000	€ 000	€ 000
Associated companies	89	761	411	720
Non-consolidated companies	6,570	5,445	876	1,543

Munich, 31 July 2014
 Schaltbau Holding AG
 The Executive Board



Dr. Jürgen Cammann



Elisabeth Prigge



Dirk Christian Löchner

Disclaimer

Some of the assertions made in this report may be similar in character to forecasts or may be interpreted as such. The assertions are made to the best of the knowledge and belief of management and apply, in accordance with the nature of such asserts, on the condition that there are no massive contraction of the markets relevant for the Schaltbau Group and in the specific market position of the individual group entities and that the forecasting assumptions turn out to be appropriate, both in terms of scale and timing. The Company does not assume any responsibility for updating forward-looking assertions.

Responsibility statement

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group 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 months of the financial year.”

Munich, 31 July 2014

Schaltbau Holding AG
The Executive Board



Dr. Jürgen Cammann



Elisabeth Prigge



Dirk Christian Löchner

Comment on unaudited status

The Interim Consolidated Financial Statements and Interim Group Management Report as at 30 July 2014 have neither been audited in accordance with § 317 HGB nor subject to a limited review by the group auditor.

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