SCHALTBAU

Group Interim Report
as at 31 March 2012

Schaltbau Group Key Financial Figures for the period ended 31 March

Group key financial figures		**31 March 2012**	**31 December 2011**	**31 March 2011**	**31 December 2010**
Order situation					
Order-intake	€ m.	**105.5**	342.8	**101.1**	288.7
Order-book	€ m.	**239.6**	197.4	**200.7**	171.5
Income statement					
Sales	€ m.	**84.7**	318.4	**74.1**	280.4
Total output	€ m.	**88.4**	324.4	**77.1**	288.6
EBITDA	€ m.	**8.3**	34.7	**8.8**	30.1
Profit from operating activities (EBIT)	€ m.	**6.6**	27.4	**7.2**	23.8
EBIT margin	%	**7.7**	8.6	**9.7**	8.5
Group net profit for the period	€ m.	**4.5**	21.7	**7.1**	14.8
Profit attr. to shareholders of the AG	€ m.	**3.7**	18.7	**6.0**	12.1
Return on capital employed	%	**15.0**	18.9	**19.6**	18.2
Balance sheet					
Fixed Assets	€ m.	**77.0**	74.0	**69.9**	64.0
Working capital	€ m.	**97.6**	71.8	**76.9**	66.8
Capital employed	€ m.	**174.7**	145.8	**146.8**	130.8
Group equity	€ m.	**62.5**	59.5	**41.2**	33.1
Net bank liabilities	€ m.	**34.3**	27.4	**34.2**	31.5
Balance sheet total	€ m.	**239.5**	213.6	**200.8**	189.6
Personnel					
Employees at end of reporting period	Number	**1,854**	1,738	**1,649**	1,610
Personnel expense	€ m.	**27.2**	95.4	**23.0**	87.3
Personnel expense[1] per employee[2]	€ 000	**64.0**	62.1	**61.9**	60.1
Total output[1] per employee[2]	€ 000	**207.7**	211.3	**207.1**	198.6
Earnings per share					
Earnings per share (undiluted)	€	**1.80**	9.38	**3.21**	6.50
Earnings per share (diluted)	€	**1.80**	9.38	**3.03**	6.09

[1] Based on figures to date extrapolated to twelve months
[2] average for period under report including trainees, executives and board members

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Dear shareholders

The Schaltbau Group performed better than we expected during the first quarter 2012. Not only did sales grow sharply by 14% on the previous year's figures, order intake also continued its upward trend at a high level, creating a new order book record. Operating profit for the quarter reflects the upfront expenditure needed to maintain our course of strategic development and we intend to keep growing organically on important international markets as well as with selected acquisitions.
The takeover of the Pintsch Tiefenbach Group at the beginning of 2012 was an important step in this direction. With locations and cooperation partners on four continents, Pintsch Tiefenbach is one of the leading specialists for marshalling control systems and signals engineering worldwide. Its integration in the Pintsch Bamag Group enables us to further strengthen our market position as supplier of signalling systems for main and branch lines both in Germany and abroad and enter promising new markets in the fields of railway signalling, train formation systems and sensor technology. For this reason we have now changed the company's name to Pintsch Tiefenbach and this welcome addition represents a meaningful expansion of the range of goods and services the Schaltbau Group provides. Naturally enough, an acquisition of this scale is bound to have an impact on earnings during the integration phase and the costs were in line with our expectations. They were also largely responsible for the slight drop in EBIT for the period, although we think the result still compares well with the excellent EBIT posted for the same quarter one year earlier. We are confident that the Pintsch Tiefenbach Group will contribute positively to Group EBIT in the region of € 1.5 million during fiscal year 2012.

The second key factor influencing performance in the quarter under report was the ongoing reluctance to invest currently plaguing the Chinese railway industry, causing a noticeable drop in order intake for our Components segment. In China we have meanwhile adjusted operations for the current year in line with the expected lower level of investment in the rail sector and presume it will continue for the time being. However, since the beginning of the second quarter there have been increased signs of a moderate upturn in the market as the need for railway infrastructure continues to be high.

Moreover, a number of positive factors are counteracting the current business slowdown in the Chinese railway industry. Schaltbau is compensating with a host of new, innovative products and solutions such as the BIDS and CADS door systems, wind energy braking systems and new types of contactors specifically designed for applications in the solar power industry. The current demand for components on the North American market is outstanding. Our activities on the Russian market are also developing dynamically and making a significant contribution to component sales in Europe. Furthermore, the container market continues to gather momentum.

In the face of current structural changes on the railway market in general, we expect a moderate medium-term decline in market volumes and an increase in competitive pressure at the same time. The result is likely to be a process of consolidation in the industry that will be sharpened by the growing level of internationalisation. The financial strength we have meanwhile achieved will enable us to play an active role in this consolidation process in terms of acquisitions. In keeping with our well-balanced portfolio strategy, we are not only focusing on takeovers in the railway industry, but also on other areas of the industrial goods sector.

Best regards

Dr. Jürgen H. Cammann
Spokesman of the Executive Board

Group Interim Management Statement

The Schaltbau Group started well into fiscal year 2012, considering the heterogeneous general conditions. Based on an ongoing positive order situation, Group sales in the first three months of 2012 were significantly up on those of the same period one year earlier and although operating results were just below those posted for the first quarter 2011, they exceeded expectations. The good level of incoming orders and the favourable prospects in general are strong reasons to abide by the current forecast for fiscal year 2012.

Major events during the first quarter 2012

Pintsch Bamag Antriebs- und Verkehrstechnik GmbH completed the purchase of Tiefenbach GmbH, Sprockhövel, at the beginning of 2012. The acquisition also included a business entity in the USA. The takeover took economic effect from 1 January 2012. In mid-February the company was renamed Pintsch Tiefenbach GmbH.

On 26 January 2012 Hans Gisbert Ulmke resigned his post as Executive Board member at Schaltbau Holding AG with immediate effect.

On 6 February 2012 Dirk Christian Löchner was appointed as new member of the Executive Board of Schaltbau Holding AG and is responsible for the Financial Reporting and Controlling functions. Mr Löchner is also Managing Director of Gebr. Bode & Co. Beteiligungs GmbH, where he is responsible for supervising foreign subsidiaries within the Bode Group and coordinating their activities with the parent company. He resigned from his post as member of the management team at Gebr. Bode GmbH & Co. KG with effect from 23 April 2012.

Business environment

According to the joint diagnosis of leading German economic research institutes made in April, the level of acute risk for the world economy in spring 2012 is significantly lower than it was the previous autumn. Nevertheless, the institutes view the international economic outlook with caution in the face of the unsolved problem posed by sovereign debt in Europe. Moreover, the slower pace of economic growth in China and other emerging economies is perceived as a weakening factor.

The economic environment in the railway sector proved to be generally stable in all markets of major relevance for the Schaltbau Group, apart from China, where the reluctance to invest witnessed last year continued to dominate the first quarter. Overall performance in the other business fields continued to be positive. Above all, the fast-growing demand for braking systems in the container sector is a highly favourable factor.

Order situation

The order situation in the Schaltbau Group developed more positively than expected during the first quarter 2012. Order intake totalled € 105.5 million for the three-month period and was therefore 4.4% above the very high figure of € 101.1 million recorded one year earlier. € 6.8 million of this amount was attributable to the Pintsch Tiefenbach Group, which was newly consolidated on 1 January 2012.

In the **Mobile Transportation Technology** segment order intake was down 7% on the high level recorded last year. Order volume in the Door Systems for Buses product group was held down at the beginning of the year by the cautious ordering behaviour of public-sector customers, although the travel coaches sector staged a moderate recovery. The level of incoming orders for the Door Systems for Railway Vehicles product group continued to be good. Order intake for the Fittings for Sliding Vehicle Doors product group, however, tended to lose pace slightly during the reporting period.

Including the contribution made by the Pintsch Tiefenbach Group, incoming orders for the **Stationary Transportation Technology** segment jumped by 49% in the first quarter 2012. Demand for warning technology in the Rail Infrastructure business field was particularly brisk. In March the business field was awarded a major order via VW. The end customer was the German federal state of North Rhine-Westphalia. Business performance in the field of signal technology continued to enjoy the positive impact caused by the continued implementation of the service and financing agreement (LuFV) by Deutsche Bahn AG. The strong growth in the Brake Systems business field was primarily driven by the classical container market, which grew significantly in Asia. Demand for the wind energy braking systems manufactured by Pintsch Bubenzer also continued to increase.

Order intake in the **Components** segment was 20% down on the same period of the previous year. The segment was primarily impacted by the current difficulties afflicting the railway market in China. However, strong growth in demand on the Russian market did serve to partially compensate. In the USA, demand continued to rise in the photovoltaic field. Another very positive factor was increasing business with both new and spare parts projects for the railway industry.

The Group **order book** again grew during the period under report to reach a total of € 239.6 million at 31 March 2012. Of this total, € 24.7 million were attributable to the Pintsch Tiefenbach Group. Thus both the previous year's figure of € 200.7 million and the total of € 197.4 million recorded at the end of 2011 were easily surpassed.

Sales

Driven by the excellent order situation, the Schaltbau Group posted sales of € 84.7 million for the first quarter 2012, a rise of 14.3%. Even adjusted for the first-time contribution of the Pintsch Tiefenbach Group totalling € 2.8 million, the Group exceeded both its own expectations and its performance from the previous year.

The **Mobile Transportation Technology** segment recorded a moderate rise in sales during the quarter under report. The Door Systems for Railway Vehicles product group posted noticeably better figures on the back of increasing demand. Sales for the Door Systems for Buses and Coaches product group compared well with those of the previous year. However, sales for the Fittings for Sliding Vehicle Doors product group were 14% down on the first three months of the previous year.

The **Stationary Transportation Technology** segment reported a powerful increase in sales, which was supported not only by Pintsch Tiefenbach, but by the entire segment. The Brake Systems business field in particular continued to profit from growing demand. Business volume in the field of wind energy braking systems more than doubled compared to the previous year and in the Rail Infrastructure business field too, sales of railway crossing systems and point heating units were well up on those of last year due to the good order situation.

The high order book volume from the previous year contributed to moderate sales growth in the **Components** segment during the first quarter 2012. The positive performance in North America and Russia was particularly outstanding. In China, Schaltbau was still largely able to maintain sales at the previous year's levels.

Group earnings performance

Earnings from operating activities (EBIT) for the Schaltbau Group totalled € 6.6 million for the first quarter 2012 after reporting € 7.2 million one year earlier. The negative result of the newly consolidated Pintsch Tiefenbach Group of € 0.4 million and the slightly lower earnings from components on the Chinese market have had an impact on earnings for the current year. Moreover, the Group specifically invested in recruiting new staff in order to maintain the pace of its declared growth strategy, which led to a corresponding rise in personnel costs. The EBIT margin overall therefore decreased from 9.7% to 7.7%.

Group net profit for the period totalled € 4.5 million compared with € 7.1 million last year, which had been positively impacted by one-time effects of approximately € 2.1 million. The profit attributable to shareholders of Schaltbau Holding AG amounted to € 3.7 million (2011: € 6.0 million) for the period under report. Earnings per share stood at € 1.80 compared with € 3.21 for the first quarter one year previously.

EBIT for the **Mobile Transportation Technology** segment fell slightly to € 1.6 million (first quarter 2011: € 1.7 million). The segment EBIT margin therefore edged down by 0.3 percentage points to 5.4%. The decline is primarily due to the increase in personnel costs.

Largely owing to the negative result of the Pintsch Tiefenbach Group, EBIT for the **Stationary Transportation Technology** segment in the first quarter 2012 decreased minimally to € 0.9 million (2011: € 1.1 million). The EBIT margin stood at 3.2% (first quarter 2011: 5.4%).

Despite the difficulties on the Chinese market, the **Components** segment reported practically unchanged first-quarter EBIT of € 5.4 million. The EBIT margin stood at 20.4% (2011: 22.3%).

Group financial and net assets position

The balance sheet total rose sharply to € 239.5 million at 31 March 2012 (31 December 2011: € 213.6 million). The growth in sales and the first-time consolidation of the Pintsch Tiefenbach Group resulted in a strong rise in inventories and trade accounts payable on the assets side of the balance sheet. The Group's working capital increased from € 71.8 million at 31 December 2011 to € 97.6 million at 31 March 2012. In that context, net bank liabilities rose to € 34.3 million after totalling € 27.4 million on 31 December 2011 (31 March 2011: € 34.2 million). The rise in pension provisions from € 18.5 million to € 27.6 million resulted from the takeover of Pintsch Tiefenbach. The equity ratio fell slightly from 27.9% to 26.1% at 31 March 2012. Including participation rights capital, which is similar in nature to equity, the equity ratio stood at 29.1% (31 December 2011: 31.2%).

A total of € 1.37 million was invested in property, plant and equipment and intangible assets during the period under report as compared with € 1.76 million in amortisation and depreciation.

Purchasing

Generally speaking, the period of stability witnessed on purchasing markets over the last four months of 2011 continued throughout the first quarter 2012. The prices of the important non-ferrous metals aluminium and copper were well below levels seen in the same quarter of the previous year. However, they were slightly up on prices paid at the end of 2011. Silver continued to trade at high prices in an extremely volatile market. After a steep rise to over US$37 per fine ounce at the end of February 2012, even though the price of silver fell during the course of the quarter under report, it was still well above that of the last day of trading in 2011.

Both the prices and the supply situation for printed circuit boards have improved considerably and delivery times returned to normal in all respects. It again became possible to enter into long-term price agreements for steel and steel products during the period under report.

After the sudden rise in the price of crude oil over the US$100-mark in February, markets have levelled out at prices well above those seen at the end of 2011, which also had a negative impact on prices for plastic components.

Significant events occurring after 31 March 2012

No events of particular significance have taken place since the end of the first quarter 2012.

Opportunity and risk report

There were no changes to the fundamental risks and opportunities influencing the future development of the Schaltbau Group in the first three months of 2012 compared to those portrayed in the Group Financial Statements for the fiscal year 2011.

Outlook and other assertions relating to future developments

Despite numerous factors holding down the pace of economic growth worldwide, markets relevant for the Schaltbau Group are generally expected to continue performing dependably throughout the fiscal year 2012. Based on highly favourable order-book figures, we predict a steady volume of business with the railway sector, both in Europe and the USA. In China we expect the current hesitancy to invest in the railway sector to continue for the time being, although there are growing signs that point to a gradual improvement in the second half of 2012. Demand for industrial braking systems and components is likely to remain stable at the currently favourable levels already reached. Component sales are set to continue dynamically, particularly in North America and Russia.

The acquisition of the Pintsch Tiefenbach Group at the beginning of 2012 has strategically supplemented the Rail Infrastructure business field. The group has established an international reputation as leading specialist for shunting and signal systems and enabled Pintsch Bamag to bolster its current market position as supplier of signal systems for main and branch lines both in Germany and abroad, with a view to entering promising new markets in the fields of railway signals engineering, train formation systems and sensor technology. After the expected negative result in the first quarter, the earnings situation for the Pintsch Tiefenbach Group is likely to successively improve in the further course of the year and earnings on an EBIT basis of approximately € 1.5 million are predicted for the fiscal year 2012.

Overall, the Executive Board abides by its recently published forecast and predicts sales in the region of € 350 million with EBIT of € 28.9 million for the Schaltbau Group in fiscal year 2012. Group net profit is expected to reach € 20.8 million and earnings per share are predicted at € 8.83.

Significant related party transactions

Information available in the Notes.

Condensed Interim Consolidated Financial Statements as at 31.03.2012

Consolidated Income Statement for the period from 1 January to 31 March 2012

€000	1.1.-31.03.2012	1.1.-31.03.2011
1. Sales	84,692	74,112
2. Change in inventories of finished and work in progress	3,583	2,902
3. Own work capitalised	99	90
4. Total output	**88,374**	**77,104**
5. Other operating income	370	269
6. Cost of materials	44,610	38,085
7. Personnel expense	27,233	23,040
8. Amortisation and depreciation	1,761	1,571
9. Other operating expenses	8,589	7,466
10. Profit from operating activities	**6,551**	**7,211**
a) Result from at-equity accounted investments	520	311
b) Other results from investments	0	2,104
11. Results from investments	520	2,415
a) Interest income	40	3
b) Interest expense	1,291	1,458
12. Finance result	-1,251	-1,455
13. Profit before tax	**5,820**	**8,171**
14. Income taxes	1,352	1,106
15. Group net profit for the period	**4,468**	**7,065**
Analysis of group net profit		
attributable to minority shareholders	791	1,032
attributable to the shareholders of Schaltbau Holding AG	3,677	6,033
Group net profit for the period	**4,468**	**7,065**
Earnings per share – undiluted:	**1.80 €**	**3.21 €**
Earnings per share – diluted:	**1.80 €**	**3.03 €**

Statement of Income and Expenses Recognised in Equity

€000	1.1.-31.03.2012			1.1.-31.03.2011		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net profit for the period			**4,468**			**7,065**
Unrealised gains/losses arising on currency translations						
- from fully consolidated companies			-416			-344
- from at-equity accounted companies			257			-195
Derivative financial instruments						
- Change in unrealised gains (+) / losses (-)	273	-82	191	402	-120	282
- Realised gains (+) / losses (-)	148	-44	104	116	-35	81
Total income and expenses recognised directly in equity			**136**			**-176**
Comprehensive income			**4,604**			**6,889**
of which:						
attributable to minority shareholders			649			823
attributable to the shareholders of Schaltbau Holding			3,955			6,066

Consolidated Cash Flow Statement for the period from 1 Jan. to 31 March 2012

	€ 000	€ 000
	1.1.-31.03.2012	1.1.-31.03.2011
Group net profit for the period	**4,468**	**7,065**
Amortisation and depreciation on non-current assets	1,761	1,971
Finance result	1,251	1,455
Income tax expense	1,352	1,109
Change in current assets	-13,207	-10,385
Change in provisions	900	2,106
Change in current liabilities	1,462	3,317
Interest paid	-612	-873
Interest received	40	3
Income tax paid	-1,562	-546
Other non-cash income / expenses	-517	-3,248
Cash flow from operating activities	**-4,664**	**1,974**
Payments for investments in:		
- property, plant and equipment and intangible assets	-1,368	-1,473
- other financial investments	-141	-3,502
- Acquisitions of fully consolidated entities less cash acquired	-389	
Proceeds from disposal of:		
- property, plant and equipment	1	4
Cash flow from investing activities	**-1,897**	**-4,971**
Dividendenausschüttung der Schaltbau Holding AG		
Distribution to minority interests	-163	-451
Capital increase by minorities	-	554
Loan repayments	-242	-533
New loans raised	-	100
Change in current financial liabilities	4	-1,230
Cash flow from financing activities	**-401**	**-1,560**
Change in cash and cash equivalents due to exchange rate fluctuations	-59	-220
Change in cash and cash equivalents due changes in group reporting entity	-	683
Changes in cash, cash equivalents and securities	**-7,021**	**-4,094**
Cash and cash equivalents		
at the end of the period	5,706	7,437
at the beginning of the period	12,727	11,531
	-7,021	**-4,094**

Consolidated Balance Sheet as at 31 March 2012

ASSETS	€ 000	€ 000
	31.03.2012	31.12.2011
A. NON-CURRENT ASSETS		
I. Intangible assets	21,518	20,020
II. Property, plant and equipment	44,164	43,975
III. At-equity accounted investments	7,124	6,347
IV. Other investments	4,227	3,655
V. Deferred tax assets	11,292	10,382
	88,325	**84,379**
B.CURRENT ASSETS		
I. Inventories	74,924	60,833
II. Trade accounts receivable	61,391	47,830
III. Income tax receivables	118	242
IV. Other receivables and assets	8,988	7,603
V. Cash and cash equivalents	5,706	12,727
	151,127	**129,235**
Total assets	**239,452**	**213,614**

EQUITY AND LIABILITIES	€ 000	€ 000
	31.03.2012	31.12.2011
A. EQUITY		
I. Subscribed capital	7,506	7,506
II. Capital reserves	15,805	15,805
III. Statutory reserves	231	231
IV. Revenues reserves	25,821	6,819
V. Income/expense recognised directly in equity	257	273
VI. Revaluation reserve	3,041	3,041
VII. Group net profit attributable to shareholders of Schaltbau Holding AG	3,677	18,707
VIII. Equity attributable to shareholders of Schaltbau Holding AG	56,338	52,382
IX. Minority interests	6,159	7,150
	62,497	**59,532**
B. NON-CURRENT LIABILITIES		
I. Participation rights capital	7,084	7,077
II. Pension provisions	27,582	18,504
III. Personnel-related accruals	3,627	3,578
IV. Other provisions	337	334
V. Financial liabilities	37,663	36,700
VI. Other liabilities	10	10
VII. Deferred tax liabilities	6,807	6,602
	83,110	**72,805**
C. CURRENT LIABILITIES		
I. Personnel-related accruals	7,013	5,676
II. Other provisions	20,686	16,117
III. Income taxes payable	439	561
IV. Financial liabilities	9,026	7,120
V. Trade accounts payable	21,117	20,023
VI. Advance payments received	17,566	16,823
VII. Other liabilities	17,998	14,957
	93,845	**81,277**
Total equity and liabilities	**239,452**	**213,614**

Consolidated Statement of Changes in Equity as at 31 March 2012

	Equity attributable to shareholders of Schaltbau Holding AG					
	Subscribed capital	Capital reserves	Statutory reserves	Revenue reserves Other	Revenue reserves Derivative financial Instruments	Revaluation reserve
Balance at 1.1.2011	**6,863**	**8,585**	**231**	**-1,659**	**-848**	**3,041**
Profit brought forward	0	0	0	12,132	0	0
Shares issued / converted	167	1,876	0	0	0	0
Dividend paid	0	0	0	0	0	0
Group net profit for the period	0	0	0	0	0	0
Income and expenses recognised directly in equity	0	0	0	0	363	0
Group comprehensive income	0	0	0	0	363	0
Balance at 31.03.2011	**7,030**	**10,461**	**231**	**10,473**	**-485**	**3,041**
Balance at 1.4.2011	**7,030**	**10,461**	**231**	**10,473**	**-485**	**3,041**
Profit brought forward	0	0	0	0	0	0
Shares issued /converted	476	5,344	0	0	0	0
Dividend paid	0	0	0	-2,057	0	0
Group net profit for the period	0	0	0	0	0	0
Income and expenses recognised directly in equity	0	0	0	0	-1,112	0
Group comprehensive income	0	0	0	0	-1,112	0
Balance at 31.12.2011	**7,506**	**15,805**	**231**	**8,416**	**-1,597**	**3,041**
Balance at 1.1.2012	**7,506**	**15,805**	**231**	**8,416**	**-1,597**	**3,041**
Profit brought forward	0	0	0	18,707	0	0
Dividend paid	0	0	0	0	0	0
Group net profit for the period	0	0	0	0	0	0
Income and expenses recognised directly in equity	0	0	0	0	295	0
Group comprehensive income	0	0	0	0	295	0
Balance at 31.3.2012	**7,506**	**15,805**	**231**	**27,123**	**-1,302**	**3,041**

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

Income/expenses recognised directly in equity from fully consolidation	from at-equity consolidation	Net profit for the period	Total	Minority interests in capital and reserves	in net profit for the period	Total	Group equity
-74	**285**	**12,132**	**28,556**	**1,929**	**2,621**	**4,550**	**33,106**
0	0	-12,132	0	2,621	-2,621	0	0
0	0	0	2,043	554	0	554	2,597
0	0	0	0	-1,427	0	-1,427	-1,427
0	0	6,033	6,033	0	1,032	1,032	7,065
-135	-195	0	33	-209	0	-209	-176
-135	-195	6,033	6,066	-209	1,032	823	6,889
-209	**90**	**6,033**	**36,665**	**3,468**	**1,032**	**4,500**	**41,165**
-209	**90**	**6,033**	**36,665**	**3,468**	**1,032**	**4,500**	**41,165**
0	0	0	0	0	0	0	0
0	0	0	5,820	0	0	0	5,820
0	0	0	-2,057	0	0	0	-2,057
0	0	12,674	12,674	0	1,914	1,914	14,588
777	-385	0	-720	736	0	736	16
777	-385	12,674	11,954	736	1,914	2,650	14,604
568	**-295**	**18,707**	**52,382**	**4,204**	**2,946**	**7,150**	**59,532**
568	**-295**	**18,707**	**52,382**	**4,204**	**2,946**	**7,150**	**59,532**
0	0	-18,707	0	2,946	-2,946	0	0
0	0	0	0	-1,640	0	-1,640	-1,640
0	0	3,677	3,677	0	791	791	4,468
-273	257	0	279	-142	0	-142	137
-273	257	3,677	3,956	-142	791	649	4,605
295	**-38**	**3,677**	**56,338**	**5,368**	**791**	**6,159**	**62,497**

Notes and segment information as at 31 March 2012

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, train formation and signalling systems, 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

On 2 January 2012 Pintsch Bamag Antriebs- und Verkehrstechnik GmbH, Dinslaken, acquired all of the shares of Rangier- und Signalspezialisten Tiefenbach GmbH, Sprockhövel. One related operation in the USA was also acquired at the same time and was incorporated into Pintsch Bamag US Inc. in Marion, Illinois (USA), a wholly owned subsidiary of Pintsch Bamag Antriebs- und Verkehrstechnik GmbH. The purchase price consideration amounted to € 7,850,000. Shunting equipment and signals specialist Tiefenbach GmbH changed its name to Pintsch Tiefenbach GmbH on 17 February 2012.

Pintsch Tiefenbach GmbH has established itself as one of the leading specialists for train formation and signalling systems. With this acquisition, PINTSCH BAMAG will be able to strengthen its existing market position as supplier of signalling equipment for main and secondary lines, both in Germany and abroad, and develop new markets for railway signalling technology, train formation systems and sensor technology. The complementary operations of the PINTSCH BAMAG Group and Pintsch Tiefenbach GmbH in the field of railway signal systems supplement each other ideally. By strengthening its market position as a manufacturer of process elements for signalling and safety systems, Pintsch Bamag will further consolidate its position as a component and sub-system supplier for railway companies. This business combination is therefore not only planned as a continuation of the various operations conducted by the individual entities to date; the new constellation will also open up new opportunities for expansion.

Both Pintsch Tiefenbach GmbH and Pintsch Bamag US Inc. are now fully consolidated. Compared to 31 December 2011, two fully consolidated companies have therefore been added to the group reporting entity.

As a result of the changes in the group reporting entity, the interim report figures are not fully comparable with the previous year. The principal effects on the consolidated balance sheet at 31 March 2012 attributable to the acquisition of Pintsch Tiefenbach GmbH and its US operations are disclosed in the table below. In order to achieve better comparability, the amounts shown must be deducted from the items in the consolidated financial statements as at 31 March 2012 (or added in the case of negative figures).

Balance Sheet at 31 March 2012

	€000		€000
Intangible assets and property, plant and equipment	2,205	Revenue reserves including translation differences	-13
Investments	472	Retained earnings	-599
Deferred tax assets	818	Deferred tax liabilities	269
Inventories	8,333	Pension provisions	9,109
Trade accounts receivable	4,973	Other provisions	3,350
Other assets	1,791	Financial liabilities	3,171
Cash and cash equivalents	33	Trade accounts payable and other liabilities	3,338
	18,625		**18,625**

The following income statement shows the impact of the transaction on earnings for the period. In order to achieve better comparability, the preliminary amounts shown must be deducted from the corresponding line items in the consolidated income statement for the period ended 31 March 2012.

Income statement 1 January – 31 March 2012

	€000
Sales	2.758
Change in inventories	1.124
Other operating income	-73
Cost of materials	1.337
Personnel expense	2.215
Amortisation and depreciation	81
Other operating expenses	600
Net interest expense	109
Income taxes	66
Group net profit for the period	-599

Positive fair value adjustments were identified in connection with technology-related intangible assets, the order-book and inventories. No negative fair value adjustments were identified.

Goodwill also arose as a result of the business combination. The corresponding expenses are recognised in cost of materials and amortisation/depreciation and are not tax deductible. A corresponding deferred tax benefit worked in the opposite direction.

Based on figures that are still provisional, the acquisition had the following impact at the date of first-time full consolidation (1 January 2012):

€000	Carrying amounts at acquisition date	Adjust ments	Fair values at acquisition
Intangible assets and property, plant and equipment	544	431	975
Investments	431		431
Deferred tax assets	817		817
Inventories	6,745	587	7,332
Trade accounts receivable	7,646		7,646
Other assets	2,280		2,280
Cash and cash equivalents	7,462		7,462
Total assets acquired	**25,925**		**26,943**
Deferred tax liabilities	0	305	305
Pension provisions	9,125		9,125
Other provisions	4,401		4,401
Financial liabilities	3,000		3,000
Trade accounts payable and other liabilities	3,516		3,516
Total liabilities acquired	**20,042**		**20,347**
Net assets acquired			6,596
Acquisition cost			7,850
Goodwill			**1,254**

The gross amount of trade accounts receivable was € 7,967,000.

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	
	31.03.2012	**31.12.2011**	**1.1. - 31.03.2012**	**1.1. - 31.03.2011**
Chinese renminbi yuan	8.4280	8.2339	8.2694	9.0031
US dollar	1.3339	1.2950	1.3108	1.3670
British pound	0.8343	0.8379	0.8345	0.8539
New Turkish lire	2.3786	2.4648	2.3570	2.1589
Polish zloty	4.1550	4.4326	4.2341	3.9517

ACCOUNTING PRINCIPLES AND POLICIES

Provisions

Pension provisions are measured on the basis of values stated in the relevant actuarial reports for 2012, 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 2011 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. – 31.03.	2012	2011
Wages and salaries	22,839	19,316
Social security, pension and welfare expenses	4,394	3,724
	27,233	23,040

EMPLOYEES

	2012	2011
Employees	1,702	1,490

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

RESULT FROM INVESTMENTS

Other results from investments in the previous year included the impact of items described in the section "Business combinations / Group reporting entity" as well as impairment losses on investments of non-consolidated foreign subsidiaries.

FINANCIAL RESULT

in € 000 1.1. – 31.03.	2012	2011
Other interest and similar income	40	3
(of which from affiliated companies)	(-)	(-)
Interest and similar expenses	- 1,291	- 1,458
(of which to affiliated companies)	(- 4)	(- 2)
	- 1,251	- 1,455

Interest expenses include € 346,000 (1.1. – 31.03.2010: € 254,000) relating to the interest component of the allocation to the pension provision.

INCOME TAXES

in € 000 1.1. – 31.03.	2012	2011
Income tax expense	- 1,678	- 1,197
Deferred tax expense	326	91
	- 1,352	- 1,106

Deferred tax assets amounting to € 125,000 were recognised at 31 March 2012 on tax losses available for carryforward in Germany (31.12.2012: € 0).

NOTES TO THE CONSOLIDATED BALANCE SHEET

INTANGIBLE ASSETS, PLANT PROPERTY AND EQUIPMENT AND INVESTMENTS

The increase in intangible assets results primarily from the first-time consolidation of Pintsch Tiefenbach GmbH and Pintsch Bamag US Inc. (see comments in the section “Business combinations / Group reporting entity”).

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

INVENTORIES

in € 000	31.03.2012	31.12.2011
Raw materials, consumables and supplies	34,419	27,955
Work in progress	26,786	23,423
Finished products, goods for resale	13,557	9,383
Advance payments to suppliers	162	72
	74,924	60,833

RECEIVABLES AND OTHER ASSETS

in € 000	31.03.2012	31.12.2011
Trade accounts receivable	61,391	47,830
Receivables from affiliated companies	2,778	2,959
Receivables from associated companies	474	571
Income tax receivables	118	242
Positive fair values of derivative instruments	89	58
Other assets	5,647	4,015
	70,497	55,675

Allowances on trade accounts receivable amount to € 2,536,000 (31 December 2011: €2,282,000). Write-downs amounting to €132,000 (January – March 2011: €168,000) and reversals of write-downs amounting to € 19,000 (January – March 2011: € 7,000) were recorded against receivables and other assets.

CASH AND CASH EQUIVALENTS

in € 000	31.03.2012	31.12.2011
Cheques and cash on hand	**65**	**30**
Cash at bank	**5,641**	**12,697**
	5,706	**12,727**

CHANGES IN GROUP EQUITY

Further details relating to balance sheet items are available in the **Statement of Changes in Equity.**

PROVISIONS

in € 000	31.03.2012	31.12.2011
Non-current provisions		
Pension provision	**27,582**	**18,504**
Personnel-related accruals	3,627	3,578
Warranties	337	334
Other non-current provisions	**3,964**	**3,912**
	31,546	**22,416**
Current provisions		
Personnel-related accruals	**7,013**	**5,676**
Current tax	3,019	2,892
Warranties	7,033	4,899
Outstanding costs and material	7,595	5,862
Other provisions	3,039	2,464
Other current provisions	**20,686**	**16,117**
	27,699	**21,793**
Total provisions	**59,245**	**44,209**

LIABILITIES

in € 000		31.03.2012		31.12.2011
Non-current liabilities				
Liabilities to banks	34,147		33,145	
Other financial liabilities	3,516		3,555	
Financial liabilities		**37,663**		**36,700**
Other liabilities		**10**		**10**
		37,673		**36,710**
Current liabilities				
Current income tax liabilities		**439**		**561**
Liabilities to banks	5,874		6,970	
Other financial liabilities	3,152		150	
Financial liabilities		**9,026**		**7,120**
Trade accounts payable		**21,117**		**20,023**
Advance payments received		**17,566**		**16,823**
Payables to affiliated companies	220		724	
Liabilities to other group entities	499		473	
Negative fair values of derivatives	2,037		2,499	
Sundry other liabilities	15,242		11,261	
Other liabilities		**17,998**		**14,957**
		66,146		**59,484**
Total liabilities		**103,819**		**96,194**

PRODUCT-BASED SEGMENT INFORMATION

in € 000 1.1. – 31.03.	Mobile Transportation Technology		Stationary Transportation Technology	
	2012	2011	2012	2011
Order-intake (external)	36,080	38,762	42,757	28,800
Sales	29,915	29,149	28,366	20,944
- of which external	29,915	29,149	28,306	20,624
- of which with other segment	0	0	60	320
External order-book	107,890	99,059	84,906	52,470
EBITDA	2,015	2,040	1,475	1,533
Result from operating activities (EBIT)	1,612	1,654	910	1,106
Result from at-equity accounted investments	520	311	0	0
Other results from investments	0	584	0	-400
Interest income	29	44	50	55
Interest expense	-120	-184	-575	-374
Income taxes	-53	-58	-87	40
Segment result / Group result	1,988	2,351	298	427
Changes in group reporting entity	0	0	2,659	0
Capital expenditure on investments	100	652	41	433
Impairment losses on investments	0	0	0	-400
Capital expenditure [1)]	267	375	715	731
Amortisation and depreciation [1)]	-403	-386	-565	-427
Impairment losses	0	0	-372	0
Reversal of impairment losses	0	0	23	0
Other significant non-cash expenses	-1,518	-1,573	-2,360	-2,419
Segment assets [2)]	66,471	58,773	103,450	69,166
Investments accounted for at-equity	7,124	4,667	0	0
Capital employed [3)]	52,444	45,555	62,668	45,136
Segment liabilities [4)]	30,743	31,881	86,441	51,590
Employees (average as per HGB)	500	477	617	470
EBIT margin [5)]	5.4 %	5.7 %	3.2 %	5.4 %
Return on capital employed [6)]	12.3 %	14.5 %	5.8 %	9.8 %

[*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	
2012	2011	2012	2011	2012	2011	2012	2011
26,665	33,513	105,502	101,075	25	29	105,527	101,104
26,558	24,418	84,839	74,511	-147	-399		
26,447	24,311	84,668	74,084	24	28	84,692	74,112
111	107	171	427	-171	-427		
46,838	49,150	239,634	200,679			239,634	200,679
6,059	6,055	9,549	9,628	-1,237	-847	8,312	8,781
5,394	5,418	7,916	8,178	-1,365	-968	6,551	7,210
0	0	520	311	0	0	520	311
0	1,920	0	2,104	0	0	0	2,104
22	3	101	102	-61	-99	40	3
-467	-445	-1,162	-1,003	-129	-455	-1,291	-1,458
-853	-713	-993	-731	-359	-374	-1,352	-1,105
4,096	6,183	6,382	8,961	-1,914	-1,896	4,468	7,065
0	4,601	2,659	4,601	0	0	2,659	4,601
0	0	141	1,085	0	1	141	1,086
0	0	0	-400	0	0	0	-400
341	359	1,323	1,465	45	9	1,368	1,474
-664	-637	-1,632	-1,450	-129	-121	-1,761	-1,571
0	-241	-372	-241	0	0	-372	-241
0	7	23	7	0	0	23	7
-1,557	-4,345	-5,435	-8,337	-1,507	-1,502	-6,942	-9,839
90,880	84,537	260,801	212,476	-21,349	-11,649	239,452	200,827
0	0	7,124	4,667	0	0	7,124	4,667
72,631	69,306	187,743	159,997	-13,078	-13,184	174,665	146,813
58,386	56,423	175,570	139,894	1,384	19,769	176,954	159,663
566	525	1,683	1,472	19	18	1,702	1,490
20.4 %	22.3 %					7.7 %	9.7 %
29.7 %	31.3 %					15.0 %	19.6 %

The Stationary Transportation Technology segment includes the acquired entities Pintsch Tiefenbach GmbH and Pintsch Bamag US Inc. For further information relating to the impact of these acquisitions, we refer to the disclosures made in the section “Business combinations / Group reporting entity“.

OTHER DISCLOSURES

Contingent liabilities and other financial commitments

in € 000	31.03.2012	31.12.2011
Other financial obligations		
Rental and lease expenses	10,184	9,454
Other commitments	2,287	1,275

There are no **contingent liabilities**.

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.-31.3.2012 € 000	1.1.-31.3.2011 € 000	1.1.-31.3.2012 € 000	1.1.-31.3.2011 € 000
Associated companies				
goods and services	698	662	1,286	1,012
other relationships	-	-	-	-
Non-consolidated companies				
goods and services	1,331	1,116	364	495
other relationships	-	-	9	14

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**	
	31.03.2012	**31.12.2011**	**31.03.2012**	**31.12.2011**
	€ 000	**€ 000**	**€ 000**	**€ 000**
Associated companies	474	571	499	473
Non-consolidated companies	2,778	2,959	220	724

Munich, 7 May 2012

Schaltbau Holding AG
The Executive Board

Dr. Jürgen Cammann

Dirk 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, 7 May 2012

Schaltbau Holding AG
The Executive Board

Dr. Jürgen Cammann   Dirk Löchner

Comment on unaudited status

The Interim Consolidated Financial Statements and Interim Group Management Report as at 31 March 2012 have neither been audited in accordance with § 317 HGB nor subject to a limited review by the group auditor.

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