



Group Interim Report
as at 30 June 2010

Schaltbau Group Key Financial Figures for the period ended 30 June

Group key financial figures		1st half of 2010	1st half of 2009	2nd quarter 2010	2nd quarter 2009
Order situation					
Order-intake	€ m.	153.3	140.4	75.1	61.1
Order-book	€ m.	182.6	179.7	182.6	179.7
Income statement					
Sales	€ m.	133.9	142.5	71.8	69.9
Total output	€ m.	137.8	136.1	72.2	64.5
EBITDA		13.5	14.4	7.8	6.9
Profit from operating activities (EBIT)	€ m.	10.3	11.4	6.1	5.3
EBIT margin	%	7.7	8.0	8.6	7.6
Group net profit for the period	€ m.	6.6	8.0	4.1	3.7
Profit attr. to shareholders of the AG	€ m.	5.3	7.0	3.5	3.4
Return on capital employed	%	15.7	17.4	18.7	16.2
Balance sheet					
Fixed Assets	€ m.	61.8	60.0	61.8	60.0
Working capital	€ m.	69.4	71.2	69.4	71.2
Capital employed	€ m.	131.2	131.2	131.2	131.2
Group equity	€ m.	24.6	14.4	24.6	14.4
Net bank liabilities	€ m.	39.2	48.8	39.2	48.8
Balance sheet total	€ m.	191.5	172.0	191.5	172.0
Personnel					
Employees at end of reporting period	Number	1.601	1.592	1.601	1.592
Personnel expense	€ m.	43.5	41.5	21.9	20.5
Personnel expense per employee	€ 000	60.1	57.7	60.4	57.0
Total output per employee	€ 000	190.6	189.4	199.6	179.6
Earnings per share					
Earnings per share (undiluted)	€	2.87	3.76	1.86	1.80
Earnings per share (diluted)	€	2.69	3.51	1.73	1.68

Contents

3	To the shareholders
5	Group Interim Management Statement
5	Major events during the first half of 2010
5	Business environment
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 2010
10	Opportunities and risks report
10	Forecasts and other statements regarding anticipated development
11	Significant transactions with associated companies and persons
12	Condensed Interim Consolidated Financial Statements as at 30 June 2010
12	Consolidated Income Statement for the first half of 2010
13	Consolidated Income Statement for the second quarter 2010
14	Consolidated Cash Flow Statement
15	Consolidated Balance Sheet
16	Consolidated Statement of Changes in Equity
18	Notes and segment information
30	Disclaimer
30	Responsibility statement
30	Comment on unaudited status

Dear shareholders,

The crisis now seems to have been overcome. One is bound to receive this impression on taking a closer look at world economic performance over the first six months of 2010. Both industrial production and trade volumes worldwide are currently displaying double-digit growth rates. Forecasts for the fiscal year 2010 are being upwardly revised wherever one looks. The key forces driving this growth continue to be the Asian nations, particularly China and India. By contrast, however, the expectations for Europe and especially the euro zone are still rather restrained. Here, the main factor hindering growth is the debt crisis, which is by no means confined to the PIIGS countries.

In the meantime, the USA has also piled up an immense mountain of debt and currently accepts a high trade deficit. The more efficient use of energy, which in turn means lower energy imports, can be a positive approach to improving the situation. Apart from switching to alternative sources of energy, it also involves investing in transportation infrastructure. Hence the winners in this situation are also likely to include both the wind power industry and energy-efficient transportation systems such as railways or buses, particularly the electric- or hybrid-driven varieties. All of these markets are relevant for the companies of the Schaltbau Group.

It is therefore of key importance to consistently maintain our course along the strategic route we are already taking. The primary growth markets in the short and medium term are the booming regions of Asia. As stated above, the North American market also holds a great deal of promise. In a nutshell, the Schaltbau Group stands to profit from these global trends with its specialised range of products for the railway industry, the bus sector and selected niche markets in the investment goods industry. The essential groundwork already mentioned last year, including the acquisition of personnel, is a prerequisite for achieving our goals.

Business performance in the first half of 2010 points to the Group's prospects. Order intake for the Schaltbau Group has risen substantially, growing by more than 20 per cent in the second quarter alone. This development has already had a positive impact on sales, which were moderately up on those of the same period one year earlier. The improvement of over 10 per cent is even more striking when compared to the figure posted in the last quarter 2009. The sales-related increase in receivables was one factor that led to a sharp rise in working capital. The growth in order-book volume in the Stationary Transportation Technology and Components segments meant larger inventories of finished products and

work in progress in order to handle the growing number of scheduled deliveries for the coming months, which also showed in the higher volume of working capital. This is an additional indication of our confident outlook for the months to come.

Based on the improved business performance during the first six months of 2010, which exceeded our expectations, the Schaltbau Group's prospects have prompted us to upwardly adjust the forecast for incoming orders, sales and earnings for the fiscal year 2010. For the full year we now predict Group earnings per share of € 6.10, a significant increase on the previous forecast of € 5.40.

Dear shareholders, as you can see, we are looking towards the future with optimism. We remain well positioned in Europe, our major core market, which will continue to be the cornerstone of our activities in the years to come. China and the USA, however, are the markets of the future and we intend to expand our involvement in these areas. At the same time, the consolidation process in the railway industry is likely to intensify, particularly among suppliers. The trend will be additionally quickened by the endeavours of Chinese companies to export their railway technology. On the other hand, suppliers from the Far East will hardly be able to do without high technology from the West. These changing parameters present the Schaltbau Group with a great many opportunities and our highly flexible financing structure will enable us to react to them in various ways, including acquisitions. We have created the conditions that enable us to realise our growth plans and we sincerely hope you will continue to accompany us along this path as shareholders.

Yours faithfully,

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of connected, fluid strokes that form the rest of the name.

Dr. Jürgen H. Cammann
Spokesman of the Executive Board

Group Interim Management Statement

Based on strong growth, particularly in Asia, the world economic recovery continued to gather pace in the second quarter 2010. Not only the railway components business profited from the trend, the upswing in the field of industrial applications was also outstanding and the Schaltbau Group again performed better than expected in the first half of 2010. Sales figures, which were held down mainly by the harsh winter conditions in the first three months of the year, were partially compensated for in the second quarter and the EBIT margin rose pleasingly. The positive performance and the Schaltbau Group's bright prospects for the coming six months have prompted an upward revision of the forecast for the fiscal year 2010.

Major events during the first half of 2010

Major events occurring in the first half of 2010 included finalising the consortium loan agreement for € 50 million, which was signed on 19 March, and the acquisition of a 67% stake in Bode Corporation in the Mobile Transportation Technology segment, which was also completed in March. Please see the report on the first quarter for a detailed description of both transactions.

Business environment

The unexpectedly strong recovery in the world economy also had a positive impact on markets relevant for the Schaltbau Group, which continued to gain momentum in the second quarter. In the Mobile Transportation Technology segment the brisk demand for Door Systems for Railway Vehicles continued unabated. At the same time, the decline in bus production in Germany successively slowed during the period under report and even transformed to an upward growth trend in June 2010. Production activity on the German market for small commercial vehicles rose noticeably during the first half of 2010, which is important for the Fittings for Sliding Vehicle Doors product group.

The Stationary Transportation Technology segment profited from the service and financing agreement (LuFV) in place between the German Federal Ministry of Transport and Deutsche Bahn AG and the benefits came to full fruition during the six months under report. This fact considerably boosted demand in the important Railway Signal Technology product group. Economic conditions in the Brake Systems business field have not yet shown an improvement on the extremely difficult situation experienced over the last eight months of 2009.

In the Components segment, business with industrial applications grew more strongly than expected on all fronts during the period under report. Moreover, the highly stable overseas demand for railway equipment already apparent at the beginning of the year has risen considerably during the first six months, particularly on the Chinese market.

Order situation

Driven by the brighter economic conditions and the continued broad acceptance of the innovative new products and systems in the various business fields, the order situation for the Schaltbau Group exceeded expectations in the first half of 2010. The growth is reflected in the volume of incoming orders in the second quarter, which rose sharply to reach € 75.1 million (Q2 2009: € 61.1 million). At € 78.2 million, order intake for the first quarter was only slightly down on the very high previous year's figure of € 79.3 million. Altogether, order intake grew to € 153.3 million during the reporting period, up by around nine per cent on the figure of € 140.4 million recorded one year earlier.

The **Stationary Transportation Technology** segment exceeded expectations during the six-month period under report. At the end of June 2010, incoming orders for the segment had surpassed the previous year's level, despite the considerable deficit in the first quarter due to the gaining of two major orders during the first three months of 2009. The growth seen in the second quarter is mainly attributable to the two product groups Door Systems for Buses/Coaches and Door Systems for Railway Vehicles.

In the **Stationary Transportation Technology** segment, order intake for the six months under report was well up on the previous year, primarily triggered by higher demand from the railway industry. Demand for Brake Systems, however, remained sluggish at a low level and the volume of incoming orders was unable to match last year's figure. Despite a constant rise in the volume of available projects in the market for container terminals, scheduling for the awarding of orders was repeatedly delayed due to financing difficulties. The market response to the new braking systems for wind power plants has been very pleasing and this area is meanwhile responsible for around ten per cent of incoming orders.

The booming railway business in Asia has powered a sharp rise in new orders for the **Components** segment and the volume of orders coming from China was outstanding. The segment also recorded double-digit growth on the German market. Apart from the ongoing stability of the railway sector, demand for industrial applications also gathered far more

pace than expected and the Chinese joint venture in Xi'an profited from the strong demand for railway components on its home market.

The Schaltbau Group's order book stood at € 182.6 million on 30 June 2010 as compared with € 179.7 million one year earlier.

Sales

Sales figures for the first six months of 2010 were held down by the weak order situation in the closing months of 2009 and by delays in delivering orders due to the long winter period. After revenues declined to € 62.1 million in the first quarter 2010 (Q1 2009: € 72.6 million), sales in the second three-month period grew moderately to achieve € 71.8 million (Q2 2009: € 69.9 million). The improved performance helped close the gap on the previous year's figure for the six-month period. At € 133.9 million, sales were still around six per cent down on the previous year's total of € 142.5 million.

Sales in the **Mobile Transportation Technology** segment grew even faster than order intake during the first six months of 2010. The positive performance was primarily sustained by the Door Systems for Railway Vehicles product group, which grew strongly throughout the period as a result of the good order situation. The Fittings for Sliding Vehicle Doors product group also posted good growth figures. In contrast, sales for the Door Systems for Buses/Coaches product group were slightly down on last year's numbers.

Even after six months, sales in the **Stationary Transportation Technology** segment still failed to match those seen one year earlier. Delays in delivering orders for level crossings and point heating systems due to the severe winter led to a sales slump in the Rail Infrastructure business field that had still not been compensated by the end of the second quarter. The Brake Systems business field reported sales well below those of the previous year due to the weak order situation for container terminals. The Wind Energy Braking Systems product group did not make a significant contribution to sales over the first six months of 2010 due to the relatively long lead times.

After a very strong March, the **Components** segment consistently surpassed the previous year's sales figures in each of the following three months. The positive performance was primarily due to greater demand for switches and contactors.

Group earnings performance

The earnings performance of the Schaltbau Group in the first half of 2010 was dampened by a € 3.1 million increase in inventories of finished products and work in progress, largely due to delivery delays in the Stationary Transportation Technology segment caused by the long winter. The figure stands in contrast to the € 6.8 million decrease in inventories recorded one year earlier. These contrary developments result in total output of € 137.8 million for the six-month period under report, somewhat higher than the previous year (€ 136.1 million), which also reflects the Group's business forecast.

Strategic upfront expenditure in preparation for the expected increase in sales performance over the next few years caused personnel costs to rise by around € 2 million compared to the first half of 2009, which were only partially compensated for by increased earnings of € 0.8 million. The Group as a whole achieved an EBIT of € 10.3 million (2009: € 11.4 million) with a very slightly lower EBIT margin of 7.7% (2009: 8.0%).

Group net profit stood at € 6.5 million at 30 June 2010, approximately € 1.5 million below the previous year's figure. The second quarter 2010, however, showed an improvement of approximately € 0.3 million on the figure recorded one year earlier. The profit attributable to shareholders decreased from € 7.0 million last year to € 5.4 million. Earnings per share stood at € 2.87 compared with € 3.76 for the first half of 2009.

Benefiting from the dynamic sales performance, EBIT for the **Mobile Transportation Technology** segment climbed to reach € 4.6 million (2009: € 2.8 million). The EBIT margin for this segment therefore rose sharply from 5.0% the previous year to 7.8%.

After a satisfactory second quarter 2010, the **Stationary Transportation Technology** segment recorded total EBIT of € 0.6 million (2009: € 5.5 million), thus signalling its return to the profit zone. The Rail Infrastructure business field played a decisive role in this upward trend, while the Brake Systems business field had to pay the price for the massive drop in sales revenue and posted a net loss. The EBIT margin stood at 1.6% (2009: 10.5%).

Sales revenue growth at Schaltbau GmbH and the Chinese-based company Xi'an enabled the **Components** segment to boost its EBIT to € 6.9 million (2009: € 5.0 million), also a significant leap in earnings.

Group financial and net assets position

The refinancing arrangement by means of the consortium loan agreement already led to a shift from short-term to long-term debt as at 31 March 2010 and thus to a structural improvement in balance sheet ratios. Sales growth in the first half of the year compared with the last quarter 2009 caused working capital to increase from € 53.8 million at 31 December 2009 to € 69.4 million at the reporting date and therefore, apart from the deliberately retained cash reserve, had the greatest impact on the balance sheet total of € 191.5 million (31 December 2009: € 167.9 million). Nevertheless, the equity ratio including participation rights capital, which is similar in nature to equity, improved slightly to 16.6%. Net bank liabilities were significantly reduced to € 39.2 million (2009: € 48.8 million).

Investments in property, plant and equipment and intangible assets amounted to € 3.1 million and therefore at a similar level to the depreciation expense.

Purchasing

From the purchaser's point of view, the upswing in economic activity caused a continual worsening of the situation on procurement markets over the first six months of 2010. On the one hand, demand has risen noticeably. On the other hand, however, production capacities and inventories, which had been adjusted downwards to compensate for fallen demand in the wake of the financial crisis, remained at a low level.

In view of this trend, non-ferrous metals such as aluminium and copper so important for the Schaltbau Group became increasingly scarce in the second quarter. The situation led to sharp price increases in some cases. Developments within the steel market varied greatly. The supply-demand ratio for the relevant quality, however, tended to be unfavourable, again resulting in price increases. There were no serious supply bottlenecks during the period under report, even though delivery times were sometimes longer.

The supply situation for electronic components has deteriorated. As a result of the booming electronics industry, delivery times for electronic components lengthened considerably in the course of the first six months. Prices in this area are currently rising

steeply as availability becomes more limited. The Schaltbau Group is confronting these market conditions by optimising its in-house purchasing processes and adjusting future needs in line with its medium-term forecast. The strategy enables requirements to be coordinated with suppliers at an early stage and it is therefore not yet necessary to increase inventories.

The situation on procurement markets is not expected to change significantly during the second half of 2010.

Significant events occurring after 30 June 2010

No events of particular significance have taken place since the end of the first half of 2010.

Opportunities and risks report

In the first six months of the current fiscal year there were no significant changes to the major risks previously described in the annual financial statements for 2009.

Forecasts and other statements regarding anticipated development

Despite the continuing subdued performance in the euro zone, the world economy recovered far more strongly than originally assumed in the first half of 2010. Forecasts for the fiscal year have been upwardly adjusted. Asia is still the driving force behind global economic growth, but North America too is finding its feet again. Expansion in these markets, both organic and by means of acquisition, therefore continues to be of key strategic importance for the Schaltbau Group.

In view of the improved business performance in the first six months of 2010, which exceeded the Group's expectations, and the good prospects for the second half of the year, the forecast for the Schaltbau Group has now been upwardly revised. Order intake is now predicted to reach € 286 million (previously € 275 million) and sales € 277 million (previously € 270 million) in 2010. EBIT of € 21.2 million (previously € 17.5 million) and net profit attributable to the shareholders of the Schaltbau Group of € 11.3 million (previously € 10.1 million) are now forecast for the full year. Earnings per share will accordingly total € 6.10 compared with the previously predicted figure of € 5.40.

Significant transactions with associated companies and persons
Information available in the Notes.

Condensed Interim Consolidated Financial Statements as at 30 June 2009

Consolidated Income Statement for the first half of 2009

€000	1.1.-30.06.2010	1.1.-30.06.2009
1. Sales	133,932	142,503
2. Change in inventories of finished and work in progress	3,095	-6,843
3. Own work capitalised	794	454
4. Total output	137,821	136,114
5. Other operating income	2,741	1,769
6. Cost of materials	68,906	68,041
7. Personnel expense	43,462	41,462
8. Amortisation and depreciation	3,153	3,062
9. Other operating expenses	14,713	13,935
Profit from operating activities	10,328	11,383
a) Result from at-equity accounted investments	596	450
b) Other results from investments	0	0
10. Results from investments	596	450
a) Interest income	34	49
b) Interest expense	2,964	2,950
11. Finance result	-2,930	-2,901
12. Profit before tax	7,994	8,932
13. Income taxes	1,445	915
14. Group net profit for the period	6,549	8,017
Analysis of group net profit		
attributable to minority shareholders	1,199	1,000
attributable to the shareholders of Schaltbau Holding AG	5,350	7,017
Group net profit for the period	6,549	8,017
Earnings per share – undiluted:	2.87 €	3.76 €
Earnings per share – diluted:	2.69 €	3.51 €

Statement of Income and Expenses Recognised in Equity

€000	1.1.-30.06.2010			1.1.-30.06.2009		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net profit for the period			6,549			8,017
Translation differences			1,150			-74
Derivative financial instruments	-1,026	308	-718	-77	23	-54
Total income and expenses recognised directly in equity			432			-128
Total income and expenses recognised in equity			6,981			7,889
of which:						
attributable to minority shareholders			414			-44
attributable to the shareholders of Schaltbau Holding AG			18			-84
			432			-128

Consolidated Income Statement for the second quarter 2010

€000	1.4.-30.06.2010	1.4.-30.06.2009
1. Sales	71,831	69,935
2. Change in inventories of finished and work in progress	-52	-5,646
3. Own work capitalised	382	235
4. Total output	72,161	64,524
5. Other operating income	1,663	957
6. Cost of materials	36,116	31,412
7. Personnel expense	21,853	20,482
8. Amortisation and depreciation	1,617	1,542
9. Other operating expenses	8,095	6,719
Profit from operating activities	6,143	5,326
a) Result from at-equity accounted investments	409	288
b) Other results from investments	0	0
10. Results from investments	409	288
a) Interest income	20	37
b) Interest expense	1,600	1,496
11. Finance result	-1,580	-1,459
12. Profit before tax	4,972	4,155
13. Income taxes	896	415
14. Group net profit for the period	4,076	3,740
Analysis of group net profit		
attributable to minority shareholders	610	382
attributable to the shareholders of Schaltbau Holding AG	3,466	3,358
Group net profit for the period	4,076	3,740
Earnings per share – undiluted:	1.86 €	1.80 €
Earnings per share – diluted:	1.73 €	1.68 €

Statement of Income and Expenses Recognised in Equity

€000	1.4.-30.06.2010			1.4.-30.06.2009		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net profit for the period			4,075			3,740
Translation differences			580			-370
Derivative financial instruments	-666	200	-466	162	-49	113
Total income and expenses recognised directly in equity			114			-257
Total income and expenses recognised in equity			4,190			3,483
of which:						
attributable to minority shareholders			286			-125
attributable to the shareholders of Schaltbau Holding AG			-172			-132
			114			-257

Consolidated Cash Flow Statement for the first half of 2010

	€ 000	€ 000
	1.1.-30.06.2010	1.1.-30.06.2009
Group net profit for the period	6,549	8,017
Amortisation and depreciation on non-current assets	3,151	3,056
Gain on disposal of non-current assets	11	4
Finance result	2,930	2,901
Income tax expense	1,445	915
Change in current assets	-16,817	-4,884
Change in provisions	-939	-285
Change in current liabilities	5,563	-13,018
Dividends received	652	1,441
Interest paid	-2,898	-2,911
Interest received	34	49
Income tax paid	-2,317	-1,082
Other non-cash income / expenses	-492	-664
Cash flow from operating activities	-3,128	-6,461
Payments for investments in:		
- property, plant and equipment and intangible assets	-3,115	-3,208
- other investments	-344	-250
Proceeds from disposal of:		
- property, plant and equipment	288	86
- at-equity accounted investments and other equity investments	3,279	-
Cash flow from investing activities	108	-3,372
Dividend payment	-1,307	-933
Payments to minority interests	-137	-116
Repayment of / proceeds from financial liabilities	10,346	10,078
Cash flow from financing activities	8,902	9,029
Change in cash and cash equivalents due to exchange rate fluctuations	234	40
Change in cash and cash equivalents due changes in group reporting entity	-	-
Changes to cash, cash equivalents and securities	6,116	-764
at the end of the period	14,622	4,568
at the beginning of the period	8,506	5,332
	6,116	-764

Consolidated Balance Sheet as at 30 June 2010

ASSETS	€ 000	€ 000
	30.06.2010	31.12.2009
A. NON-CURRENT ASSETS		
I. Intangible assets	14,025	13,622
II. Property, plant and equipment	40,976	41,337
III. At-equity accounted investments	4,089	4,217
IV. Other investments	2,690	2,346
V. Deferred tax assets	9,434	8,886
	71,214	70,408
B. CURRENT ASSETS		
I. Inventories	47,860	41,116
II. Trade accounts receivable	50,077	37,814
III. Income tax receivables	9	97
IV. Other receivables and assets	7,674	9,947
V. Cash and cash equivalents	14,622	8,506
	120,242	97,480
Total assets	191,456	167,888
EQUITY AND LIABILITIES	€ 000	€ 000
	30.06.2010	31.12.2009
A. EQUITY		
I. Subscribed capital	6,850	6,850
II. Capital reserves	8,443	8,443
III. Statutory reserves	231	231
IV. Revenues reserves	-3,104	-13,162
V. Income/expense recognised directly in equity	537	-166
VI. Revaluation reserve	3,041	3,041
VII. Group net profit attributable to shareholders of Schaltbau Holding AG	5,350	12,349
VIII. Equity attributable to shareholders of Schaltbau Holding AG	21,348	17,586
VIII. Minority interests	3,271	2,934
	24,619	20,520
B. NON-CURRENT LIABILITIES		
I. Participation rights capital	7,038	7,026
II. Pension provisions	18,770	18,856
III. Personnel-related accruals	4,601	4,593
IV. Other provisions	359	355
V. Financial liabilities	57,744	29,452
VI. Other liabilities	40	40
VII. Deferred tax liabilities	7,056	6,549
	95,608	66,871
C. CURRENT LIABILITIES		
I. Personnel-related accruals	3,265	4,618
II. Other provisions	15,179	15,835
III. Income taxes payable	299	96
IV. Financial liabilities	7,935	24,779
V. Trade accounts payable	17,551	15,152
VI. Advance payments received	10,978	9,964
VII. Other liabilities	16,022	10,053
	71,229	80,497
Total equity and liabilities	191,456	167,888

Consolidated Statement of Changes in Equity for the first half of 2010

	Equity attributable to shareholders of Schaltbau Holding AG				
	Subscribed capital	Capital reserves	Statutory reserves	Revenue reserves	Revaluation reserve
Balance at 1.1.2009	6,850	8,443	231	-23,908	3,041
Profit brought forward	0	0	0	11,843	0
Transfer to capital reserves	0	0	0	0	0
Shares issued	0	0	0	0	0
Dividend paid	0	0	0	-933	0
Change in group reporting entity	0	0	0	0	0
Other changes	0	0	0	2	0
Group net profit for the period	0	0	0	0	0
Income and expenses recognised directly in equity	0	0	0	-54	0
Income and expenses recognised in equity	0	0	0	-54	0
Balance at 30.6.2009	6,850	8,443	231	-13,050	3,041
Balance at 1.7.2009	6,850	8,443	231	-13,050	3,041
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	0	0	-2	0
Group net profit for the period	0	0	0	0	0
Income and expenses recognised directly in equity	0	0	0	-110	0
Income and expenses recognised in equity	0	0	0	-110	0
Balance at 31.12.2009	6,850	8,443	231	-13,162	3,041
Balance at 1.1.2010	6,850	8,443	231	-13,162	3,041
Profit brought forward	0	0	0	12,349	0
Transfer to capital reserves	0	0	0	0	0
Shares issued	0	0	0	0	0
Dividend paid	0	0	0	-1,307	0
Change in group reporting entity	0	0	0	0	0
Other changes	0	0	0	-266	0
Group net profit for the period	0	0	0	0	0
Income and expenses recognised directly in equity	0	0	0	-718	0
Income and expenses recognised in equity	0	0	0	-718	0
Balance at 30.6.2010	6,850	8,443	231	-3,104	3,041

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

Income/expenses recognised directly in equity	Net profit for the period	Total	Minority interests in equity			Group equity
			in capital and reserves	in net profit for the period	Total	
-286	11,843	6,214	1,166	1,229	2,395	8,609
0	-11,843	0	1,229	-1,229	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	-933	-1,139	0	-1,139	-2,072
0	0	0	0	0	0	0
0	0	2	0	0	0	2
0	7,017	7,017	0	1,000	1,000	8,017
-30	0	-84	-44	0	-44	-128
-30	7,017	6,933	-44	1,000	956	7,889
-316	7,017	12,216	1,212	1,000	2,212	14,428
-316	7,017	12,216	1,212	1,000	2,212	14,428
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
0	0	-2	0	0	0	-2
0	5,332	5,332	0	743	743	6,075
150	0	40	-21	0	-21	19
150	5,332	5,372	-21	743	722	6,094
-166	12,349	17,586	1,191	1,743	2,934	20,520
-166	12,349	17,586	1,191	1,743	2,934	20,520
0	-12,349	0	1,743	-1,743	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	-1,307	-1,276	0	-1,276	-2,583
0	0	0	0	0	0	0
-33	0	-299	0	0	0	-299
0	5,350	5,350	0	1,199	1,199	6,549
736	0	18	414	0	414	432
736	5,350	5,368	414	1,199	1,613	6,981
537	5,350	21,348	2,072	1,199	3,271	24,619

Notes and segment information as at 30 June 2010

DESCRIPTION OF BUSINESS

The Schaltbau Group is one of the leading manufacturers of components and equipment for traffic technology and industry. In addition to electro-mechanical components and equipment, the Group supplies door systems for buses and trains, safety systems for level crossings, equipment for railway vehicles, point heating systems, maritime aids and industrial braking systems. 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 2009.

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

In the first quarter Gebr. Bode & Co. Beteiligungs GmbH of Kassel, Germany acquired a 67% stake in Bode Corporation of Spartanburg, South Carolina, USA with effect from 1 January 2010. The company now operates under the name of Bode North America, Inc.

Please see the Management Report for further information. The new company is not consolidated due to the low volume of business. Thus the Group reporting entity has not changed since 31 December 2009.

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	
	30.6.2010	31.12.2009	1.1. bis 30.6.2010	1.1. bis 30.6.2009
Chinese renminbi yuan	8.3119	9.8000	9.0939	9.1368
US dollar	1.2208	1.4333	1.3305	1.3352
British pound	0.8103	0.9000	0.8716	0.8955
New Turkish lire	1.9340	2.1687	2.0284	2.1543

ACCOUNTING PRINCIPLES AND POLICIES

Deferred taxes

A corporation 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 2010, 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, unlike in the financial statements for the year ended 31 December 2009 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 during the period under report. Cash and cash equivalents comprise cheques, cash in hand and cash at bank.

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. – 30.6.	2010	2009
Wages and salaries		36,336	34,733
Social security, pension and welfare expenses		7,126	6,729
		43,462	41,462

EMPLOYEES

	2010	2009
Employees	1,446	1,437

These employee figures show the weighted average for the period under report (including trainees, executives and board members).

FINANCE RESULT

in € 000	1.1. – 30.6.	2010	2009
Other interest and similar income (of which from affiliated companies)		34 (10)	49 (13)
Interest and similar expenses (of which to affiliated companies)		- 2,964 (- 3)	- 2,950 (- 6)
		- 2,930	- 2,901

Interest expenses include € 483,000 (1.1. – 30.6.2009: € 494,000) relating to the interest component of the allocation to the pension provision.

INCOME TAXES

in € 000	1.1. – 30.6.	2010	2009
Income tax expense		1,140	839
Deferred tax expense		305	76
		1,445	915

Compared with the financial statements as at 31 December 2009, 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

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

INVENTORIES

in € 000	30.06.2010	31.12.2009
Raw materials, consumables and supplies	23,537	20,721
Work in progress	17,350	14,357
Finished products, goods for resale	6,786	5,693
Advance payments to suppliers	187	345
	47,860	41,116

RECEIVABLES AND OTHER ASSETS

in € 000	30.6.2010	31.12.2009
Trade accounts receivable	50,077	37,814
Receivables from affiliated companies	2,377	1,930
Receivables from associated companies	1,108	850
Receivables from companies with which an investment relationship exists	278	0
Income tax receivables	9	97
Positive fair values of derivative instruments	32	385
Other assets	3,879	6,782
	57,760	47,858

Allowances on trade accounts receivable amount to € 3,007,000 (30.6.2009: € 3,002,000).

CASH AND CASH EQUIVALENTS

in € 000	30.6.2010	31.12.2009
Cheques and cash on hand	45	30
Cash at bank	14,577	8,476
	14,622	8,506

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	30.6.2010	31.12.2009
Non-current provisions		
Pension provision	18,770	18,856
Personnel-related accruals	4,601	4,593
Warranties	359	355
Other non-current provisions	4,960	4,948
	23,730	23,804
Current provisions		
Personnel-related accruals	3,265	4,618
Current tax	1,146	2,613
Warranties	6,109	6,507
Outstanding costs and material	4,708	3,741
Other provisions	3,215	2,974
Other current provisions	18,443	20,453
Total provisions	42,173	44,257

LIABILITIES

in €000	30.6.2010	31.12.2009
Non-current liabilities		
Liabilities to banks	46,021	17,757
Other financial liabilities	<u>11,723</u>	<u>11,695</u>
Financial liabilities	57,744	29,452
Other liabilities	40	40
	<u>57,784</u>	<u>29,492</u>
Current liabilities		
Current income tax liabilities	299	96
Liabilities to banks	7,799	24,647
Other financial liabilities	<u>136</u>	<u>132</u>
Financial liabilities	7,935	24,779
Trade accounts payable	17,551	15,152
Advance payments received	10,978	9,964
Payables to affiliated companies	284	299
Liabilities to other group entities	148	409
Negative fair values of derivatives	2,377	1,046
Sundry other liabilities	<u>13,213</u>	<u>8,299</u>
Other liabilities	16,022	10,053
	<u>52,785</u>	<u>60,044</u>
Total liabilities	110,569	89,536

PRODUCT-BASED SEGMENT INFORMATION

Disclosures in €000

1.1. – 30.06.

	Mobile Transportation Technology		Stationary Transportation Technology	
	2010	2009	2010	2009
Order-intake (external)	65,146	63,484	44,548	39,693
Sales	59,306	54,975	35,902	52,451
- of which external	59,306	54,975	35,488	51,968
- of which with other segment	0	0	414	483
External order-book	95,148	104,784	49,530	42,532
EBITDA	5,311	3,556	1,397	6,262
Result from operating activities (EBIT)	4,603	2,752	582	5,469
Result from at-equity accounted investments	339	318	0	0
Other results from investments	0	0	0	0
Interest income	15	1	7	71
Interest expense	-411	-456	-591	-581
Income taxes	-217	-34	-233	-123
Segment result / Group result ¹⁾	4,329	2,581	-235	4,836
Capital expenditure ²⁾	457	396	1,785	2,179
Amortisation and depreciation ²⁾	-708	-804	-815	-793
Impairment losses	0	0	0	-3
Reversal of impairment losses	0	87	103	41
Other significant non-cash expenses	-2,015	-1,000	-2,829	-1,034
Segment assets ³⁾	61,130	51,297	64,398	61,055
Investments accounted for at-equity	3,364	4,958	0	0
Capital employed ⁴⁾	42,225	42,613	44,335	46,571
Segment liabilities ⁵⁾	36,821	36,694	49,507	41,025
Employees (average as per HGB)	465	456	462	463
EBIT margin ⁶⁾	7.8 %	5.0 %	1.6 %	10.5 %
Return on capital employed ⁷⁾	21.8 %	12.9 %	2.6 %	23.5 %

¹⁾ = transfers in conjunction with profit and loss transfer agreements are added back to the segment result

²⁾ = in / on intangible assets and property, plant and equipment

³⁾ = Balance sheet total

⁴⁾ = Working capital (inventories + trade accounts receivable – advance payments received – trade accounts payable) plus non-current assets excluding deferred tax assets

⁵⁾ = Liabilities

⁶⁾ = EBIT / external sales

⁷⁾ = EBIT / capital employed (EBIT extrapolated to annual amount)

Components		Sub-total		Holding, Reconciling items		Schaltbau Group	
2010	2009	2010	2009	2010	2009	2010	2009
43,577	37,185	153,271	140,362	52	41	153,323	140,403
39,241	35,676	134,449	143,102	517	599		
39,087	35,520	133,881	142,463	51	40	133,932	142,503
154	156	568	639	-568	-639		
37,940	32,402	182,618	179,718			182,618	179,718
8,292	6,435	15,000	16,253	-1,519	-1,808	13,481	14,445
6,895	4,983	12,080	13,204	-1,752	-1,821	10,328	11,383
257	132	596	450	0	0	596	450
0	0	0	0	0	0	0	0
18	22	40	94	-6	-45	34	49
-643	-740	-1,645	-1,777	-1,319	-1,173	-2,964	-2,950
-563	-141	-1,013	-298	-432	-617	-1,445	-915
5,964	4,256	10,058	11,673	-3,509	-3,656	6,549	8,017
787	379	3,029	2,954	85	504	3,114	3,458
-1,395	-1,447	-2,918	-3,044	-233	-12	-3,151	-3,056
-499	-495	-499	-498	0	0	-499	-498
75	1	178	129	67	0	245	129
-1,232	-1,027	-6,076	-3,061	-1,619	-851	-7,695	-3,912
71,809	66,388	197,337	178,740	-5,881	-6,737	191,456	172,003
725	581	4,089	5,539	0	0	4,089	5,539
57,135	54,055	143,695	143,239	-12,507	-12,075	131,188	131,164
46,791	44,492	133,119	122,211	33,718	35,365	166,837	157,576
503	506	1,429	1,425	17	12	1,446	1,437
17.6 %	14.0 %					7.7 %	8.0 %
24.1 %	18.4 %					15.7 %	17.4 %

Disclosures in €000

1.4. – 30.06.

	Mobile Transportation Technology		Stationary Transportation Technology	
	2010	2009	2010	2009
Order-intake (external)	30,701	23,884	23,330	18,894
Sales	30,469	26,817	21,011	25,649
- of which external	30,469	26,817	20,815	25,408
- of which with other segment	0	0	196	241
External order-book	95,148	104,784	49,530	42,532
EBITDA	2,558	1,606	2,044	2,932
Result from operating activities (EBIT)	2,178	1,179	1,629	2,544
Result from at-equity accounted investments	257	246	0	0
Other results from investments	0	0	0	0
Interest income	8	1	1	48
Interest expense	-200	-224	-317	-309
Income taxes	-187	-17	-138	-14
Segment result / Group result ¹⁾	2,056	1,185	1,175	2,269
Capital expenditure ²⁾	303	239	978	849
Amortisation and depreciation ²⁾	-380	-427	-415	-388
Impairment losses	0	0	0	-3
Reversal of impairment losses	0	87	103	0
Other significant non-cash expenses	-492	0	-1,787	-283
Segment assets ³⁾	61,130	51,297	64,398	61,055
Investments accounted for at-equity	3,364	4,958	0	0
Capital employed ⁴⁾	42,225	42,613	44,335	46,571
Segment liabilities ⁵⁾	36,821	36,694	49,507	41,025
Employees (average as per HGB)	465	456	462	463
EBIT margin ⁶⁾	7.1 %	4.4 %	7.8 %	10.0 %
Return on capital employed ⁷⁾	20.6 %	11.1 %	14.7 %	21.9 %

¹⁾ = transfers in conjunction with profit and loss transfer agreements are added back to the segment result

²⁾ = in / on intangible assets and property, plant and equipment

³⁾ = Balance sheet total

⁴⁾ = Working capital (inventories + trade accounts receivable – advance payments received – trade accounts payable) plus non-current assets excluding deferred tax assets

⁵⁾ = Liabilities

⁶⁾ = EBIT / external sales

⁷⁾ = EBIT / capital employed (EBIT extrapolated to annual amount)

Components		Sub-total		Holding, Reconciling items		Schaltbau Group	
2010	2009	2010	2009	2010	2009	2010	2009
21,042	18,296	75,073	61,074	23	17	75,096	61,091
20,600	17,775	72,080	70,241	249	306		
20,524	17,692	71,808	69,917	23	18	71,831	69,935
76	83	272	324	-272	-324		
37,940	32,402	182,618	179,718			182,618	179,718
3,896	3,051	8,498	7,589	-739	-721	7,759	6,868
3,193	2,333	7,000	6,056	-858	-730	6,142	5,326
152	42	409	288	0	0	409	288
0	0	0	0	0	0	0	0
12	10	21	59	-1	-22	20	37
-329	-350	-846	-883	-754	-613	-1,600	-1,496
-206	-166	-531	-197	-365	-218	-896	-415
2,822	1,869	6,053	5,323	-1,978	-1,583	4,075	3,740
527	182	1,808	1,270	10	181	1,818	1,451
-703	-715	-1,498	-1,530	-119	-9	-1,617	-1,539
-392	-65	-392	-68	0	0	-392	-68
75	1	178	88	67	0	245	88
-233	-50	-2,512	-333	-864	-540	-3,376	-873
71,809	66,388	197,337	178,740	-5,881	-6,737	191,456	172,003
725	581	4,089	5,539	0	0	4,089	5,539
57,135	54,055	143,695	143,239	-12,507	-12,075	131,188	131,164
46,791	44,492	133,119	122,211	33,718	35,365	166,837	157,576
503	506	1,429	1,425	17	12	1,446	1,437
15.6 %	13.2 %					8.6 %	7.6 %
22.4 %	17.3 %					18.7 %	16.2 %

OTHER DISCLOSURES

Contingent liabilities and other financial commitments

in € 000	30.6.2010	31.12.2009
Contingent liabilities		
Obligations under guarantees and other guarantee agreements (of which to affiliated companies)	15,300 (0)	14,936 (0)
Other financial obligations		
Rental and lease expenses	9,584	10,413
Other commitments	1,611	2,231

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.-30.6.2010	1.1.-30.6.2009	1.1.-30.6.2010	1.1.-30.6.2009
	€ 000	€ 000	€ 000	€ 000
Associated companies				
goods and services	1,128	1,320	491	411
other relationships	-	-	56	23
Non-consolidated companies				
goods and services	2,812	2,063	2,243	1,583
other relationships	24	-	28	47

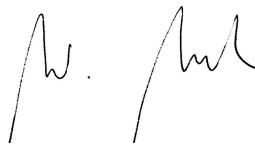
The following receivables and payables existed at the balance sheet date from the perspective of the fully consolidated companies (mostly relating to the supply of goods).

	Receivables		Payables	
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
	€ 000	€ 000	€ 000	€ 000
Associated companies	1,108	850	147	141
Non-consolidated companies	2,655	1,930	284	566

Munich, 22 July 2010
Schaltbau Holding AG
The Executive Board



Dr. Jürgen Cammann



Waltraud Hertreiter

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.

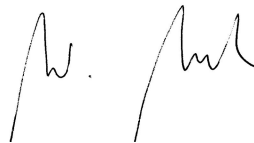
Responsibility statement

“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, 22 July 2010
Schaltbau Holding AG
The Executive Board



Dr. Jürgen Cammann



Waltraud Hertreiter

Comment on unaudited status

The Interim Consolidated Financial Statements and Interim Group Management Report as at 30 June 2010 have neither been audited in accordance with § 317 HGB nor subject to a limited review by the group auditor.

Schaltbau Holding AG

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