Group Interim Report
as at 30 September 2014

Schaltbau Group Key Financial Figures for the period ended 30 Sept.

Group key financial figures		30 Sept. 2014	30 Sept. 2013	3rd quarter 2014	3rd quarter 2013
Order situation					
Order-intake	€ m.	**338.2**	**299.5**	**110.5**	**86.2**
Order-book	€ m.	**285.9**	**232.7**	**285.9**	**232.7**
Income statement					
Sales	€ m.	**312.5**	**295.9**	**115.8**	**102.2**
Total output	€ m.	**324.1**	**294.9**	**122.1**	**101.1**
EBITDA	€ m.	**30.8**	**34.0**	**14.0**	**12.0**
Profit from operating activities (EBIT)	€ m.	**23.8**	**27.4**	**11.5**	**9.8**
EBIT margin	%	**7.6**	**9.3**	**9.9**	**9.6**
Group net profit for the period	€ m.	**28.1**	**19.1**	**7.8**	**6.7**
Profit attr. to shareholders of the AG	€ m.	**24.2**	**16.4**	**6.2**	**5.9**
Return on capital employed	%	**11.4**	**17.4**	**16.5**	**18.7**
Balance sheet					
Fixed Assets	€ m.	**124.1**	**87.6**	**124.1**	**87.6**
Working capital	€ m.	**154.8**	**122.4**	**154.8**	**122.4**
Capital employed	€ m.	**278.9**	**210.0**	**278.9**	**210.0**
Group equity[1]	€ m.	**113.5**	**83.4**	**113.5**	**83.4**
Net bank liabilities	€ m.	**93.2**	**54.0**	**93.2**	**54.0**
Balance sheet total[1]	€ m.	**359.0**	**272.8**	**359.0**	**272.8**
Personnel					
Employees at end of reporting period	Number	**2,629**	**2,042**	**2,629**	**2,042**
Personnel expense	€ m.	**100.8**	**89.1**	**35.4**	**29.9**
Personnel expense[2] per employee[3]	€ 000	**60.7**	**64.9**	**64.1**	**65.3**
Total output[2] per employee[3]	€ 000	**195.3**	**241.7**	**220.7**	**220.9**
Earnings per share					
Earnings per share (undiluted)	€	**3.94**	**2.67**	**1.01**	**0.96**
Earnings per share (diluted)	€	**3.94**	**2.67**	**1.01**	**0.96**

[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

After a sluggish start to 2014, largely due to extensive project postponements in the Rail Infrastructure business field, we were able to make up some lost ground in the third quarter. However, we will not be able to close the gap to last year's operating result (EBIT) by the end of the current fiscal year. Regrettably, the full extent of the delays only became clear at the mid-year stage.

Now in particular, as macroeconomic conditions are currently less favourable, it is essential that the Schaltbau Group remains firmly on track for growth, in order to maintain its market position in a continually consolidating global rail sector. The planned merger of the two giants of the Chinese railway industry (CNR and CSR) in particular will exert additional pressure on European companies. The Schaltbau Group is well positioned within its core markets. In recent years we have significantly increased our sales in these markets by offering new products, improving our sales activities and providing outstanding delivery service. However, this trend can no longer be taken for granted with the same degree of success as in the past.

Consequently, in addition to organic growth, the Schaltbau Group also needs to generate growth through acquisitions. Over the last few years we have successively enlarged the Group by following this maxim. With all due caution, an expansion of this nature cannot be implemented without a certain degree of risk. These risks can also culminate in temporary setbacks. For this reason, the complex insolvency proceedings involving the Albatros Group delayed the asset deal, and hence the transfer of operations to ALTE Technologies, by several months. We therefore lost precious time needed to react, with the consequence that the acquired business has reported a loss in the current fiscal year. Nevertheless, we are convinced that we have taken the right step, a view also shared by our major customers.

Albatros, in which we increased our shareholding to 40 per cent in October as planned, will also contribute negative earnings this year. We have no choice but to accept these substantial expenses that are necessary to achieve growth, given that both of these entities will become key elements in our strategy to establish the

Schaltbau Group as a leading system partner for rolling stock in the long term. The global trend towards standardisation, modularisation and at the same time increasingly connected systems will make railway travel cheaper, raise standards and improve comfort and convenience for passengers – and we wish to actively shape these developments.

At the same time we need to place more emphasis on project business than we have done in the past, in order to tap additional potential for growth. However, it is always possible that projects may be postponed for reasons beyond our control. Furthermore, our organisation must be ready to adjust quickly to changes in project business conditions and in some cases be prepared to adopt a new strategy – a subject I previously mentioned in my speech at this year's annual general meeting. We are currently working hard on implementing these measures. Here too, we must be prepared to do the necessary groundwork.

Despite the growth-related costs and risks, we can nevertheless conclude that the Schaltbau Group is currently on a solid path towards sustained growth.

Best regards

Dr Jürgen Cammann
Spokesman of the Executive Board

Group Interim Management Statement

Profile of the Schaltbau Group

Compared with the presentation in the Group Management Report 2013, the following changes have occurred:

Since April, the companies RAWAG Sp.z.o.o. and ALTE Technologies S.L.U. have been part of the Schaltbau Group. Both entities are allocated to the Mobile Transportation Technology segment. The transactions were explained in detail in the six-month report.

Furthermore, since April the Schaltbau Group has held a minority share of 5.6 per cent in the Madrid-based company Albatros S.L., the former parent company of ALTE. On 22 September, with the approval of the Supervisory Board, the Executive Board of Schaltbau Holding AG decided to exercise the purchase option agreed as part of the acquisition arrangements and participate in a share capital increase. The shareholding was accordingly increased to 40 per cent. The share capital increase took effect on 9 October 2014 (see “Events after the end of the reporting period”) and therefore had no impact on the Group’s nine-month figures.

Albatros generates its sales with high-voltage inverters for railway vehicles and also with information and communications systems specially designed for use in trains. The Schaltbau Group is therefore not only enlarging its product portfolio in the Mobile Transportation Technology segment, it is also bolstering its market presence in Spain and the Americas. The activities of Albatros are accounted for in the consolidated financial statements using the equity method.

Otherwise, 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

World economic growth lost pace again during the summer months. In October, the International Monetary Fund (IMF) revised its growth forecast for 2014 to the slightly lower level of 3.3 per cent. It sees the most serious short-term risks as the geopolitical situation in the Middle East and in Ukraine as well as renewed growing uncertainty on financial markets, additionally exacerbated by sluggish growth in both the eurozone and the emerging markets.

Particularly in Germany, the economic momentum reflected in the good start to the year has slowed considerably. Seasonally adjusted, industrial production fell by around four per cent in August. The IMF now expects growth of only 1.4 per cent for the full year, resulting in a downward adjustment of 0.5 percentage points to its July forecast. In their autumn reports, leading economic research institutes also forecast significantly slower growth than previously expected.

In the third quarter, the weakness in the eurozone led to a significant loss in value of the euro against the US dollar and the Chinese renminbi. Despite this, the EUR-USD and EUR-CNY exchange rates were still around three per cent higher compared to the first nine months of the previous year. Overall, exchange rate factors only had a minor impact on the Schaltbau Group's earnings performance.

Sector-specific and regulatory environment

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

Again in the third quarter, demand for railway vehicles was generally stable. The Mobile Transportation Technology segment – which is listed on numerous product platforms with its BIDS drive system for railway vehicle doors – and the Components segment achieved a moderate rise in business volume in the rail sector, particularly in European countries outside Germany. The market continued to stabilise in China's rail sector. However, overall demand for Rail Infrastructure equipment stagnated, reflecting continuing delays in the awarding of orders by German Railways, which had a particularly negative impact on the sale of railway crossing systems. The situation is unlikely to improve significantly in 2015.

Demand in the bus industry in the third quarter was less brisk than in the previous year, partly due to early buying prior to the introduction of the Euro 6 standard. In a contrasting trend, business in the field of Fittings for Sliding Vehicle Doors improved moderately. Demand from industrial customers remained stable. Growing demand in the materials handling sector contrasted with continued low demand from the photovoltaics and wind power industries.

Prices on **procurement markets** tended downwards during the third quarter. Although market prices for copper, aluminium and precious metals in euros were slightly higher on average than in the previous quarter, recent developments also point to decreases in the prices of these commodities. For the nine-month period, however, the average price of copper was still 8.1 per cent lower than one year earlier. The price of aluminium fell by 5.6 per cent during the same period. Rolled steel and flame-cut steel parts were also cheaper on average. The prices of gold and silver fell by 14.0 per cent and 21.3 per cent respectively compared to the same period last year. Schaltbau mainly utilises these precious metals to manufacture the contacts of switches and contactors. The price of Brent crude oil continued to fall in the third quarter and, over the nine-month period, was 4.1 per cent lower on average than one year earlier, also causing the price of plastics to drop.

Business and earnings position

Overall assessment of financial condition

The Schaltbau Group generally performed well in the third quarter. Both sales and order intake were well up on the previous year's figures. Apart from the effect of RAWAG's and ALTE's inclusion in the Group reporting entity as part of the Mobile Transportation Technology segment, a sizeable increase in both sales and order intake volumes reported by the Components segment had a positive impact on the Group's figures. The decrease in EBIT reported for the first six months of the year was reduced to 13.1 per cent for the nine-month period.

The overall bright picture, however, continues to be overshadowed by the unsatisfactory situation in the Rail Infrastructure business field (Stationary Transportation Technology segment). The growing investment backlog is particularly noticeable in the fields of point heating and level crossing systems, as German Railways continue to delay replacing obsolete equipment on many of their lines. Based on a new financing and service agreement, there is unlikely to be any significant change until 2016, which means that the Rail Infrastructure business field will have to persevere with the less favourable situation for the time being. The PSD project in Brazil, which is not yet generating sales that can be recognised in the consolidated financial statements, also had a negative impact on earnings.

Business and earnings position of the Schaltbau Group

Key performance figures for the Schaltbau Group						
In € m.	9 months of 2014	9 months of 2013	Δ	3rd quarter 2014	3rd quarter 2013	Δ
Order intake	338.2	299.5	12.9%	110.5	86.2	28.2%
Sales	312.5	295.9	5.6%	115.8	102.2	13.3%
EBIT	23.8	27.4	-13.1%	11.5	9.8	17.3%

Order intake and order book

At the nine-month stage, the Schaltbau Group's order intake stood at € 338.2 million, 12.9 per cent up on the previous year's figure of € 299.5 million. Order intake grew particularly strongly in the third quarter with a surge of 28.2 per cent. The majority of the increase, however, results from the inclusion of RAWAG and ALTE in the Mobile Transportation Technology segment. Additional contributing factors were growth in the Stationary Transportation Technology and Components segments. Adjusted for the impact of the first-time consolidation of the new entities, order intake grew by 9.2 per cent in the third quarter.

The significant growth of 25.4 per cent in the Schaltbau Group's order book to € 285.9 million (31 December 2013: € 228.1 million) reflects not only the integration of new entities, but also the fact that sales are still to be recognised for the PSD project in Brazil.

Sales

Sales growth of 5.6 per cent to € 312.5 million is also primarily due to the integration of the new entities, which contributed € 25.9 million to the total figure. In the third quarter, the Schaltbau Group registered an encouraging 13.3 per cent growth in sales, partly attributable to the first-time consolidation of the new entities and partly to perceptible growth in demand for components in both Europe and China.

In terms of organic growth, sales were flat in the third quarter and 2.5 per cent down for the nine-month period. Again, the primary reason was the lower sales volume reported in the Rail Infrastructure business field (Stationary Transportation Technology). Similarly, the Brake Systems business field was not quite able to match the previous year's performance, despite stabilisation in the third quarter. Adjusted for the first-time consolidation of RAWAG and ALTE, the Mobile Transportation Technology segment also recorded a moderate drop in sales.

Group earnings performance

At € 23.8 million, profit before financial result and taxes (EBIT) recorded by the Schaltbau Group was 13.1 per cent down on the previous year's figure of € 27.4 million. After reporting a decline in earnings for the first six months of the year, third-quarter earnings improved significantly and were 17.3 per cent up on the previous year. The EBIT margin narrowed from 9.3 to 7.6 per cent for the nine-month period, but edged up to 9.9 per cent for the three-month period.

Cost of materials increased at a more pronounced rate than sales. As a result, the cost of materials ratio rose to 50.3 per cent (2013: 49.2 per cent), mainly due to product mix changes and extensive upfront expenditure for projects that will only be reflected in sales in later reporting periods.

Personnel expense rose by 13.1 per cent to € 100.8 million, attributable firstly to the integration of employees from RAWAG and ALTE, and secondly to staff recruitment for development and sales in the two transportation technology segments as well as the IT department. Wage and salary adjustments also contributed to the rise in personnel expense. Other operating expenses went up primarily as a result of the first-time consolidation of the new entities.

Group net profit for the nine-month period rose to € 28.1 million, a € 9.0 million improvement on the previous year. The main reason was the revaluation of the previously held 42.6 per cent share in RAWAG, which was necessary following the Schaltbau Group's acquisition of a majority interest. The positive one-off gain amounting to € 11.8 million is included in the result from investments, which totalled € 13.1 million and also included moderate revaluation adjustments relating to other Group entities. Furthermore, net interest expense for the nine-month period decreased from € 3.5 million to € 3.0 million, particularly due to the lower interest expense arising following the repayment of participation rights in June 2014.

The profit attributable to shareholders of Schaltbau Holding AG totalled € 24.2 million (2013: € 16.4 million), raising earnings per share from € 2.67 last year to € 3.94 at the nine-month stage of 2014.

Business and earnings performance of the segments

The Mobile Transportation Technology segment

Key performance figures for the Mobile Transportation Technology segment						
In € m.	9 months of 2014	9 months of 2013	Δ	3rd quarter 2014	3rd quarter 2013	Δ
Order intake	139.5	116.2	20.0%	48.1	32.9	46.2%
Sales	134.5	112.2	19.9%	49.8	38.0	31.1%
EBIT	11.3	10.1	11.9%	5.1	3.3	54.5%

In the Mobile Transportation Technology segment (Bode Group and ALTE), order intake rose by 20 per cent year-on-year to € 139.5 million as a result of the first-time consolidation of RAWAG and ALTE. Adjusted for consolidation effects, order intake was similar to the previous year. Some 49.7 per cent of order intake related to railway vehicle doors. Order intake in the field of door systems for city and intercity buses was very slightly down on the previous year's level, reflecting the fact that advance orders had been placed in the third quarter 2013, prior to the introduction of the Euro 6 standard. During the current year, Bode succeeded in securing a major contract that will stretch over several years and involves the equipping of the next generation of city buses to be constructed by a leading manufacturer. The contract will have a positive impact on order volumes and sales as from 2016. A further significant order, also scheduled for initial call-offs in 2016, was won to supply fittings for the sliding doors of a new model of large commercial van.

Segment sales rose by 19.9 per cent to € 134.5 million. The moderate decline in sales reported again by the Bode Group in the third quarter was more than compensated by contributions from RAWAG and ALTE. Both of these entities easily surpassed the volumes recorded in the second quarter. The outstanding sales and earnings performance in the summer months drove up EBIT to € 11.3 million, an 11.9 per cent improvement on the previous year's nine-month figure (€ 10.1 million), despite the negative EBIT contributed by ALTE. The EBIT margin for the nine-month period fell slightly to 8.4 per cent (2013: 9.0 per cent), but exceeded last year's third-quarter mark significantly.

The Stationary Transportation Technology segment

Key performance figures for the Stationary Transportation Technology segment						
In € m.	9 months of 2014	9 months of 2013	Δ	3rd quarter 2014	3rd quarter 2013	Δ
Order intake	111.1	104.0	6.8%	32.2	29.8	8.1%
Sales	96.1	102.6	-6.3%	38.5	38.7	-0.1%
EBIT	0.9	6.0	-85.0%	2.7	3.7	-27.0%

Order intake for the Stationary Transportation Technology segment totalled € 111.1 million for the nine-month period, a 6.8 per cent improvement on the previous year. The major order for Platform Screen Doors (PSD) for Sao Paulo was recorded in the first quarter in the Rail Infrastructure business field, but has not had any significant impact on sales to date. In addition, the acquisition of export orders for signal technology equipment in the third quarter contributed to the higher order volume. The Railway Signal Technology product group remained well below plan, as German Railways failed to initiate any large-scale projects to modernise its safety and signal technology systems. Again in the period from July to September, the Stationary Transportation Technology segment fell significantly short of the previous year's order intake figure, which had been influenced by a large-scale order for warning technology equipment. Demand for point heating systems gained pace during the third quarter and, at the nine-month stage, is significantly ahead of the previous year.

The Brake Systems business field registered a slight drop in orders during the period under report, which was partly compensated by growing demand from large-scale container terminals. Incoming orders returned to last year's levels during the third quarter.

Segment sales dropped by 6.3 per cent to € 96.1 million, primarily due to the decline of over € 10 million in the field of level crossing systems. The sales shortfall caused by the lack of incoming orders from German Railways was compensated to a limited extent by orders for branch line equipment. However, it was partly made up for by the encouraging growth in demand for signal technology, a significant volume of which was exported. Segment EBIT, which dropped to € 0.9 million (2013: € 6.0 million), was chiefly impacted by lower sales of level crossing systems, combined with upfront expenditure for the PSD project. The EBIT margin came in at 0.9 per cent (2013: 5.8 per cent).

The Components segment

Key performance figures for the Components segment						
In € m.	9 months of 2014	9 months of 2013	Δ	3rd quarter 2014	3rd quarter 2013	Δ
Order intake	87.6	79.3	10.5%	30.1	23.5	28.1%
Sales	81.8	81.0	1.0%	27.6	25.5	8.2%
EBIT	16.6	14.9	11.4%	5.5	4.1	34.1%

In the Components segment, order intake amounted to € 87.6 million, corresponding to a 10.5 per cent increase year-on-year. The main reason for the improvement was unabated high demand in the third quarter for snap-action switches and contactors in the Chinese rail sector as well as in many European countries outside Germany. In the USA, the lower level of incoming orders recorded during the first six months was more than compensated by new orders for master controllers and panels as part of a large-scale rail project.

At € 81.8 million, segment sales surpassed the previous year’s figure. Sales in European markets outside Germany increased significantly. In China too, the end of the investment backlog led to higher sales of snap-action switches and contactors. Schaltbau’s subsidiary in France made a moderate contribution to sales growth with a higher percentage of its own products. By contrast, sales in North America failed to meet last year’s figures, primarily due to a lack of demand on the photovoltaics market, accompanied by customer-related delays in projects involving master controllers. At the nine-month stage, segment EBIT totalled € 16.6 million, an 11.4 per cent improvement on the previous year (€ 14.9 million).

Financial and net assets position

The financial and net assets position of the Schaltbau Group changed very little in the third quarter. Compared with the first nine months of the previous year, however, it was strongly influenced by the transactions completed in the second quarter. Cash outflows for investing activities were considerably higher than in the previous year as a result of acquisitions and follow-on investments. The increase in fixed assets and working capital attributable to first-time consolidations caused the balance sheet to grow by 34.2 per cent compared to the end of 2013. The valuation adjustments connected with acquiring a majority share in RAWAG led to an increase in the result from investments, while the financing of the transactions is reflected in the higher level of financial liabilities. The effects are presented in detail in the notes to the Condensed Interim Consolidated Financial Statements on page 23.

Analysis of capital structure

Non-current liabilities rose by 56.5 per cent in 2013 to € 146.4 million compared to the end of the previous financial year. The primary reasons related to an increase in amounts drawn down from the credit line required to finance the transactions discussed above and the repayment of participation rights. Furthermore, the pension provision rose as a result of further decreases in interest rates.

Current liabilities increased to € 99.1 million (31 December 2013: € 84.4 million), partly as a result of the utilisation of current account credit lines and partly due to higher payables and advance payments received in conjunction with operations. Other liabilities were also higher than at the end of 2013, due to the timing of payments around the balance sheet date. The entities consolidated for the first time also had a key influence on the increase in these items. The scheduled repayment of participation rights capital amounting to approximately € 7.3 million in June 2014 contributed to a reduction in liabilities.

Net liabilities to banks (current and non-current bank liabilities less cash and cash equivalents) stood at € 93.2 million on 30 September 2014 (31 December 2013: € 41.7 million). The debt ratio (at the level of annualised EBITDA) at the end of the reporting period stood at 2.3, compared with 0.9 at 31 December 2013.

The Group had access to financing facilities amounting to € 146.6 million at 30 September 2014 (31 December 2013: € 125.8 million), of which € 65.2 million (31 December 2013: € 41.9 million) has been disbursed as loans. € 5.0 million of this amount had not yet been utilised at 30 September 2014. Current account credit lines amounted to € 81.4 million (31 December 2013: € 68.9 million), of which € 75.0 million is available until December 2017. At 30 September 2014, € 55.0 million (31 December 2013: € 22.0 million) of these (including guarantee lines) were being utilised.

Equity increased from € 89.4 million on 31 December 2013 to € 113.5 million on 30 September 2014. The main reason for the higher figure is the net profit for the nine-month period. The equity ratio stood at 31.6 per cent, compared with 33.4 per cent on 31 December 2013.

Liquidity analysis

Cash flow from operating activities was a negative amount of € 5.7 million, a significant deterioration compared to the previous year's positive figure of € 15.7 million. Most of the change was attributable to increases in inventories and trade accounts receivable, including the effect of the first-time consolidation of ALTE Technologies and RAWAG.

The cash flow from investments increased to € 25.8 million (2013: 12.9 million) and includes payments for the completed acquisitions. Furthermore, investments in property, plant and equipment were higher than one year earlier, mostly in connection with capacity enlargements in the various segments and the inclusion of investments made by RAWAG.

The financing of the transactions led to an increase in the cash outflow from financing activities to € 30.0 million (2013: cash outflow of € 3.5 million). The utilisation of credit lines and new loans raised stood in contrast to the repayment of participation rights capital.

Overall, cash and cash equivalents decreased by € 1.0 million to € 12.1 million during the period under report.

Net assets position

Non-current assets rose to € 137.2 million, a 30.1 per cent increase compared with 31 December 2013. The first-time consolidation of ALTE Technologies, combined with the shareholding increase and the valuation adjustments for RAWAG, led to the recognition of goodwill (prior to purchase price allocations), which is included in intangible assets. At the same time, the value of property, plant and equipment increased by almost € 12 million in the nine-month period. The reduction of investments accounted for using the equity method, due to the full consolidation of RAWAG, worked in the opposite direction.

Current assets increased by € 36.9 million or 35.8 per cent during the period under report to € 221.8 million, mainly due to increases in inventories and trade accounts receivable caused by the first-time consolidation of the Group's new activities. Furthermore, the increase in work in progress at the level of the Stationary Transportation Technology segment related to work performed on the PSD project, which cannot yet be reflected in sales.

During the nine-month period, working capital rose by 46.2 per cent to € 154.8 million due to increases in inventories and trade accounts receivable. The higher level of trade accounts payable and payments received was unable to compensate for this effect.

Non-financial performance indicators

Research and development

At the IAA in September, Bode (Mobile Transportation Technology segment) presented the prototype of an innovative guide system specially designed for sliding doors for passenger cars and commercial vehicles. Unlike its competitors, the system does not require a middle guide rail, leaving vehicle designers far greater freedom. The BIDS-AM (Bode Innovative Door Systems - Automotive) has enlarged the BIDS product family, which is successfully utilised in railway vehicles and buses, to include a guide system for sliding doors in the automotive sector.

Employees

The consolidation of RAWAG and the acquisition of the activities of ALTE as well as recruitment across all three segments were responsible for a significant rise in staff numbers during the first nine months of the year. At 30 September 2014, the Schaltbau Group employed a total workforce of 2,629 people (31 December 2013: 2,044 people).

Events after the end of the reporting period

With effect from 9 October 2014, Schaltbau Holding AG acquired an additional 34.4 per cent shareholding in Albatros S.L. and now holds 40.0 per cent. As planned, on 15 October 2014, the shareholding in ALTE Technologies was reduced to 90 per cent due to the sale of a 10.0 per cent share to the management. Put and call options are in place for this 10 per cent share.

Report on outlook, opportunities and risks

Generally, macroeconomic conditions have developed in line with predictions made in the Outlook Report, which is contained in 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 remainder of the year. A stable market situation in the Mobile Transportation Technology segment and growing demand for components contrasts with an unsatisfactory sales situation in the field of control and safety systems. For this reason, the Stationary Transportation Technology segment will be unable to match the sales figures achieved last year. However, growth in the other segments will more than compensate for the shortfall.

The Schaltbau Group still aims to generate sales of € 425 million for the full year. The expected improvement on last year's figure (€ 390.7 million) will be primarily attributable to sales generated by ALTE Technologies and RAWAG. Seen over the entire year, organic sales are likely to be zero. On this basis, the Schaltbau Group aims to generate EBIT of € 31.0 million, which could still be influenced by a possible risk provision or project delays.

The lower EBIT will be more than compensated by the improved result from investments. Despite the various impacts on Group net profit and the Group's share of the loss arising at the level of Albatros following the increase in the shareholding to 40 per cent, we still expect to see earnings per share of € 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. Sanctions against Russia could jeopardise the implementation of both ongoing and scheduled projects going into the future. Around 2 per cent of total sales could be affected. However, the impact has been insignificant during the first nine months of the fiscal year. 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 30.09.2014

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

€000	1.1.-30.09.2014	1.1.-30.09.2013
1. Sales	312,538	295,887
2. Change in inventories of finished and work in progress	9,068	-2,713
3. Own work capitalised	2,467	1,690
4. Total output	**324,073**	**294,864**
5. Other operating income	2,964	2,315
6. Cost of materials	163,092	145,161
7. Personnel expense	100,771	89,100
8. Amortisation and depreciation	6,968	6,622
9. Other operating expenses	32,412	28,877
10. Profit from operating activities (EBIT)	**23,794**	**27,419**
a) Result from at-equity accounted investments	2,095	1,879
b) Other results from investments	10,979	-250
11. Results from investments	13,074	1,629
a) Interest income	77	81
b) Interest expense	3,045	3,592
12. Finance result	-2,968	-3,511
13. Profit before tax	**33,900**	**25,537**
14. Income taxes	5,836	6,402
15. Group net profit for the period	**28,064**	**19,135**
Analysis of group net profit		
attributable to minority shareholders	3,854	2,733
attributable to the shareholders of Schaltbau Holding AG	24,210	16,402
Group net profit for the period	**28,064**	**19,135**
Earnings per share – undiluted:	**3.94 €**	**2.67 €**
Earnings per share – diluted:	**3.94 €**	**2.67 €**

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

€000	1.1.-30.09.2014			1.1.-30.09.2013		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net profit for the period			**28,064**			**19,135**
Actuarial gains/losses relating to pensions	-5,534	1,660	-3,874			0
Acquisition of minority interests			0			-1
Unrealised gains/losses arising on currency translations						
- from fully consolidated companies			2,804			-146
- from at-equity accounted companies			50			-568
Derivative financial instruments						
- Change in unrealised gains / losses	-651	195	-456	-369	111	-258
- Realised gains / losses	261	-78	183	558	-167	391
	-390	117	2,581	189	-56	-581
Other comprehensive income			**-1,293**			**-582**
Group comprehensive income			**26,771**			**18,553**
of which attributable to minority shareholders			4,825			2,765
of which attributable to the shareholders of Schaltbau			21,946			15,788

Consolidated Income Statement for the third quarter 2014

€000	1.7.-30.09.2014	1.7.-30.09.2013
1. Sales	115,828	102,200
2. Change in inventories of finished and work in progress	5,572	-1,904
3. Own work capitalised	724	821
4. Total output	**122,124**	**101,117**
5. Other operating income	1,209	601
6. Cost of materials	62,118	49,664
7. Personnel expense	35,448	29,887
8. Amortisation and depreciation	2,465	2,198
9. Other operating expenses	11,806	10,140
10. Profit from operating activities (EBIT)	**11,496**	**9,829**
a) Result from at-equity accounted investments	280	250
b) Other results from investments	19	0
11. Results from investments	299	250
a) Interest income	25	23
b) Interest expense	1,111	1,139
12. Finance result	-1,086	-1,116
13. Profit before tax	**10,709**	**8,963**
14. Income taxes	2,898	2,286
15. Group net profit for the period	**7,811**	**6,677**
Analysis of group net profit		
attributable to minority shareholders	1,564	770
attributable to the shareholders of Schaltbau Holding AG	6,247	5,907
Group net profit for the period	**7,811**	**6,677**
Earnings per share – undiluted:	**1.01 €**	**0.96 €**
Earnings per share – diluted:	**1.01 €**	**0.96 €**

Statement of Income and Expenses recognised in equity for the third quarter 2014

€000	1.7.-30.09.2014			1.7.-30.09.2013		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net profit for the period			**7,811**			**6,677**
Actuarial gains/losses relating to pensions	-1,934	580	-1,354			0
Acquisition of minority interests			0			-1
Unrealised gains/losses arising on currency translations						
- from fully consolidated companies			2,896			-774
- from at-equity accounted companies			15			-138
Derivative financial instruments						
- Change in unrealised gains / losses	-234	70	-164	120	-36	84
- Realised gains / losses	154	-46	108	247	-74	173
	-80	24	2,855	367	-110	-655
Other comprehensive income			**1,501**			**-656**
Group comprehensive income			**9,312**			**6,021**
of which attributable to minority shareholders			2,669			490
of which attributable to the shareholders of Schaltbau			6,643			5,531

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

€ 000	**1.1.-30.09.2014**	**1.1.-30.09.2013**
Profit before financial result and taxes (EBIT)	**23,794**	**27,419**
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	6,966	6,620
Gains/losses on the disposal of intangible assets and property, plant and equipment	-12	80
Change in current assets	-37,716	-10,421
Change in provisions	442	441
Change in current liabilities	4,009	-4,930
Dividends received	704	845
Income tax paid	-3,895	-4,401
Other non-cash income / expenses	-6	0
Cash flow from operating activities	**-5,714**	**15,653**
Payments for investments in:		
- intangible assets and property, plant and equipment	-13,677	-10,057
- financial investments	-2,556	-2,197
- payments for investments to acquire fully consolidated entities less cash acquired	-9,779	-641
Proceeds from disposal of:	27	
- property, plant and equipment	149	24
Cash flow from investing activities	**-25,836**	**-12,871**
Income from share purchase programme	84	0
Dividend payment by Schaltbau Holding AG	-5,892	-4,726
Distribution to minority interests	-2,054	-908
Repayment of participation rights capital	-7,255	0
Loan repayments	-3,181	-3,210
New loans raised	8,500	3,600
Interest paid	-3,118	-2,994
Interest received	77	81
Change in current financial liabilities	42,841	4,612
Cash flow from financing activities	**30,002**	**-3,545**
Change in cash funds due to exchange rate fluctuations	516	4
Changes in cash funds	**-1,032**	**-759**
Cash funds at the end of the period	12,125	6,904
Cash funds at the beginning of the period	13,157	7,663
	-1,032	**-759**

Consolidated Balance Sheet as at 30 Sept. 2014

ASSETS	€ 000 30.09.2014	€ 000 31.12.2013
A. NON-CURRENT ASSETS		
I. Intangible assets	47,733	24,217
II. Property, plant and equipment	64,877	52,941
III. At-equity accounted investments	5,354	10,442
IV. Other investments	6,124	4,763
V. Deferred tax assets*	13,089	13,043
	137,177	**105,406**
B.CURRENT ASSETS		
I. Inventories	93,040	68,514
II. Trade accounts receivable	100,991	66,187
III. Income tax receivables	222	274
IV. Other receivables and assets	14,471	12,612
V. Cash and cash equivalents	13,060	14,392
	221,784	**161,979**
Total assets	**358,961**	**267,385**

EQUITY AND LIABILITIES	€ 000 30.09.2014	€ 000 31.12.2013
A. EQUITY		
I. Subscribed capital	7,506	7,506
II. Capital reserves	15,872	15,805
III. Statutory reserves	231	231
IV. Revenues reserves*	43,182	31,833
V. Income/expense recognised directly in equity	1,197	-686
VI. Revaluation reserve	3,041	3,041
VII. Group net profit attributable to shareholders of Schaltbau Holding AG	24,210	21,371
VIII. Equity attributable to shareholders of Schaltbau Holding AG	95,239	79,101
IX. Minority interests	18,239	10,317
	113,478	**89,418**
B. NON-CURRENT LIABILITIES		
I. Pension provisions	38,349	33,113
II. Personnel-related accruals	3,359	3,410
III. Other provisions	503	78
IV. Financial liabilities	96,696	49,790
V. Other liabilities	700	15
VI. Deferred tax liabilities	6,795	7,138
	146,402	**93,544**
C. CURRENT LIABILITIES		
I. Participation rights capital	0	7,132
II. Personnel-related accruals	6,399	6,207
III. Other provisions	20,148	19,048
IV. Income taxes payable	584	317
V. Financial liabilities	12,196	6,350
VI. Trade accounts payable	26,263	20,961
VII. Advance payments received	12,930	7,826
VIII. Other liabilities	20,561	16,582
	99,081	**84,423**
Total equity and liabilities	**358,961**	**267,385**

Consolidated Statement of Changes in Equity as at 30 Sept. 2014

	Equity attributable to shareholders of Schaltbau Holding AG					
	Subscribed capital	Capital reserves	Statutory reserves	Revenue Reserves Other	Revenue 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
Dividends	0	0	0	-4,726	0	0
Other changes	0	0	0	69	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	0	133	0
Group comprehensive income	0	0	0	0	133	0
Balance at 30.09.2013	**7,506**	**15,805**	**231**	**32,432**	**-1,298**	**3,041**
Balance at 1.10.2013	**7,506**	**15,805**	**231**	**32,432**	**-1,298**	**3,041**
Profit brought forward	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Other changes	0	0	0	-34	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	546	187	0
Group comprehensive income	0	0	0	546	187	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
Dividends	0	0	0	-5,892	0	0
Change in Group reporting entity	0	0	0	0	0	0
Other changes	0	67	0	17	0	0
Group net profit for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	-3,874	-273	0
Group comprehensive income	0	0	0	-3,874	-273	0
Balance at 30.09.2014	**7,506**	**15,872**	**231**	**44,566**	**-1,384**	**3,041**

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

Income/expenses directly in equity from fully consolidation	recognised from at-equity consolidation	Net profit for the period	Total	Minority interests in equity in capital and reserves	in net profit for the period	Total	Group equity
320	**-28**	**18,980**	**62,533**	**5,355**	**3,244**	**8,599**	**71,132**
0	0	-18,980	0	3,244	-3,244	0	0
0	0	0	-4,726	-1,619	0	-1,619	-6,345
0	0	0	69	24	0	24	93
0	0	16,402	16,402	0	2,733	2,733	19,135
-178	-568	0	-613	33	-1	32	-581
-178	-568	16,402	15,789	33	2,732	2,765	18,554
142	**-596**	**16,402**	**73,665**	**7,037**	**2,732**	**9,769**	**83,434**
142	**-596**	**16,402**	**73,665**	**7,037**	**2,732**	**9,769**	**83,434**
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	-34	0	0	0	-34
0	0	4,969	4,969	0	645	645	5,614
-245	13	0	501	-97	0	-97	404
-245	13	4,969	5,470	-97	645	548	6,018
-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	-1,698	0	-1,698	-7,590
0	0	0	0	4,795	0	4,795	4,795
0	0	0	84	0	0	0	84
0	0	24,210	24,210	0	3,854	3,854	28,064
1,833	50	0	-2,264	971	0	971	-1,293
1,833	50	24,210	21,946	971	3,854	4,825	26,771
1,730	**-533**	**24,210**	**95,239**	**14,385**	**3,854**	**18,239**	**113,478**

Explanatory Notes and segment information as at 30 Sept. 2014

DESCRIPTION OF BUSINESS

The Schaltbau Group is one of the leading supplieers 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. Also on 21 April, 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 diring the period under report. 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 46.7 % 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 89.3%. 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 € 11,796,000 recorded in other results from investments. The non-controlling interest of the minority shareholders (approximately 10.7%) is also 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 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 Sept. 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 Sept. 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 the completed at the end of the year.

Balance sheet at 30 Sept. 2014			
	€ 000		€ 000
Intangible assets and property, plant and equipment	29,536	Revenue reserves including translation differences	-20
At-equity accounted investments	-6,911	Group net profit after minority interests	13,158
Other investments	1,393	Minority interests in equity	5,104
Deferred tax assets	185	Deferred tax liabilities	0
Inventories	10,012	Provisions	1,256
Trade accounts receivable	16,773	Liabilities to banks	20,101
Receivables from affiliated companies	231	Other financial liabilities	2,604
Receivables from associated companies	-2,003		
Other assets	953	Trade accounts payable	5,365
Cash and cash equivalents	3,267	Sundry other liabilities	5,868
	53,436		53,436

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 Sept. 2014	€ 000	Income statement 1 July – 30 Sept. 2014	€ 000
Sales	23,939	Sales	12,312
Change in inventories	620	Change in inventories	1,754
Own work capitalised	88	Own work capitalised	0
Other operating income	203	Other operating income	107
Cost of materials	13,209	Cost of materials	7,121
Personnel expense	5,468	Personnel expense	3,164
Amortisation and depreciation	365	Amortisation and depreciation	222
Other operating expenses	3,134	Other operating expenses	1,667
Result from investments	11,796	Results from investments	19
Net interest result	-222	Net interest result	-97
Income taxes	698	Income taxes	635
Group net profit for the period	13,550	Group net profit for the period	1,286
Attributable to minority interests	392	Attributable to minority interests	234
Attributable to Schaltbau Holding AG	13,158	Attributable to Schaltbau Holding AG	1,052
Group net profit for the period	13,550	Group net profit for the period	1,286

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 adjustm ents	Fair values at acquisition date
Intangible assets	48		48
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	**31,351**		**31,351**
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	5,339		5,339
Total liabilities acquired	**14,837**		**14,837**
Net assets acquired			**16,514**
Acquisition cost	14,505		
Fair value of own shares of acquired entities	19,028		
Fair value attributable to minority interests	4,796		
			38,329
Goodwill			**21,815**

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 89.3%, 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 by the end of the year.

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**	
	30.09.2014	**31.12.2013**	**1.1. bis 30.09.2014**	**1.1. bis 30.09.2013**
Chinese renminbi yuan	7.7262	8.3491	8.3373	8.1759
US dollar	1.2583	1.3791	1.3561	1.3170
British pound	0.7773	0.8337	0.8123	0.8519
New Turkish lire	2.8779	2.9605	2.9321	2.4561
Polish Zloty	4.1776	4.1543	4.1750	4.1980

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. – 30.09.	**2014**	**2013**
Wages and salaries	**84,336**	**74,711**
Social security, pension and welfare expenses	**16,435**	**14,389**
	100,771	**89,100**

EMPLOYEES

	2014	**2013**
Employees	**2,213**	**1,831**

These employee figures show the weighted average for the period under report (including trainees, executives and board members). The above figure includes 329 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 € 11,796,000 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 - Sept. 2013: EUR 250,000) recognised on investments in two (January - Sept. 2013: one) non-consolidated foreign subsidiaries.

FINANCIAL RESULT

in € 000 1.1. – 30.09.	2014	2013
Other interest and similar income	77	81
(of which from affiliated companies)	(-)	(-)
Interest and similar expenses	- 3,045	- 3,592
(of which to affiliated companies)	(- 11)	(- 16)
	- 2,968	- 3,511

Interest expenses include €885,000 (1.1. – 30.09.2013: € 884,000) relating to the interest component of the allocation to the pension provision.

INCOME TAXES

in € 000 1.1. – 30.09.	2014	2013
Income tax expense	- 4,292	- 4,633
Deferred tax expense	- 1,544	- 1,769
	-5,836	-6,402

EUR 1,684,000 (January – Sept. 2013: EUR 1,478,000) of deferred tax assets, recognised in previous accounting periods on tax losses available for carryforward in Germany, were derecognised.

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	30.09.2014	31.12.2013
Raw materials, consumables and supplies	**39,829**	**29,899**
Work in progress	**40,092**	**27,877**
Finished products, goods for resale	**12,188**	**10,309**
Advance payments to suppliers	**931**	**429**
	93,040	**68,514**

Write-downs totalling € 443,000 (January - Sept. 2013: € 245,000) and reversals of impairment losses totalling € 237,000 (January - Sept. 2013: € 10,000) were recognised on inventories during the period under report. Write-downs on inventories at the end of the reporting period totalled € 16,351,000 (2013: € 14,692,000).

RECEIVABLES AND OTHER ASSETS

in € 000	30.09.2014	31.12.2013
Trade accounts receivable	**100,991**	**66,187**
Receivables from affiliated companies	**7,322**	**5,445**
Receivables from associated companies	**68**	**761**
Income tax receivables	**222**	**274**
Positive fair values of derivative instruments	**6**	**164**
Other assets	**7,075**	**6,242**
	115,684	**79,073**

Allowances on trade accounts receivable amount to € 3,818,000 (30 Sept. 2013: € 2,646,000). Write-downs amounting to € 973,000 (January – Sept. 2013: € 1,070,000) and reversals of write-downs amounting to € 29,000 (January – Sept. 2013: € 59,000) were recorded against receivables and other assets.

CASH AND CASH EQUIVALENTS

in € 000	30.09.2014	31.12.2013
Cheques and cash on hand	**86**	**25**
Cash at bank	**12,974**	**14,367**
	13,060	**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	30.09.2014	31.12.2013
Non-current provisions		
Pension provision*	**38,349**	**33,113**
Personnel-related accruals	3,359	3,410
Warranties	404	78
Other provisions	99	0
Other non-current provisions	**3,862**	**3,488**
	42,211	**36,601**
Current provisions		
Personnel-related accruals	**6,399**	**6,207**
Current tax	2,944	2,851
Warranties	7,239	7,336
Outstanding costs and material	6,716	5,877
Other provisions	3,249	2,984
Other current provisions	**20,148**	**19,048**
	26,547	**25,255**
Total provisions*	**68,758**	**61,856**

A discount rate of 2.3% (2013: 3.5%) was used to calculate the pension provision. The resulting EUR 5,534,000 increase in the pension provision was recognised directly in equity.

LIABILITIES

in € 000		30.09.2014	31.12.2013
Non-current liabilities			
Liabilities to banks	94,110		49,790
Finance lease liabilities	79		0
Other financial liabilities	2,507		0
Financial liabilities		**96,696**	**49,790**
Other liabilities		**700**	**15**
		97,396	**49,805**
Current liabilities			
Current income tax liabilities		**584**	**317**
Liabilities to banks	12,178		6,350
Finance lease liabilities	18		0
Financial liabilities		**12,196**	**6,350**
Trade accounts payable		**26,263**	**20,961**
Advance payments received		**12,930**	**7,826**
Payables to affiliated companies	1,052		1,543
Liabilities to other group entities	507		720
Negative fair values of derivatives	2,109		1,643
Sundry other liabilities	16,893		12,676
Other liabilities		**20,561**	**16,582**
		72,534	**52,036**
Total liabilities		**169,930**	**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" and in the Group Interim Management Statement Q2.

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	
1.1.-30.09.	2014	2013
Total sales of segments	313,717	297,604
Other sales	1,762	1,870
Consolidation	-2,941	-3,587
Sales as per income statement	**312,538**	**295,887**

€ 000	EBIT	
1.1.-30.09.	2014	2013
Total EBIT of segments	28,801	31,036,
Other EBIT	-5,056	-3,700
Consolidation	49	83
EBIT as per income statement	**23,794**	**27,419**

€ 000	Assets	
30.09.	2014	2013
Total segment assets	373,079	286,227
Other assets excluding deferred tax asstes	71,057	54,961
Deferred taxes	3,920	6,404
Consolidation	-89,095	-75,887
Group assets as per balance sheet	**358,961**	**271,705**

€ 000	Liabilities	
30.09.	2014	2013
Total segment liabilities	229,360	181,969
Other liabilities excluding deferred tax liabilities	93,347	75,023
Deferred taxes	-78	784
Consolidation	-77,145	-63,824
Group liabilities as per balance sheet	**245,484**	**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. – 30.09.**	Mobile Transportation Technology		Stationary Transportation Technology	
	2014	**2013**	**2014**	**2013**
Order-intake (external)	139,486	116,151	111,063	104,039
Sales	134,907	112,949	96,444	103,129
- of which external	134,523	112,199	96,109	102,605
- of which with other segment	384	750	335	524
External order-book	140,262	109,922	90,948	76,162
EBITDA	13,141	11,716	3,496	8,440
Result from operating activities (EBIT)	11,285	10,145	881	5,995
Result from at-equity accounted investments	2,095	1,879	0	0
Other results from investments	11,076	0	-422	-250
Interest income	128	108	51	57
Interest expense	-745	-446	-2,027	-1,735
Income taxes	-1,989	-654	-710	-349
Segment result / Group result	21,850	11,032	-2,227	3,718
Changes in group reporting entity	21,135	0	0	0
Capital expenditure on investments	1,802	1,966	0	205
Impairment losses on investments	-720	0	-422	-250
Capital expenditure [1)]	4,843	1,254	4,477	5,679
Amortisation and depreciation [1)]	-1,856	-1,571	-2,615	-2,445
Impairment losses	0	-57	-255	-8
Reversal of impairment losses	25	0	28	38
Other significant non-cash expenses	-5,519	-4,784	-4,011	-4,498
Segment assets [2)]	146,272	87,316	114,775	105,936
Investments accounted for at-equity	5,354	10,187	0	0
Capital employed [3)]	111,889	65,146	90,401	78,862
Segment liabilities [4)]	71,902	39,306	97,467	83,547
Employees (average as per HGB)	917	570	667	649
EBIT margin [5)]	8.4 %	9.0 %	0.9 %	5.8 %
Return on capital employed [6)]	13.4 %	20.8 %	1.3 %	10.1 %

[*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
87,554	79,282	338,103	299,472	65	74	338,168	299,546
82,366	81,526	313,717	297,604	-1,179	-1,717		
81,840	81,009	312,472	295,813	66	74	312,538	295,887
526	517	1,245	1,791	-1,245	-1,791		
54,725	46,626	285,935	232,710			285,935	232,710
18,907	17,077	35,544	37,233	-4,782	-3,192	30,762	34,041
16,635	14,896	28,801	31,036	-5,007	-3,617	23,794	27,419
0	0	2,095	1,879	0	0	2,095	1,879
325	0	10,979	-250	0	0	10,979	-250
59	57	238	222	-161	-141	77	81
-1,061	-1,234	-3,833	-3,415	788	-177	-3,045	-3,592
-1,475	-2,218	-4,174	-3,221	-1,662	-3,181	-5,836	-6,402
14,483	11,501	34,106	26,251	-6,042	-7,116	28,064	19,135
0	0	21,135	0	0	341	21,135	341
305	0	2,107	2,171	450	25	2,557	2,196
0	0	-1,142	-250	0	0	-1,142	-250
4,036	2,755	13,356	9,688	322	368	13,678	10,056
-2,270	-2,179	-6,741	-6,195	-225	-425	-6,966	-6,620
-1,161	-1,250	-1,416	-1,315	0	0	-1,416	-1,315
213	31	266	69	0	0	266	69
-6,406	-5,089	-15,936	-14,371	-2,272	-4,027	-18,208	-18,398
112,032	96,375	373,079	289,627	-14,118	-16,866	358,961	272,761
0	0	5,354	10,187	0	0	5,354	10,187
87,813	77,365	290,103	221,373	-11,177	-11,379	278,926	209,994
59,991	54,000	229,360	176,853	16,124	12,474	245,484	189,327
607	592	2,192	1,811	21	20	2,213	1,831
20,3 %	18,4 %					7,6 %	9,3 %
25,3 %	25,7 %					11,4 %	17,4 %

PRODUCT-BASED SEGMENT INFORMATION

Disclosures in € 000	Mobile Transportation Technology		Stationary Transportation Technology	
1.7. – 30.09.	**2014**	**2013**	**2014**	**2013**
Order-intake (external)	48,089	32,886	32,219	29,809
Sales	49,913	38,734	38,488	38,685
- of which external	49,772	38,035	38,480	38,672
- of which with other segment	141	699	8	13
External order-book	140,262	109,922	90,948	76,162
EBITDA	5,828	3,817	3,569	4,565
Result from operating activities (EBIT)	5,109	3,347	2,677	3,705
Result from at-equity accounted investments	280	250	0	0
Other results from investments	19	0	0	0
Interest income	34	34	7	15
Interest expense	-293	-141	-722	-579
Income taxes	-1,113	-286	-249	-252
Segment result / Group result	4,036	3,204	1,713	2,889
Changes in group reporting entity	-63	0	0	0
Capital expenditure on investments	99	548	2	0
Impairment losses on investments	0	0	0	0
Capital expenditure [1)]	2,056	538	1,402	1,453
Amortisation and depreciation [1)]	-719	-470	-892	-860
Impairment losses	0	-57	-83	-8
Reversal of impairment losses	0	0	4	38
Other significant non-cash expenses	-1,762	-1,670	-816	-1,570
Segment assets [2)]	146,272	87,316	114,775	105,936
Investments accounted for at-equity	5,354	10,187	0	0
Capital employed [3)]	111,889	65,146	90,401	78,862
Segment liabilities [4)]	71,902	39,306	97,467	83,547
Employees (average as per HGB)	917	570	667	649
EBIT margin [5)]	10.3%	8.8 %	7.0%	9.6 %
Return on capital employed [6)]	18.3%	20.6 %	11.8%	18.8 %

*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
30,130	23,452	110,438	86,147	19	25	110,457	86,172
27,716	25,640	116,117	103,059	289	859		
27,556	25,468	115,808	102,175	20	25	115,828	102,200
160	172	309	884	-309	-884		
54,725	46,626	285,935	232,710			285,935	232,710
6,286	4,793	15,683	13,175	-1,719	-1,147	13,964	12,028
5,516	4,067	13,302	11,119	-1,804	-1,290	11,498	9,829
0	0	280	250	-1	0	279	250
0	0	19	0	0	0	19	0
19	17	60	66	-35	-43	25	23
-340	-375	-1,355	-1,095	245	-44	-1,110	-1,139
-455	-623	-1,817	-1,161	-1,082	-1,124	-2,899	-2,285
4,740	3,086	10,489	9,179	-2,677	-2,501	7,812	6,678
0	0	-63	0	0	341	-63	341
305	0	406	548	0	25	406	573
0	0	0	0	0	0	0	0
1,511	1,211	4,969	3,202	294	364	5,263	3,566
-770	-725	-2,381	-2,055	-84	-142	-2,465	-2,197
-365	-209	-448	-274	0	0	-448	-274
1	0	5	38	0	0	5	38
-856	-1,534	-3,434	-4,774	-957	-1,471	-4,391	-6,245
112,032	96,375	373,079	289,627	-14,118	-16,866	358,961	272,761
0	0	5,354	10,187	0	0	5,354	10,187
87,813	77,365	290,103	221,373	-11,177	-11,379	278,926	209,994
59,991	54,000	229,360	176,853	16,124	12,474	245,484	189,327
607	592	2,192	1,811	21	20	2,213	1,831
20.0%	16.0 %					9.9%	9.6 %
25.1%	21.0%					16.5%	18.7 %

CONSOLIDATED CASH FLOW STATEMENT

Composition of cash funds

Cash funds comprise:

€ 000	**30.09.2014**	**31.12.2013**
Cash and cash equivalents	**13,060**	**14,392**
Balance on cash management accounts	**-935**	**-1,235**
	12,125	**13,157**

€ 000	**30.09.2013**	**31.12.2012**
Cash and cash equivalents	**8,256**	**8,510**
Balance on cash management accounts	**-1,352**	**-847**
	6,904	**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	30.09.2014	31.12.2013
Other financial obligations		
Rental and lease expenses	9,340	8,350
Other commitments	4,200	4,309

Contingent liabilities amounted to € 1,040,000 at 30 Sept. 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.-30.9.2014 € 000	1.1.-30.9.2013 € 000	1.1.-30.9.2014 € 000	1.1.-30.9.2013 € 000
Associated companies				
goods and services	1,397	5,289	2,854	4,875
other relationships	-	-	5	-
Non-consolidated companies				
goods and services	8,756	8,453	4,326	2,223
other relationships	175	39	1,092	1,115

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	
	30.9.2014 € 000	31.12.2013 € 000	30.9.2014 € 000	31.12.2013 € 000
Associated companies	68	761	421	720
Non-consolidated companies	7,322	5,445	1,138	1,543

Events after the balance sheet date

On 9 October Schaltbau Holding AG increased its shareholding in Albatros S.L., Spain, to 40 per cent or € 1.2 million as part of a share capital increase. The shareholding will be accounted for using the equity method. On 15 October Schaltbau Holding AG sold 10 per cent of its shareholding in ALTE Technologies S.L.U., Spain, for € 250,000. At the same time a repurchase option was agreed upon, which is valid until 31 March 2019.

Munich, 31 October 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 profi.t 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 October 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 September 2014 have neither been audited in accordance with § 317 HGB nor subject to a limited review by the group auditor.

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