Group Interim Financial Report
as of June 30, 2017

Group Interim Report as at 30 June 2017

Group profile

Management and control

The composition of the Schaltbau Group's Executive Board was completely changed during the first six months of the year under report. As previously described in the Management Report 2016 published at the end of April 2017, Dr Bertram Stausberg was appointed Spokesperson of the Executive Board with effect from 1 April 2017 and Thomas Dippold became Chief Financial Officer as from 1 January 2017. Due to the necessity to restructure the Schaltbau Group, subsequent to the end of the period under report Dr Martin Kleinschmitt was appointed Chief Restructuring Officer (CRO) with effect from 9 August 2017.

The following members left the Executive Board during the period under report:

- Mr Helmut Meyer concluded his tenure (which was temporary from the beginning) on the Executive Board on 31 May 2017 and rejoined the Schaltbau Group's Supervisory Board with effect from 1 June 2017.
- Mr Ralf Klädtke, responsible for the Mobile Transportation Technology segment, resigned with effect from 30 June 2017 in order to take up new tasks outside the Schaltbau Group.

Furthermore, the following changes were made to the composition of the Group's Supervisory Board during the period under report:

- After ending his activity on the Executive Board, Mr Helmut Meyer rejoined the Schaltbau Group's Supervisory Board with effect from 1 June 2017.
- The previous Chairman of the Supervisory Board, Mr Hans Jakob Zimmermann, and Supervisory Board member Mr Friedrich Smaxwil both resigned from their posts with effect from 8 June 2017.
- Supervisory Board member Ms Marianne Reindl resigned from her position with effect from 9 June 2017.

- On 8 June 2017, the Annual General Meeting of the shareholders of Schaltbau Holding AG elected Mr Andreas Knitter as member of the Supervisory Board for the first time.
- In a Supervisory Board meeting held subsequent to the Annual General Meeting on 8 June 2017, from among its members the Board elected Dr Ralph Heck as new chairman and Mr Helmut Meyer as deputy chairman.

The two currently vacant seats on the Supervisory Board will be filled within the near future.

The Annual General Meeting of Schaltbau Holding AG took place in Munich on 8 June 2017. Due to the loss recorded in the financial statements of the Group's parent company, no resolution needed to be adopted regarding the appropriation of net profit. The proposal put forward by the administration to create two new authorised capitals (Authorised Capital 2017/I and Authorised Capital 2017/II) was not adopted, as the required qualified majority was not reached. The partially utilised Authorised Capital 2013 therefore continues to be in effect until 5 June 2018.

All other items on the agenda put forward for resolution were passed with a sufficient majority.

Strategic reorientation

The redevelopment of the strategic reorientation and operational restructuring of the Schaltbau Group was begun at the end of 2016 and intensified with the appointment of Dr Bertram Stausberg as new Spokesperson of the Executive Board on 1 April 2017. The first steps towards implementation have already been taken. Primary aims include the creation of a strong, customer-centred Group platform as well as the long-term securing of the Group's financial basis. Over the next few months, further measures will be initiated to boost efficiency, improve margins and reduce complexity. At the same time, steps will be taken to revise low-margin projects on foreign markets. There is an immediate need for restructuring, particularly in the Stationary Transportation Technology segment as well as in several of the Group's foreign subsidiaries, where adjustments to cost structures are urgently required.

Firstly, at the forefront of product development there is a need to create a group-wide standard BUS communication solution for the various subsystems in the Schaltbau Group's portfolio. In view of the increasing automation and digitalisation of rolling stock in general, on this basis the Schaltbau Group intends to increasingly connect its various subsystems to form larger system units. Schaltbau is well positioned in a market that has strong potential, particularly with regard to boarding systems.

Moreover, in the "after sales" field, maintenance and the provision of a range of services for rolling stock are to be systematically expanded in all of the Group's subsidiaries. In addition, the modernising of trains, systems and components for markets in Germany, Austria and Switzerland will be concentrated under the umbrella of Schaltbau Refurbishment, which is part of the Mobile Transportation Technology segment. At the beginning of the current year, several areas of business were transferred to Schaltbau Refurbishment that had previously been assigned to other Group companies. The Schaltbau Group is also active in this field in the United Kingdom via its entity Schaltbau Transportation UK.

Group reporting entity

The Group reporting entity of the Schaltbau Group has changed only minimally compared to the entity reported on in the Group financial statements 2016. In the second quarter 2017, the previously consolidated Shenyang Bode Transportation Equipment was sold to the newly formed joint venture Zhejiang Yonggui Bode Transportation Equipment Co. Ltd., in which the Schaltbau Group holds 49 per cent of the shares. The joint venture is included in the Group reporting entity in the Schaltbau Group's consolidated financial statements using the equity method.

The figures previously recorded for the first half of 2016 have been adjusted with retrospective effect as from 1 January 2015 to allow for additions made to the Group reporting entity and therefore do not correspond with the figures published in the half-yearly financial statements for 2016 (see explanatory notes to the consolidated financial statements for details).

Furthermore, when comparing figures for the first six months of 2017 with those of the first half of 2016, it should be noted that the Spain-based subsidiary Schaltbau Sepsa has only been fully consolidated in the Schaltbau Group since 30 September 2016 (Mobile Transportation Technology segment). Moreover, the Warning Systems business in the Stationary Transportation Technology segment was sold to a buyer outside of the Schaltbau Group during the first half of 2016.

At the beginning of 2017, all refurbishment activities within the Group were restructured and are now concentrated in the subsidiary Schaltbau Refurbishment. In 2016, the majority of these activities were still allocated to the Stationary Transportation Technology segment.

Financial and economic report

General economic and sector-specific environment

According to the International Monetary Fund (IMF), in 2017 the world economy is forecast to grow by 3.5 per cent and therefore somewhat faster than in the previous year (3.1 per cent). Although growth in the eurozone and in China was somewhat stronger than expected during the first half of the year, in July the IMF downwardly adjusted its predictions for the USA by 0.2 percentage points. The IMF sees the greatest risks to global growth in increasing political uncertainty, financial policy risks in China and the USA, escalating protectionism, and geopolitical tensions. Particular factors of importance for the Schaltbau Group are the domestic political situation in Turkey as well as in the USA.

Growth in key sales markets in % (IMF World Economic Outlook, July 2017)

	2017 (forecast)	2016
Eurozone	1.9	1.8
Germany	1.8	1.8
France	1.5	1.2
Italy	1.3	0.9
Spain	3.1	3.2
USA	2.1	1.6
Russia	1.4	-0.2
China	6.7	6.7
Brazil	0.3	-3.5

The value of the euro increased in general against most of the foreign currencies of importance to the Schaltbau Group (particularly the US dollar, the Brazilian real, the Polish zloty, the British pound, the Turkish lira and the Chinese renminbi). Overall, however, the resulting currency effects have had very little impact on the earnings situation of the Schaltbau Group during the first six months of 2017.

Manufacturers of trains and railway transportation technology face a great deal of competition and are increasingly under pressure to consolidate their operations. In June 2017, the Chinese railway group CRRC announced its intention to expand broadly on the world market via new subsidiaries, such as in Russia, the UK, South Africa and Australia, and continued to hold negotiations with the Czech railway sector manufacturer Škoda Transportation. CRRC has already been awarded its first projects in the USA. According to media reports, Siemens Transportation and Bombardier are holding talks about comprehensive collaboration and the possible founding of two joint companies for signal technology and rolling stock. Competitive pressure and changes in customer structures are resulting in lower margins and isolated project delays in several markets. Despite the above-mentioned challenges, the project situation on the global rolling stock market developed positively overall during the first six months of the year, benefiting the Components segment in particular.

Despite the growing need for renewal, investment levels in rail infrastructure remained low in many European countries. Furthermore, Deutsche Bahn (German Railways), by far the largest rail infrastructure operator in Germany via its subsidiary DB Netz AG, only made minor investments in level crossing systems.

All of the main political parties involved in the German federal election in 2017 agree that greater investment is needed in railway transportation. The areas affected include lowering railway tolls (route fees), expanding the network, and specifically promoting technical innovations. However, large-scale investments can no longer be expected prior to the election in September.

According to the German Association of the Automotive Industry (VDA), the sale of passenger cars in Europe rose by 4.6 per cent during the first six months of 2017. The number of electric cars on Europe's roads has more than doubled in comparison to the previous year. The Schaltbau Group is not directly affected by the current discussion on the future of the diesel engine for road use. Firstly, the Group's most important products, such as door systems, do not depend on the type of drivetrain used to power the vehicle. Secondly, the increasing use of electric drive systems on the roads is providing the Schaltbau Group with additional opportunities, such as supplying the production of the Deutsche Post DHL Group's StreetScooter project.

In the field of port infrastructure so important for Schaltbau Pintsch Bubenzer, the number of major projects has decreased significantly, due to the currently contracting market. Furthermore, consolidation in the market for container ship transportation is causing port operators and their suppliers to invest cautiously, particularly in China.

Overall assessment of financial condition

The Schaltbau Group reported a 7.5 per cent decline in order intake and a perceptible 3.7 per cent drop in sales during the first half of 2017. The primary reason was a sluggish order situation for industrial brake systems and level crossings, exacerbated by lower demand on several foreign markets. Apart from other effects, unsatisfactory sales figures resulted in a drop in EBIT to a negative amount of € 4.7 million (first half of 2016: a positive amount of € 9.6 million). The first six months of 2017 therefore finished moderately below overall expectations. In the second quarter, however, the Group managed to improve its sales figures compared with the first three-month period and turned things around to post a positive EBIT.

The Schaltbau Group reacted to market developments, particularly in the Stationary Transportation Technology segment (Pintsch Group) and in several of its activities on foreign markets, by pushing ahead more quickly with its operational restructuring programme, which is likely to exert pressure on EBIT during the remainder of the year due to additional restructuring expenditure for one-off expenses (see outlook report).

Business and earnings position of the Schaltbau Group

Key performance figures for the Schaltbau Group						
In € million	1st half-year 2017	1st half-year 2016	Δ	2nd quarter 2017	2nd quarter 2016	Δ
Order intake	295.7	319.7	-24.0 (-7.5%)	124.9	163.8	-38.9 (-23.7%)
Sales	234.9	243.9	-9.0 (-3.7%)	124.3	126.0	-1.7 (-1.3%)
EBIT	-4.7	9.6	-14.3 (n/a %)	3.8	6.9	-3.1 (-44.9%)

Order intake and order book

Order intake recorded by the Schaltbau Group in the first half of 2017 was 27.7 per cent up on the total for the second half of 2016. The 7.5 per cent drop compared with the very strong first six-month period of 2016 was primarily attributable to the Rail Infrastructure and Brake Systems business fields in the Stationary Transportation Technology segment. In the Mobile Transportation Technology segment, contributions from Schaltbau Sepsa (not yet included in the comparable figures from 2016) in particular boosted order intake figures. The Components segment managed to partially offset declining order volumes in China and Italy with success on other markets.

The order book at 30 June 2017 increased by 14.4 per cent to € 491.7 million compared with the year-end (31 December 2016: € 429.8 million).

Sales

Despite contributions made by Schaltbau Sepsa, which had not been fully consolidated in the first half of 2016, six-month Group sales were 3.7 per cent down on the previous year. The decline was primarily due to lower sales of signal technology and brake systems in the Stationary Transportation Technology segment, a drop in demand for railway door systems in the first half of the year and declining sales of components in both China and Italy.

33.0 per cent (2016: 31.9 per cent) of sales were generated with customers in Germany, 44.0 per cent (2016: 44.2 per cent) were attributable to other countries within Europe and a further 23.0 per cent (2016: 23.9 per cent) to the rest of the world.

Group earnings performance

At € 3.8 million, second-quarter EBIT was positive. However, due to the significantly negative EBIT in the first quarter, the cumulative EBIT for the first six months of the year was a negative amount of € 4.7 million. The six-month EBIT margin fell accordingly year-on-year from 3.9 per cent to a negative 2.0 per cent.

Total output of the Schaltbau Group decreased by 1.2 per cent to € 248.6 million, whereas cost of materials rose by 1.7 per cent to € 127.3 million. In the first half of the year, the cost of materials ratio (cost of materials divided by total output) stood at 51.2 per cent, slightly about the previous year's level of 49.8 per cent, to some extent reflecting the impact of changes in the product and project mix. Partially due to the consolidation of Schaltbau Sepsa, six-month personnel expense went up from € 85.2

million to € 94.4 million and other operating expenses rose from € 27.8 million to € 28.9 million year-on-year.

The Group net loss of € 10.9 million for the six-month period compared poorly with the net profit of € 1.0 million for the same period one year earlier. The loss attributable to shareholders of Schaltbau Holding AG amounted to € 11.5 million (2016: € 1.8 million). On this basis, the negative earnings per share for the six-month period under report amounted to € 1.84, compared with negative earnings per share of € 0.29 for the same period in 2016.

Business and earnings performance of the segments

The Mobile Transportation Technology segment

Key performance figures for the Mobile Transportation Technology segment						
In € million	1st half-year 2017	1st half-year 2016	Δ	2nd quarter 2017	2nd quarter 2016	Δ
Order intake	163.8	152.2	11.6 (7.6%)	60.9	90.8	-29.9 (-32.9%)
Sales	125.6	103.0	22.6 (21.9%)	66.9	51.4	15.5 (30.2%)
EBIT	-2.2	4.0	-6.2 (n/a %)	2.4	1.7	0.7 (41.2%)

Order intake for the Mobile Transportation Technology segment (Schaltbau Bode Group, Schaltbau Sepsa Group, Schaltbau Alte and Schaltbau Refurbishment) increased by 7.6 per cent. The improvement was mainly due to contributions from Schaltbau Sepsa, which had not yet been consolidated in the previous year, and the integration of the activities of Schaltbau Refurbishment, which were, for the most part, accounted for within the Stationary Transportation Technology segment in the previous year. The Schaltbau Bode Group again managed to surpass the high order intake figure reported for the previous year's corresponding six-month period. After a weak performance one year earlier, Schaltbau Rawag also registered a higher volume of incoming orders during the first six months of the current year.

Segment sales climbed by 21.9 per cent, mainly due to the inclusion of Schaltbau Sepsa and Schaltbau Refurbishment. The Schaltbau Bode Group recorded a significant dip in sales with railway door systems, which will, however, improve in the second half of the year, based on the good order book figures. Sales in the fields of Buses and Automotive were up on the previous year. In the Automotive business field, additional demand coming from the electric vehicle manufacturer StreetScooter (Deutsche Post DHL Group) had a positive impact on sales. Schaltbau Alte also recorded better sales figures year-on-year, based on a major order obtained in 2016.

The EBIT margin for the Mobile Transportation Technology segment came in at a negative 1.8 per cent for the six-month period (first half of 2016: positive 3.9 per cent). The operating loss was mainly attributable to the negative contribution made by Schaltbau Sepsa. The Schaltbau Bode Group was unable to fully compensate for the negative EBIT contribution of Schaltbau Sepsa due to the continued subdued sales performance in the rolling stock sector. However, there was a significant upward trend in the second quarter.

The Stationary Transportation Technology segment

Key performance figures for the Stationary Transportation Technology segment						
In € million	1st half-year 2017	1st half-year 2016	∆	2nd quarter 2017	2nd quarter 2016	∆
Order intake	53.9	88.7	-34.8 (-39.2%)	26.5	36.9	-10.4 (-28.2%)
Sales	47.1	64.2	-17.1 (-26.6%)	24.0	32.7	-8.7 (-26.6%)
EBIT	-5.6	-3.6	-2.0 (-55.6%)	-2.1	-0.2	-1.9 (n/a %)

The Stationary Transportation Technology segment registered a sharp decline in order intake in both the Rail Infrastructure and the Brake Systems business fields. The drop is primarily due to the ongoing low level of investment by German Railways in the rail infrastructure products offered by the Schaltbau Group and the degree of caution exercised by key customers in the port infrastructure sector who are so important for the segment's Brake Systems business field. Secondly, there have been delays in developing a new generation of axle counters in the Rail Infrastructure business field. The reallocation of refurbishment activities to the Mobile Transportation Technology segment also had an impact. Demand for point heating systems, however, showed a slight upward trend. In addition, the segment obtained its first minor orders for tunnel safety lighting equipment with a newly launched range.

The low volume of orders led to a sharp drop in sales (-26.6 per cent), particularly in the Brake Systems business field. Taking the reallocation into account, sales in the Rail Infrastructure business field were only slightly below those reported one year earlier. Platform Screen Doors (PSD) again failed to make any significant contribution to sales.

Segment EBIT was negative in the first half of 2017, due to the lower sales figures. Cost-cutting measures implemented during the first half of the year partially offset the negative volume effect. The EBIT margin therefore came in at a negative 11.9 per cent (2016: negative 5.7 per cent).

The Components segment

Key performance figures for the Components segment						
In € million	1st half-year 2017	1st half-year 2016	Δ	2nd quarter 2017	2nd quarter 2016	Δ
Order intake	78.0	78.8	-0.8 (-1.0%)	37.5	36.1	1.4 (3.9%)
Sales	62.9	77.5	-14.6 (-18.8%)	33.8	42.4	-8.6 (-20.3%)
EBIT	9.3	14.2	-4.9 (-34.5%)	5.8	8.2	-2.4 (-29.3%)

As expected, order intake in the Components segment continued to be impaired by lower levels of investment in locomotives and passenger coaches in China as well as project cancellations and delays on the Italian market. Moreover, there were project delays in North America, which, however, from today's perspective, will be caught up with in the course of the year. In a contrasting positive development, demand rose for snap-action switches for railway vehicle doors, not only for new equipment being manufactured, but also on the increasingly important after-sales market.

Held down by declining demand in both China and Italy, segment sales fell by 18.8 per cent. Sales in the remaining regions were largely similar to those recorded one year earlier and were therefore unable to compensate for the shortfall.

EBIT for the first six months of 2017 was down on the previous year's figure, whereby the negative impact of lower sales was partially offset by positive cost-cutting measures. The EBIT margin came in at 14.9 per cent (2016: 18.4 per cent).

Financial and net assets position

Key balance sheet figures for the Schaltbau Group			
In € million	30.06.2017	31.12.2016	Δ
Non-current liabilities	231.5	111.1	120.4 (108.4%)
Current liabilities	129.5	240.9	-111.4 (-46.2%)
Net financial liabilities to banks	161.4	148.0	13.4 (9.1%)
Equity	108.5	107.1	1.4 (1.3%)

Debt

The Schaltbau Group continues to have access to a syndicated credit agreement with a volume of up to € 100 million (up to 31 December 2019), bridge financing of up to € 25 million that expires on 28 February 2018, and two promissory notes totalling € 70 million with maturities of seven and ten years respectively, which are redeemable at the end of 2019. Furthermore, a number of subsidiaries are party to less substantial bilateral credit arrangements.

Equity

In May 2017, the Schaltbau Group made partial use of an authorisation resolution passed by the Annual General Meeting in 2013 and increased the issued share capital of the Group's parent company by € 558,247.60 (corresponding to 457,580 shares), whereby the subscription rights of shareholders were excluded. Based on an issue price of € 34.11 per share, the net proceeds amounted to € 15.5 million. Negotiations are still being held with the Group's lenders regarding the use of this inflow. The new shares have been placed with three long-term oriented institutional investors.

Even after the capital increase, shareholdings in the Group's equity remain broadly spread. A voting rights share greater than 10 per cent was only notified for one portfolio. Active Ownership Capital S. à r. l. (formally notifiable: Mr Klaus Röhrig and

Mr Florian Schuhbauer) and SATORA Beteiligungs GmbH (notified joint shareholding: 11.21 per cent) are acting in concert.

Several other shareholders own notifiable holdings of between 3 and 10 per cent in Schaltbau Holding AG.

Intragroup financing and treasury

The Schaltbau Group procures most of its financing funds via its listed parent company and utilises these resources via intragroup financing arrangements in the best interest of the Group. In this context, during the six-month period under report, the Schaltbau Group began with the introduction of a new intragroup treasury management system.

Analysis of capital structure

After successfully renegotiating its bank loans in March 2017, the Schaltbau Group's non-current liabilities totalled € 231.5 million at 30 June 2017. Of this amount, € 167.8 million related to non-current bank liabilities, € 38.2 million to pension provisions and € 13.6 million to other provisions. At the end of 2016, non-current liabilities temporarily totalled only € 111.1 million, as the renegotiation of the bank loans was not completed until after 31 December 2016.

At 30 June 2017, current liabilities totalled € 129.5 million (31 December 2016: € 240.9 million, due to the above-mentioned effect). Of this amount, € 19.2 million related to current financial liabilities, € 44.6 million to trade accounts payable and € 21.4 million to other provisions.

At 30 June 2017, net liabilities to banks (current and non-current bank liabilities less cash and cash equivalents, not including guarantee lines) amounted to € 161.4 million (31 December 2016: € 148.0 million). It remains the objective of the Schaltbau Group to reduce both the total amount of net financial debt and, in particular, its ratio to annual EBITDA.

At € 108.5 million, equity remained practically unchanged compared with the figure recorded at the year-end. The equity ratio of 23.1 per cent (31 December 2016: 23.3 per cent) remained below the target range. Capital reserves increased in conjunction with the share capital increase, whereas the Group net loss and dividend payments to minority interests reduced equity.

In view of the accumulated deficit reported by the parent company, the Annual General Meeting was not required to take a resolution regarding the appropriation of earnings. The accumulated deficit was carried forward. For this reason, the shareholders of the parent company did not receive a dividend.

Liquidity analysis

Cash flows from operating activities gave rise to a negative amount of € 7.8 million, compared to a positive amount of € 8.7 million one year earlier. The main reasons for the deterioration were the sharp drop in EBITDA (due to lower sales and changes in the product mix) and higher working capital, mainly reflecting significantly higher inventories of finished and semi-finished goods.

The net cash outflow for investing activities of € 13.1 million in the period under report was considerably higher than in the previous year (€ 6.7 million). Investments in intangible assets and property, plant and equipment differed only slightly (€ 7.7 million in the first half of 2017 compared with € 9.1 million in the same period one year earlier). However, both six-month periods were impacted by one-off effects – a restructuring of the investment portfolio in China in the first half of 2017 (cash outflow of € 5.1 million) and the sale of the Warning Systems business in the first half of 2016 (cash inflow of € 3.0 million). The transaction in China consists of a number of sub-steps, which are expected to culminate in a practically equivalent cash inflow during the further course of the current fiscal year.

Free cash flow for the period under report was a significantly negative amount of € 20.9 million (2016: positive amount of € 2.1 million). In particular, cash flows from financing activities totalling € 15.1 million (2016: a negative amount of € 0.9 million) include the proceeds of the share capital increase executed in May 2017 (€ 15.5 million), for which there was no corresponding figure one year earlier. Negotiations are still being held with the lenders regarding the use of this inflow.

The significant increase in interest payments reflects the higher rate of interest and similar expenses arranged in conjunction with the restructuring of the bank loans to finance the Schaltbau Group as well as the slight increase in gross financial liabilities.

Overall, the Schaltbau Group's cash and cash equivalents decreased by € 6.4 million during the first half-year (including foreign currency effects) to stand at € 24.7 million.

Net assets

Non-current assets amounted to € 197.7 million (31 December 2016: € 194.6 million).

Of this amount, € 81.5 million related to intangible assets (31 December 2016: € 83.7 million) and € 88.3 million to property, plant and equipment (31 December 2016: 88.4 million).

Current assets amounted to € 271.9 million (31 December 2016: € 264.4 million). Working capital went up by 3.0 per cent to € 166.8 million (31 December 2016: € 161.9 million). The return on capital employed (ROCE), which shows the ratio of annualised EBIT to the average amount of capital employed, stood at a negative 2.7 per cent (at 30 June 2016, 5.8 per cent; at 31 December 2016, a negative 4.2 per cent).

Employees

Well-trained, highly motivated employees are always a key basis for the economic success of the Schaltbau Group. At 30 June 2017, the Group employed a workforce of 3,304 people worldwide (31 December 2016: 3,370 employees). An average of 3,079 people were employed by the Schaltbau Group in the first half of 2017 (first half of 2016: 2,854). The increase was due to the full consolidation of Schaltbau Sepsa. At 1,755, the number of people employed in the Mobile Transportation Technology segment remained largely constant, apart from the expansion of refurbishment activities (31 December 2016: 1,721). The Stationary Transportation Technology segment still employed 701 people (31 December 2016: 762). The number of employees working in the Components segment dropped to 824 (31 December 2016: 863).

Events after the end of the reporting period

On 8 August 2017, the Schaltbau Group published an announcement pursuant to Article 17 MMR (ad hoc announcement) revising its guidance for the full year (see outlook report for details).

With effect from 9 August 2017, Dr Martin Kleinschmitt was appointed Chief Restructuring Officer (CRO).

Otherwise, no events or developments of particular significance for the Schaltbau Group have become known subsequent to 30 June 2017.

Outlook report

For the full year 2017, the Schaltbau Group expects sales performance to be on the subdued side, above all due to the weaker order situation for industrial brakes and level crossings as well as on several foreign markets in general.

Sales of the individual segments are expected to develop as follows:

- The Mobile Transportation Technology segment forecasts a significant year-on-year increase in sales, primarily due to the full-year consolidation of Schaltbau Sepsa, a better sales performance from Schaltbau Bode in the second half of the year, an improvement in the order situation at Schaltbau Alte, and the first-time inclusion of Schaltbau Refurbishment, which was part of the Stationary Transportation Technology segment until the end of 2016.
- Based on the latest forecast, the Stationary Transportation Technology segment is unlikely to match its previous year's sales figure, firstly due to the sale of the Warning Systems product group in the previous year and the allocation of the refurbishment business to the Mobile Transportation Technology segment, and secondly due to the fact that both the Brake Systems business field and the Level Crossing Technology product group are expecting lower order intake and sales compared to the previous year.
- The Components segment forecasts a moderate drop in sales, mainly attributable to the expected lower contribution from SPII on account of the changed market situation in Italy.

In view of market developments, the Executive Board has decided to accelerate the restructuring of the Stationary Transportation Technology segment. The move includes measures to cut costs and boost efficiency, including the possibility of merging various Group locations. Restructuring measures also include the rigorous rectification of existing problem areas in foreign subsidiaries within the Mobile Transportation Technology segment. These activities will result in additional one-time expenses, which will have a negative impact on EBIT in the second half of 2017.

The Group's sales figures for the full year are therefore expected to be at the lower end of the guidance range between € 520 million and € 540 million. The above-mentioned restructuring expenses as well as unplanned quality and warranty costs in several business fields will result in the Schaltbau Group adjusting its capital market guidance for the full year to an EBIT of between € 2 million and € 5 million (previous EBIT margin of 3 to 4 per cent). Excluding the above-mentioned one-off items, EBIT would be at the lower end of the guidance range announced to date.

Opportunity and risk report

The Schaltbau Group continually records, assesses and analyses its opportunities and risks.

Particularly at the end of each quarter, the Group updates its opportunity and risk profile, which then supplements the opportunity and risk report portrayed annually in the Management Report.

It remains a major challenge for the future of the Schaltbau Group to bring its net financial debt into an economically viable relationship to the EBITDA for the year and to secure long-term bank loans (see "Financial risks"). An important step in this direction was taken in May 2017 with the capital increase for cash, which generated net proceeds of € 15.5 million.

The Schaltbau Group is currently exposed to the following financial risks:

- Compared with the situation as published in April 2017, the operating result has been impacted by negative variances, while additional warranty costs and the necessary cost of restructuring are having a negative impact on both current and future cash flows. The Schaltbau Group has taken a raft of measures to secure liquidity.
- Financing agreements entered into by Schaltbau Holding AG contain financial covenants that must be adhered to, which can otherwise result in lenders exercising extraordinary rights of termination. According to the agreement reached with the financing banks, negotiations will be held in the third quarter concerning possible adjustments to the financial covenants.

- With regard to the time limitation on the bridge financing of up to € 25 million by the end of February 2018, further measures are necessary to guarantee the contractually agreed repayment of this financial instrument.

The Executive Board assumes that the above-mentioned measures are sufficient and can be successfully implemented.

At the time of preparing this interim report, the crisis between Turkey on the one hand and Germany as well as other EU countries on the other is ongoing and the intensity is increasing. However, the topic is not currently considered as posing a significant risk for the Schaltbau Group. However, in view of its two non-consolidated Group companies as well as customer relationships to locations in Turkey, the Schaltbau Group will continue to observe developments in this area and analyse the impact of any potential changes in the situation.

Munich, 14 August 2017

Schaltbau Holding AG
The Executive Board

Dr. Bertram Stausberg Sprecher (CEO)	Thomas Dippold CFO	Dr. Martin Kleinschmitt CRO

Condensed Interim Consolidated Financial Statements as at 30 June 2017

Consolidated Income Statement for the Period from 1 January to 30 June 2017

€000	**1.1.-30.06.2017**	**1.1.-30.06.2016**
1. Sales	234,901	243,942
2. Change in inventories of finished and unfinished goods	10,995	5,053
3. Own work capitalised	2,656	2,558
4. Total output	**248,552**	**251,553**
5. Other operating income	6,998	3,853
6. Cost of materials	127,293	125,198
7. Personnel expense	94,361	85,151
8. Depreciation and amortisation	9,641	7,638
9. Other operating expenses	28,947	27,811
10. Loss/profit from operating activities (EBIT)	**-4,692**	**9,608**
a) Result from at-equity accounted investments	323	-3,222
b) Other results from investments	0	0
11. Results from investments	323	-3,222
a) Interest income	307	337
b) Interest expense	6,326	2,767
12. Financial result	-6,021	-2,430
13. Loss before tax	**-10,390**	**-3,956**
14. Income taxes	484	2,943
15. Group net loss/profit for the period	**-10,874**	**1,013**
Analysis of group net loss/profit		
attributable to minority shareholders	630	2,777
attributable to shareholders of Schaltbau Holding AG	-11,504	-1,764
Group net loss/profit for the period	**-10,874**	**1,013**
Earnings per share – undiluted:	**- 1.84 €**	**- 0.29 €**
Earnings per share – diluted:	**- 1.84 €**	**- 0.29 €**

Statement of Comprehensive Income for the period from 1 January to 30 June 2017

€000	1.1.-30.06.2017			1.1.-30.06.2016		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net loss/profit for the period			**-10,874**			**1,013**
Actuarial gains/losses relating to pensions	1,427	-428	999	-4,471	1,341	-3,130
Items which may subsequently be reclassified to profit or loss						
Unrealised losses/gains arising on currency translations						
- from fully consolidated companies			-1,309			-4,370
- from at-equity accounted companies			-218			-28
Derivative financial instruments						
- Change in unrealised gains (+) / losses(-)	127	-38	89	-17	5	-12
- Realised gains (-) / losses (+)	177	-53	124	321	-96	225
	304	-91	-1,314	304	-91	-4,185
Other comprehensive income			**-315**			**-7,315**
Group comprehensive income			**-11,189**			**-6,302**
of which attributable to minority shareholders			-103			1,658
of which attributable to shareholders of Schaltbau Holding AG			-11,086			-7,960

Consolidated Income Statement for the second quarter 2017

€000	1.4.-30.06.2017	1.4.-30.06.2016
1. Sales	124,298	125,963
2. Change in inventories of finished and unfinished goods	4,219	2,635
3. Own work capitalised	1,707	1,842
4. Total output	**130,224**	**130,440**
5. Other operating income	6,327	2,468
6. Cost of materials	65,432	64,370
7. Personnel expense	47,641	43,406
8. Depreciation and amortisation	4,768	3,850
9. Other operating expenses	14,894	14,409
10. Profit from operating activities (EBIT)	**3,816**	**6,873**
a) Result from at-equity accounted investments	174	-566
b) Other results from investments	0	0
11. Results from investments	174	-566
a) Interest income	116	175
b) Interest expense	2,244	1,339
12. Financial result	-2,128	-1,164
13. Profit before tax	**1,862**	**5,143**
14. Income taxes	485	1,492
15. Group net profit for the period	**1,377**	**3,651**
Analysis of group net profit		
attributable to minority shareholders	551	1,691
attributable to shareholders of Schaltbau Holding AG	826	1,960
Group net profit for the period	**1,377**	**3,651**
Earnings per share – undiluted:	**0.16 €**	**0.33 €**
Earnings per share – diluted:	**0.16 €**	**0.33 €**

Statement of Comprehensive Income for the second quarter 2017

€000	1.4.-30.06.2017			1.4.-30.06.2016		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Group net profit for the period			**1,377**			**3,651**
Actuarial gains/losses relating to pensions	793	-238	555	-2226	668	-1,558
Items which may subsequently be reclassified to profit or loss or loss						
Unrealised losses/gains arising on currency translations						
- from fully consolidated companies			-2,349			-1,926
- from at-equity accounted companies			-84			5
Derivative financial instruments						
- Change in unrealised gains (+) / losses(-)	164	-49	115	-81	24	-57
- Realised gains (-) / losses (+)	24	-7	17	117	-35	82
	188	-56	-2,301	36	-11	-1,896
Other comprehensive income			**-1,746**			**-3,454**
Group comprehensive income			**-369**			**197**
of which attributable to minority shareholders			-255			1,390
of which attributable to shareholders of Schaltbau Holding AG			-114			-1,193

Consolidated Cash Flow Statement for the period from 1 January to 30 June 2017

€000	1.1.-30.06.2017	1.1.-30.06.2016
Loss/profit from operating activities (EBIT)	**-4,692**	**9,608**
Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	9,641	7,625
Gains/losses on the disposal of intangible assets and property, plant and equipment	35	-244
Change in current assets	-12,660	-1,405
Change in provisions	-1,928	-3,085
Change in current liabilities	7,416	824
Income tax paid	-1,658	-4,211
Other non-cash income/ expenses	-3,916	-367
Cash flow from operating activities	**-7,762**	**8,745**
Payments for investments in:		
Intangible assets and property, plant and equipment	-7,707	-9,091
- non-current financial assets	-5,138	-362
- Acquisitions of fully consolidated entities less cash acquired	0	-212
Proceeds from disposals of:		
- property, plant and equipment	29	0
- derecognition of cash funds on disposals	-330	0
- business units	-0	2,991
Cash flow from investing activities	**-13,146**	**-6,674**
Equity capital increase	15,539	0
Dividend payment by Schaltbau Holding AG	-0	-6,020
Distribution to minority interests	-3,496	-1,080
Promissory notes issued	0	0
Loan repayments	-2,588	-4,163
Loans raised	4,141	540
Interest paid	-5,399	-3,074
Interest received	307	165
Change in other financial liabilities	6,609	12,761
Cash flow from financing activities	**15,113**	**-871**
Change in cash funds due to exchange rate fluctuations	-637	- -973
Change in cash funds	**-6,432**	**227**
Cash funds at the end of the period	24,745	32,902
Cash funds at the beginning of the period	31,177	32,675
	-6,432	**227**

Consolidated Balance Sheet as at 30 June 2017

ASSETS	€ 000 30.06.2017	€ 000 31.12.2016
A. NON-CURRENT ASSETS		
I. Intangible assets	81,486	83,666
II. Property, plant and equipment	88,293	88,361
III. At-equity accounted investments	8,319	3,129
IV. Other investments	4,082	4,031
V. Deferred tax assets	15,483	15,452
	197,663	**194,639**
B. CURRENT ASSETS		
I. Inventories	119,935	101,353
II. Trade accounts receivable	104,360	115,241
III. Income tax receivables	1,129	944
IV. Other receivables and assets	20,952	15,009
V. Cash and cash equivalents	25,544	30,018
VI. Assets held for sale	0	1,870
	271,920	**264,435**
Total assets	**469,583**	**459,074**

EQUITY AND LIABILITIES	€ 000 30.06.2017	€ 000 31.12.2016
A. EQUITY		
I. Subscribed capital	8,064	7,506
II. Capital reserves	31,107	16,126
III. Statutory reserves	231	231
IV. Revenue reserves	48,305	62,344
V. Income/expense recognised directly in equity	-582	212
VI. Revaluation reserve	3,041	3,041
VII. Group net loss attributable to shareholders of Schaltbau Holding AG	-11,504	-15,822
VIII. Equity attributable to shareholders of Schaltbau Holding AG	78,662	73,638
IX. Minority interests	29,834	33,435
	108,496	**107,073**
B. NON-CURRENT LIABILITIES		
I. Pension provisions	38,234	40,154
II. Personnel-related accruals	4,978	4,888
III. Other provisions	13,621	14,628
IV. Financial liabilities	167,767	43,304
V. Other liabilities	4,011	4,557
VI. Deferred tax liabilities	2,938	3,535
	231,549	**111,066**
C. CURRENT LIABILITIES		
I. Personnel-related accruals	6,425	8,432
II. Other provisions	21,244	20,679
III. Income taxes payable	401	337
IV. Financial liabilities	19,157	134,719
V. Trade accounts payable	44,591	42,034
VI. Advance payments received	12,882	12,684
VII. Other liabilities	24,838	21,508
VIII. Liabilities related to assets held for sale	0	542
	129,538	**240,935**
Total equity and liabilities	**469,583**	**459,074**

Consolidated Statement of Changes in Equity as at 30 June 2017

	Equity attributable to the shareholders of Schaltbau Holding AG					
	Subscribed capital	Capital reserves	Statutory reserves	Revenue reserves		Revaluation reserve
				Other	Derivative financial instruments	
Balance at 1.1.2016	**7,506**	**16,126**	**231**	**45,496**	**-976**	**3,041**
Profit brought forward	0	0	0	16,813	0	0
Dividends	0	0	0	-6,020	0	0
Change in Group reporting entity	0	0	0	0	0	0
Other changes	0	0	0	-345	0	0
Group net loss for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	-3,130	213	0
Group comprehensive loss	0	0	0	-3,130	213	0
Balance at 30.06.2016	**7,506**	**16,126**	**231**	**52,814**	**-763**	**3,041**
Balance at 30.06.2016	**7,506**	**16,126**	**231**	**52,814**	**-763**	**3,041**
Dividends	0	0	0	0	0	0
Change in Group reporting entity	0	0	0	0	0	0
Other changes	0	0	0	9,377	0	0
Group net loss for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	707	209	0
Group comprehensive income	0	0	0	707	209	0
Balance at 31.12.2016	**7,506**	**16,126**	**231**	**62,898**	**-554**	**3,041**
Balance at 1.1.2017	**7,506**	**16,126**	**231**	**62,898**	**-554**	**3,041**
Deficit brought forward	0	0	0	-15,822	0	0
Dividends	0	0	0	0	0	0
Equity capital increase	558	14,981	0	0	0	
Change in Group reporting entity	0	0	0	0	0	0
Other changes	0	0	0	571	0	0
Group net loss for the period	0	0	0	0	0	0
Other comprehensive income	0	0	0	1,000	212	0
Group comprehensive income	0	0	0	1,000	212	0
Balance at 30.06.2017	**8,064**	**31,107**	**231**	**48,647**	**-342**	**3,041**

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

				Minority interests in equity			Group equity
Income/expenses recognised directly in equity from full consolidation	from at-equity consolidation	Net profit/loss for the period	Total	in capital and reserves	in net profit/loss for the period	Total	
3,843	**-711**	**16,813**	**91,369**	**27,520**	**5,887**	**33,407**	**124,776**
0	0	-16,813	0	5,887	-5,887	0	0
0	0	0	-6,020	-2,975	0	-2,975	-8,995
0	0	0		0	0	0	0
0	0	0	-345	474	10	484	139
0	0	-1,764	-1,764	0	2,777	2,777	1,013
-3,251	-28	0	-6,196	-1,119	0	-1,119	-7,315
-3,251	-28	-1,764	-7,960	-1,119	2,777	1,658	-6,302
592	**-739**	**-1,764**	**77,044**	**29,787**	**2,787**	**32,574**	**109,618**
592	**-739**	**-1,764**	**77,044**	**29,787**	**2,787**	**32,574**	**109,618**
0	0	0	0	-250	0	-250	-250
0	0	0	0	0	0	0	0
0	0	0	9,377	0	0	0	9,377
0	0	-14,058	-14,058	0	1,025	1,025	-13,033
947	-588	0	1,275	86	0	86	1,361
947	-588	-14,058	-12,783	86	1,025	1,111	-11,672
1,539	**-1,327**	**-15,822**	**73,638**	**29,622**	**3,813**	**33,435**	**107,073**
1,539	**-1,327**	**-15,822**	**73,638**	**29,622**	**3,813**	**33,435**	**107,073**
0	0	15,822	0	3,813	-3,813	0	0
0	0	0	0	-3,496	0	-3,496	-3,496
0	0	0	15,539	0	0	0	15,539
0	0	0	0	0	0	0	0
0	0	0	571	-2	0	-2	569
0	0	-11,504	-11,504	0	630	630	-10,874
-576	-218	0	418	-733	0	-733	-315
-576	-218	-11,504	-11,504	-733	630	-103	-11,189
963	**-1,545**	**-11,504**	**78,662**	**29,204**	**630**	**29,834**	**108,496**

Explanatory Notes and Segment Information as at 30 June 2017

DESCRIPTION OF BUSINESS

Schaltbau Holding AG is a stock market-listed corporation, based in Munich, Germany. It is the ultimate parent company of the Schaltbau Group, a leading supplier of components and systems for the transportation technology and capital goods sectors. Schaltbau Group entities supply complete level crossing systems, shunting and signals technology, door and boarding systems for buses, trains and commercial vehicles, sanitary systems and interiors for train, industrial braking systems for container cranes and wind power plants, as well as high- and low-voltage components for rolling stock and other applications. Its innovative and future-oriented products make Schaltbau a key business partner for industry, particularly in the transportation technology sector.

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 2016.

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

CHANGES IN THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 8

In the fiscal year 2016, as every year, Schaltbau Holding AG tested the scope of the Group reporting entity in order to determine whether non-consolidated companies, taken individually and in aggregate, were immaterial both in qualitative and quantitative terms. The basis for quantitative considerations is the ratio of balance sheet and income statement figures of the non-consolidated companies to Group figures. For this reason, the entities Bode North America Inc., Spartanburg, USA, Shenyang Bode Transportation Equipment Co. Ltd., Shenyang, China, and Pintsch Bamag Brasil Tecnologia Ferroviaria LTDA, Sao Paulo, Brazil were consolidated retrospectively in 2016. Consequently, it has been necessary to correct prior year figures in this half-year financial report. In addition, when preparing the half-yearly financial report, it was found that balance sheet provisions of a number of Group entities were understated at 30 June 2016 and that revenue recognition at that date had not been performed correctly. The restatements have been made in accordance with IAS 8.49. We refer to our comments in the section “BUSINESS COMBINATIONS/ GROUP REPORTING ENTITY”.

SIGNIFICANT EVENTS

Sale of Shenyang Bode Transportation Equipment Co. Ltd., Shenyang, China (BOSY)

In December 2016, the Executive Board and the Supervisory Board resolved to set up a new joint venture with a Chinese business partner (in which Gebr. Bode & Co. Beteiligungs GmbH, a wholly owned subsidiary of Gebr. Bode GmbH & Co. KG, holds 49%) and to sell BOSY to the joint venture. The corresponding contracts were signed on 18 January 2017 and submitted for regulatory approval. The foundation of the joint venture (Zhejiang Yonggui Bode Transportation Equipment Co. Ltd., Tiantai (P.R.CH.)) was completed during the second quarter 2017. An amount of € 5,086,000 was paid in as initial capital contribution. The criteria to classify BOSY in accordance with IFRS 5 Appendix A (disposal group) were met at 31 December 2016. Also in the second quarter 2017, the shares in BOSY were transferred to the joint venture. At that stage, in accordance with rules contained in IFRS 10, control of BOSY was transferred from the Schaltbau Group to the joint venture.

Changes in Group equity

On 12 May 2017, Schaltbau Holding AG issued 457,580 new ordinary shares at € 34.11 per share out of Authorised Capital in return for a cash capital contribution. The total proceeds of the issue amounted to € 15,610,000. The shares were issued with full dividend entitlement and with the subscription rights of existing shareholders excluded. Costs recognised directly in equity amounted to € 70,000.

Number	**30.06.2017**	**31.12.2016**
Ordinary shares issued	6,609,770	6,152,190
Treasury shares	7,645	7,645

According to the terms of the credit agreement, the proceeds from the capital increase are required to be used to repay the short-term tranche of credit owed by Schaltbau Holding AG. At 30 June 2017, the funds received in conjunction with the capital increase were offset in the balance sheet of Schaltbau Holding AG against liabilities from banks. In accordance with an amendment to the credit agreement signed on 24 July 2017, € 15,550,000 was transferred to an escrow account on 26 July 2017 and cannot be used for other purposes. A decision regarding the special repayment will be taken in September 2017.

Group financing

On 31 March 2017, the Company and other financing parties restructured the Company's financing arrangements. The Syndicated Credit Agreement with a volume of € 100 million now expires on 31 December 2019. In addition, bridge financing totalling up to € 25 million has been made available which runs until 28 February 2018. The Group's financial headroom has also increased – in return for increased credit margins – following an adjustment to the terms of the applicable financial covenants. The shares of all of Schaltbau Holding AG's direct subsidiaries have been pledged as collateral.

As a result of the new financing arrangements, the relevant financial liabilities have been reclassified from current to non-current.

Interest payable to the promissory note holders during the period from 1 April 2017 to 31 December 2019 increases by 100 basis points. In addition, the promissory note holders have been granted an option to terminate the loan agreement by giving six months' notice to the end of 2019.

Basis on the so-called "10%-test", the change in cash flows relating to the promissory notes resulted in a difference of less than 10%. As a result the modification is not deemed to be material. Schaltbau has accordingly changed the effective rate applied and reduced the carrying amount of the liability by the amount of transaction costs (€ 390,000). In the case of the Syndicated Credit, the related cash flows have changed by more than 10%. For this reason, the original liability was derecognised and a new liability recorded. Costs arising in conjunction with the change in the Syndicated Credit (€ 1,082,000) were recognised as expense.

BUSINESS COMBINATIONS / GROUP REPORTING ENTITY

The retrospectively applied restatements explained in the section "CHANGES IN THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 8**"** relating to the retrospective first-time consolidation of Group entities had the following impact on the consolidated income statement.

Income statement 01.01. – 30.06.2016	
	€ 000
Sales	711
Change in inventories	66
Other operating income	294
Cost of materials	729
Personnel expenses	1,110
Depreciation and amortisation	129
Other operating expenses	964
Results from investments	0
Net interest result	-3
Income taxes	-39
Group loss	-1,825
Attributable to minority interests	-10
Attributable to Schaltbau Holding AG	-1,815
Group loss	-1,825
Earnings per share - undiluted:	- 0.30 €
Earnings per share - diluted:	- 0.30 €

Bode North America Inc., based in Spartanburg, USA, a wholly owned subsidiary of Bode Beteiligungs GmbH, was previously reported under investments in non-consolidated subsidiaries. It manufactures door systems for the North American bus and rail market and employed 28 people at 31 December 2016. The company is allocated to the Mobile Transportation Technology segment.

Shenyang Bode Transportation Equipment Co. Ltd., based in Shenyang, China, a wholly owned subsidiary of Bode Beteiligungs GmbH, was previously reported under investments in non-consolidated subsidiaries. It manufactures door systems for the Chinese rail market and employed 45 people at 31 December 2016. The company is allocated to the Mobile Transportation Technology segment.

Pintsch Bamag Brasil Tecnologia Ferroviaria LTDA., based in Sao Paulo, Brazil, a subsidiary of Pintsch Bamag Antriebs- und Verkehrstechnik GmbH (100%), was previously reported under investments in non-consolidated subsidiaries. It performs assembly-related services for platform screen door systems in Brazil and employed 3 people at 31 December 2016. The company is allocated to the Stationary Transportation Technology segment.

The retrospectively applied restatements referred to the section “CHANGES IN THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 8” relating to the understatement of provisions and to necessary revenue recognition adjustments had the following impact on the consolidated income statement.

Income statement 01.01. – 30.06.2016	
	€ 000
Sales	-4,452
Change in inventories	3,008
Own work capitalized	958
Other operating income	118
Cost of materials	-199
Personnel expenses	724
Depreciation and amortisation	0
Other operating expenses	76
Results from investments	0
Net interest result	0
Income taxes	-236
Group loss	-733
Attributable to minority interests	-25
Attributable to Schaltbau Holding AG	-708
Group loss	-733
Earnings per share - undiluted:	- 0.12 €
Earnings per share - diluted:	- 0.12 €

Gains arising on the deconsolidation of subsidiaries

Shenyang Bode Transportation Equipment Co. Ltd. in Shenyang, China (BOSY) was sold to the newly founded joint venture Zhejiang Yonggui Bode Transportation Equipment Co. Ltd., Tiantai (P.R.CH.) at the end of June 2017 (see also the section "Significant events") for a consideration of € 4,263,000. In conjunction with the sale, assets totalling € 1,500,000 and liabilities totalling € 1,774,000 (i.e. net liabilities of € 274,000) were transferred to the new company. In addition, foreign currency differences amounting to € 116,000 were released with income statement impact. The gain recorded in the consolidated financial statements amounted to € 4,653,000. The sale consideration is scheduled to be received in August.

USE OF ESTIMATES

For the purposes of drawing up the consolidated financial statements, it is necessary to make estimates and assumptions which affect the carrying amounts of assets, liabilities and contingent liabilities at the balance sheet and the amounts of income and expense recognised in the period under report. Actual results can differ from estimates as a result of changes in the economic situation and due to other circumstances.

FOREIGN CURRENCY TRANSLATION

The financial statements of consolidated companies whose functional currency is not the euro are drawn up in accordance with the modified closing rate method. Exchange rates relevant for foreign currency translation into euro changed as follows:

	Closing rate		**Average rate**	
	30.06.2017	**31.12.2016**	**1.1. to 30.06.2017**	**1.1. to 30.06.2016**
Chinese renminbi yuan	7.7385	7.3202	7.4430	7.2921
US dollar	1.1412	1.0541	1.0827	1.1153
British pound	0.8793	0.8562	0.8602	0.7783
Turkish lira	4.0134	3.7072	3.9386	3.2582
Polish zloty	4.2259	4.4103	4.2683	4.3681
Brazilian real	3.7600	3.4305	3.4406	4.1340

ACCOUNTING PRINCIPLES AND POLICIES

Provisions

Pension provisions are measured on the basis of values stated in the relevant actuarial reports for 2017, 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 computed 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 2016, when the provision was based on actuarial reports.

Financial liabilities

Schaltbau assesses whether a liability no longer exists or has been modified purely on the grounds of quantitative criteria (i.e. the “10% test” pursuant to IAS 39 AG 62). If the change in cash flows relating to the financial liability is less than 10%, the change to the present value including transaction costs is spread over the remaining term of the modified financial liability.

Contingent liabilities

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

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 on hand, cash at bank and the net amount on cash management balances with non-consolidated companies.

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. For information on liquid funds to which the Group does not have access, see the comments changes in Group equity in the section “SIGNIFICANT EVENTS”.

ANALYSIS OF SELECTED ITEMS REPORTED IN THE FINANCIAL STATEMENTS

PERSONNEL EXPENSE / EMPLOYEES

in € 000 1.1. to 30.06.	2017	2016
Wages and salaries	**78,616**	**71,846**
Social security, pension and welfare expenses	**15,745**	**13,305**
	94,361	**85,151**

EMPLOYEES

	2017	2016
Employees	**3,079**	**2,854**

The employee figures disclosed were calculated on the basis of weighted average for the period under report (excluding trainees, executives and board members).

Results from investments

The **result from at-equity accounted investments** includes the Group's share of earnings for the current financial year of BoDo Bode-Dogrusan A.S. and, additionally in the previous year, Albatros S.L.

FINANCIAL RESULT

in € 000 1.1. to 30.06.	2017	2016
Other interest and similar income	**307**	**337**
(of which from affiliated companies)	**(5)**	**(289)**
Interest and similar expenses	**-6,328**	**-2,767**
(of which to affiliated companies)	**(-7)**	**(0)**
	- 6,021	**-2,430**

Interest expenses include € 236,000 (January - June 2016: € 425,000) relating to the interest component of the allocation to the pension provision. The increase in interest expense arose mainly at the level of the Albatros S.L.U. and Albatros North America Inc. amounting to € 727,000 (neither of which were consolidated in the previous year) and the new financing arrangement (see section: Group financing). This resulted in the release of previously deferred financing costs, which together with the impact of the new financing arrangements, increased interest expense by € 2,127,000.

INCOME TAXES

in € 000	1.1. to 30.06.	2017	2016
Income tax expense		**-1,597**	**-3,625**
Deferred tax income		**1,113**	**682**
		-484	**-2,943**

Deferred tax assets amounting to € 994,000 (31 December 2016: € 311,000) were recognised with income statement effect on tax losses available for carryforward in Germany. The income tax expense for the six-month period is calculated in accordance with IAS 34 “Interim Reporting” on the basis of the average tax rate that is expected for the full fiscal year.

EXPLANTORY NOTES TO THE CONSOLIDATED BALANCE SHEET

INVENTORIES

in € 000	30.06.2017	31.12.2016
Raw materials and supplies	**63,806**	**57,655**
Work in progress	**40,504**	**30,079**
Finished products, goods for resale	**14,084**	**12,329**
Advance payments to suppliers	**1,541**	**1,290**
	119,935	**101,353**

Write-downs totalling € 725,000 (January - June 2016: € 651,000) and reversals of impairment losses totalling € 37,000 (January - June 2016: € 221,000) were recognised on inventories during the period under report. Write-downs on inventories at the end of the reporting period totalled € 33,574,000 (31 December 2016: € 32,738,000).

RECEIVABLES AND OTHER ASSETS

in € 000	30.06.2017	31.12.2016
Trade accounts receivable	**104,360**	**115,241**
Receivables from affiliated companies	**5,855**	**6,573**
Receivables from associated companies	**5,872**	**763**
Receivables from entities with which an investment relationship exists	**80**	**228**
Income tax receivables	**1,129**	**944**
Other assets	**9,145**	**7,445**
	126,441	**131,194**

Allowances on trade accounts receivable amount to € 6,653,000 (31 December 2016: € 6,766,000). Write-downs amounting to € 296,000 (30 June 2016: € 656,000) were recorded against receivables and other assets. Reversals of write-downs amounted to € 181,000 (January - June 2016: € 752,000).

CASH AND CASH EQUIVALENTS

in € 000	30.06.2017	31.12.2016
Cheques and cash on hand	**40**	**35**
Cash at bank	**25,504**	**29,983**
	25,544	**30,018**

CHANGES IN GROUP EQUITY

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

PROVISIONS

in € 000	30.06.2017	31.12.2016
Non-current provisions		
Pensions	**38,234**	**40,154**
Personnel	**4,978**	**4,888**
Warranties	1,050	926
Pending losses on onerous contracts	12,432	13,548
Other provisions	139	154
Other non-current provisions	**13,621**	**14,628**
	56,833	**59,670**
Current provisions		
Personnel	**6,425**	**8,432**
Current tax	1,067	905
Warranties	8,684	8,961
Outstanding supplier invoices	7,038	5,557
Pending losses on onerous contracts	1,816	3,066
Other provisions	2,639	2,190
Other current provisions	**21,244**	**20,679**
	27,669	**29,111**
Total provisions and accrued liabilities	**84,502**	**88,781**

In the case of pending losses on onerous contracts, provisions totalling € 1,116,000 (mostly non-current and in connection with the two projects “Level crossing systems in Denmark” and “Platform screen doors in Brazil”) were utilised during the first six months of the year. The decrease in current provisions for pending losses on onerous contracts was primarily attributable to a reclassification of some of the provision to write-downs on inventories relating to the same projects.

A discount rate of 1.8% (31 December 2016: 1.6%) was used to compute the pension provision. The resulting € 1,428,000 increase in the pension provision was recognised directly in equity.

LIABILITIES

in € 000		30.06.2017	31.12.2016
Non-current liabilities			
Liabilities to banks	162,186		37,465
Finance lease liabilities	32		38
Other financial liabilities	5,549		5,801
Financial liabilities		**167,767**	**43,304**
Other liabilities		**4,011**	**4,557**
		171,778	**47,861**
Current liabilities			
Current income tax payable		**401**	**337**
Liabilities to banks	16,381		131,984
Finance lease liabilities	17		37
Other financial liabilities	2,759		2,698
Financial liabilities		**19,157**	**134,719**
Trade accounts payable		**44,591**	**42,034**
Advance payments received		**12,882**	**12,684**
Liabilities to affiliated companies	1,189		338
Liabilities to other group entities	328		595
Liabilities relating to derivatives	1,459		1,762
Sundry other liabilities	21,862		18,813
Other liabilities		**24,838**	**21,508**
		101,869	**211,282**
Total liabilities		**273,647**	**259,143**

Disclosures on financial instruments in accordance with IFRS 7

The balance sheet contains non-derivative financial instruments such as financial assets, financial liabilities and investments in other entities as well as derivative financial instruments such as forward currency contracts and swap transactions whose value is derived from the base value of the contract. Financial instruments are measured in accordance with IAS 39 on the basis of the allocation of items to various measurement categories. The methods used to measure fair value are unchanged from those used in the previous year’s consolidated financial statements. The fair value of financial instruments is measured on the basis of conditions applying at the end of the reporting period, such as interest rates or exchange rates, and using recognised models, such as discounted cash flow models or option price models.

In the following table, balance sheet lines and financial instruments are allocated to measurement categories. The resulting values are also shown.

Reconciliation of balance sheet lines to measurement categories pursuant to IAS 39 and analysis of carrying amounts and fair values of financial instruments at 30 June:

30.06.2017 in €000	Balance sheet carrying amounts	Not valued on basis of IAS 39	Carrying amounts based on IAS 39								
Measurement category pursuant to IAS 39:			Non-derivative receivables and payables	Held-to-maturity	Assets held for sale		Held for trading	Derivatives in hedging relationships			
Measurement at:			Amortised cost	Acquisition cost	Fair value (through profit or loss)	Acquisition cost	Fair value (through profit or loss)	Fair value (through profit or loss)	Fair value (directly in equity)	**Total carrying amounts based on IAS 39**	Fair values
Assets-side financial instruments											
Other non-current investments [1]	4,082	-	-	-	-	4,082	-	-	-	**4,082**	-
Trade accounts receivable [2]	104,360	-	104,360	-	-	-	-	-	-	**104,360**	-
Current income tax receivables	1,129	1,129	-	-	-	-	-	-	-	**-**	-
Other current assets [2]	20,952	2,303	18,417	-	-	-	-	147	86	**18,650**	-
Cash and cash equivalents [2]	25,544	-	25,544	-	-	-	-	-	-	**25,544**	-
Total	**156,067**	**3,432**	**148,321**	**-**	**-**	**4,082**	**-**	**147**	**86**	**152,636**	**-**
Liabilities-side financial instruments											
Non-current financial liabilities [3)]	167,767	32	167,737	-	-	-	-	-	-	**167,737**	172,190
Other non-current liabilities [3]	4,011	-	4,011	-	-	-	-	-	-	**4,011**	3,907
Current income tax payable	401	401	-	-	-	-	-	-	-	**-**	-
Current financial liabilities [2]	19,157	17	19,140	-	-	-	-	-	-	**19,140**	-
Trade accounts payable [2]	44,591	-	44,591	-	-	-	-	-	-	**44,591**	-
Advance payments received	12,882	12,882	-	-	-	-	-	-	-	**-**	-
Other liabilities [2]	24,838	458	23,805	-	-	-	-	-	575	**24,380**	-
Total	**273,647**	**13,790**	**259,284**	**-**	**-**	**-**	**-**	**-**	**575**	**259,859**	**-**

1) Fair values cannot be determined for investments due to the lack of an active market. They are therefore measured at amortised cost. There is no intention to sell these financial instruments. No investments sold during the reporting period.

2) No disclosure made, since the carrying amount approximates the fair value.

3) All fair value disclosures for financial instruments measured at amortised cost are allocated to level 3 in the fair value hierarchy. The fair value of these financial instruments is calculated by means of discounting, using an interest rate observable on the market account and adjusted for Schaltbau's credit risk.

Reconciliation of balance sheet lines to measurement categories pursuant to IAS 39 and analysis of carrying amounts and fair values of financial instruments at 31 December:

31.12.2016 in €000	Balance sheet carrying amounts	Not valued on basis of IAS 39	Carrying amounts based on IAS 39								
Measurement category pursuant to IAS 39:			Non-derivative receivables and payables	Held-to-maturity	Assets held for sale		Held for trading	Derivatives in hedging relationships			
Measurement at:			Amortised cost	Acquisition cost	Fair value (through profit or loss)	Acquisition cost	Fair value (through profit or loss)	Fair value (through profit or loss)	Fair value (directly in equity)	**Total carrying amounts based on IAS 39**	Fair values
Assets-side financial instruments											
Other non-current investments [1)]	4,030	-	-	-	-	4,030	-	-	-	**4,030**	-
Trade accounts receivable [2)]	115,241	-	115,241	-	-	-	-	-	-	**115,241**	-
Current income tax receivables	944	944	-	-	-	-	-	-	-	**-**	-
Other current assets [2)]	15,009	1,715	13,264	-	-	-	-	31	-	**13,295**	-
Cash and cash equivalents [2)]	30,018	-	30,018	-	-	-	-	-	-	**30,018**	-
Total	**165,242**	**2,659**	**158,523**	**-**	**-**	**4,030**	**-**	**31**	**-**	**162,584**	**-**
Liabilities-side financial instruments											
Non-current financial liabilities [3))]	43,304	38	43,266	-	-	-	-	-	-	**43,266**	36,788
Other non-current liabilities [3)]	4,557	-	4,557	-	-	-	-	-	-	**4,557**	4,093
Current income tax payable	337	337	-	-	-	-	-	-	-	**-**	-
Current financial liabilities [2)]	134,719	37	134,681	-	-	-	-	-	-	**134,681**	126,942
Trade accounts payable [2)]	42,034	-	42,034	-	-	-	-	-	-	**42,034**	-
Advance payments received	12,684	12,684	-	-	-	-	-	-	-	**-**	-
Other liabilities [2)]	21,508	159	20,494	-	-	-	-	62	793	**21,349**	-
Total	**259,143**	**13,255**	**245,032**	**-**	**-**	**-**	**-**	**62**	**793**	**245,887**	**167,823**

Prior year figures restated (see comments in the section "Business combinations / Group reporting entity")

1) Fair values cannot be determined for investments due to the lack of an active market. They are therefore measured at amortised cost. There is no intention to sell these financial instruments. One investment with a carrying amount of zero was sold in 2016 for a total of € 190,000.

2) No disclosure made, since the carrying amount approximates the fair value.

3) All fair value disclosures for financial instruments measured at amortised cost are allocated to level 3 in the fair value hierarchy. The fair value of these financial instruments is calculated by means of discounting, using an interest rate observable on the market account and adjusted for Schaltbau's credit risk.

Fair value hierarchy:

At 30 June 2017 the financial assets and liabilities shown in the following table were measured at fair value.

The measurement and presentation of fair values of financial instruments is based on a fair value hierarchy which takes account of the significance of the input data used to measure fair value and can be analysed as follows:

Level 1: based on prices quoted (applied without adjustment) on active markets for identical assets and liabilities

Level 2: based on input data for the asset or liability observable either directly (in the form of prices) or indirectly (derived from prices) which do not represent quoted prices according to level 1

Level 3: input data not based on observable market data to measure the asset or liability (non-observable input data)

in € 000	Level 1	Level 2	Level 3	31.12.2016
Financial assets				
Fair value measurement through profit or loss				
Assets held for sale	-	-	-	**-**
Derivatives not in hedging relationships	-	147	-	**147**
Not classified to category pursuant to IAS 39 (directly in equity)				
Derivatives in hedging relationships	-	86	-	**86**
Financial liabilities				
Fair value measurement through profit or loss				
Assets held for sale	-	-	-	**-**
Derivatives not in hedging relationships	-		-	
Not classified to category pursuant to IAS 39 (directly in equity)				
Derivatives in hedging relationships	-	576	-	**576**

There were no reclassifications of fair value measurements between level 1 and level 2. Similarly, there were no reclassifications within level 3 in connection with fair value measurements.

in € 000	Level 1	Level 2	Level 3	31.12.2016
Financial assets				
Fair value measurement through profit or loss				
Assets held for sale	-	-	-	**-**
Derivatives not in hedging relationships	-	31	-	**31**
Not classified to category pursuant to IAS 39 (directly in equity)				
Derivatives in hedging relationships	-	-	-	**-**
Financial liabilities				
Fair value measurement through profit or loss				
Assets held for sale	-	-	-	**-**
Derivatives not in hedging relationships	-	62	-	**62**
Not classified to category pursuant to IAS 39 (directly in equity)				
Derivatives in hedging relationships	-	793	-	**793**

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 Annual Report 2016 and in the Interim Group Management Report.

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 income tax group arrangements in place in Germany. The expenses from these tax group arrangements 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

in € 000	Sales	
1.1. to 30.06.	2017	2016
Total sales of segments	235,567	244,694
Other sales	1,811	1,771
Consolidation	-2,477	-2,523
Sales as per income statement	**234,901**	**243,942**

in € 000	EBIT	
1.1. to 30.06.	2017	2016
Total EBIT of segments	1,496	14,537
Other EBIT	-6,227	-5,307
Consolidation	39	378
EBIT as per income statement	**-4,692**	**9,608**

in €000	Assets	
30.06.	2017	2016
Total segment assets	481,967	444,048
Other assets excluding deferred tax assets	105,411	117,629
Deferred taxes	475	-1,825
Consolidation	-118,270	-115,580
Group assets as per balance sheet	**469,583**	**444,272**

in € 000	Liabilities	
30.06.	2017	2016
Total segment liabilities	315,558	281,298
Other liabilities excluding deferred tax liabilities	156,964	154,066
Deferred taxes	-4,713	-6,238
Consolidation	-106,721	-94,473
Group liabilities as per balance sheet	**361,088**	**334,653**

"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

in €000 **1.1. – 30.06.**	**Mobile Transportation Technology 2017**	**Mobile Transportation Technology 2016**	**Stationary Transportation Technology 2017**	**Stationary Transportation Technology 2016**
Order-intake (external)	163,828	152,194	53,873	88,710
Sales	125,585	103,000	47,079	64,212
- thereof external	125,161	102,668	47,079	64,154
- thereof with other segments	424	332	0	58
Order-book (external)	319,466	213,787	84,200	106,784
EBITDA	2,907	6,339	-3,849	-1,385
Result from operating activities (EBIT)	-2,237	3,986	-5,594	-3,628
Profit / loss of companies accounted for using the equity method	323	-3,222	0	0
Other results from investments	0	0	0	0
Interest income	277	34	240	11
Interest expense	-1,892	-547	-927	-969
Income taxes	207	-1,010	-867	-118
Segment / Group loss for period	-3,322	-759	-7,148	-4,704
Effect of increased scope of Group reporting entity on fixed assets	0	110	0	0
Investment in non-current financial assets	5,086	178	51	66
Write-downs on non-current financial assets	0	0	0	0
Capital expenditure [1]	4,610	3,645	1,668	3,308
Depreciation and amortisation [1)]	-5,144	-2,353	-1,745	-2,243
Impairment losses (excluding investments)	-322	-331	-2	-34
Reversals of impairment losses (excluding investments)	-97	-399	0	-275
Other significant non-cash expenses	1,685	-2,554	-3,881	-3,169
Segment assets [2)]	219,445	158,124	111,557	126,599
At-equity accounted investments	8,052	8,395	267	0
Capital employed [3)]	173,825	124,284	76,247	92,897
Segment liabilities [4)]	140,613	80,493	89,960	102,484
Employees (average number)	1,657	1,335	642	704
EBIT margin [5)]	-1.8 %	3.9 %	-11.9 %	-5.7 %
Return on capital employed [6)]	-2.6 %	6.4 %	-14.7 %	-7.8 %

*1) = 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) = Debt capital
*5) = EBIT / External sales
*6) = EBIT / Capital employed (EBIT extrapolated to annual amount)

Components		Sub-total		Holding, Reconciling items		Schaltbau Group	
2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
77,952	78,764	295,653	319,668	40	39	295,693	319,707
62,903	77,482	235,567	244,694	-666	-752		
62,619	77,082	234,859	243,904	42	38	234,901	243,942
284	400	708	790	-708	-790		
87,999	81,346	491,665	104,917			491,665	401,917
11,834	16,992	10,892	21,946	-5,943	-4,699	4,949	17,247
9,327	14,179	1,496	14,537	-6,188	-4,929	-4,692	9,608
0	0	323	-3,222	0	0	323	-3,222
0	0	0	0	0	0	0	0
29	28	546	73	-239	264	307	337
-612	-881	-3,431	-2,397	-2,897	-370	-6,328	-2,767
-850	-2,534	-1,510	-3,662	1,026	719	-484	-2,943
7,894	10,792	-2,576	5,329	-8,298	-4,316	-10,874	1,013
0	0	0	110	0	0	0	110
0	0	5,137	244	0	109	5,137	353
0	0	0	0	0	0	0	0
1,315	1,762	7,593	8,715	114	376	7,707	9,091
-2,507	-2,800	-9,396	-7,396	-245	-229	-9,641	-7,625
-697	-413	-1,021	-778	0	0	-1,021	-778
-121	-567	-218	-1,241	0	-1	-218	-1,242
-3,668	-5,022	-5,864	10,745	-890	-1,364	-6,754	-12,109
150,965	159,325	481,967	444,048	-12,384	224	469,583	444,272
0	0	8,319	8,395	0	0	8,319	8,395
109,689	116,287	359,761	333,468	-10,759	-696	349,002	332,772
84,985	98,321	315,558	281,298	45,530	53,355	361,088	334,653
756	788	3,055	2,828	24	26	3,079	2,854
14.9 %	18.4 %					-2.0 %	3.9 %
17.0 %	24.4 %					-2.7 %	5.8 %

PRODUCT-BASED SEGMENT INFORMATION

in €000	Mobile Transportation Technology		Stationary Transportation Technology	
2nd quarter	**2017**	**2016**	**2017**	**2016**
Order-intake (external)	60,854	90,799	26,517	36,852
Sales	66,941	51,371	24,011	32,659
- thereof external	66,752	51,184	24,011	32,626
- thereof with other segments	189	187	0	33
Order-book (external)	319,466	213,787	84,200	106,784
EBITDA	4,980	2,929	-1,220	911
Result from operating activities (EBIT)	2,445	1,736	-2,087	-211
Profit / loss of companies accounted for using the equity method	174	-566	0	0
Other results from investments	0	0	0	0
Interest income	135	13	49	4
Interest expense	-1,070	-227	-489	-492
Income taxes	391	-467	-513	155
Segment / Group profit/loss for period	2,075	489	-3,040	-544
Effect of increased scope of Group reporting entity on fixed assets	0	110	0	0
Investment in non-current financial assets	5,086	127	0	0
Write-downs on non-current financial assets	0	0	0	0
Capital expenditure [1]	2,808	1,929	909	1,675
Depreciation and amortisation [1)]	-2,535	-1,192	-867	-1,122
Impairment losses (excluding investments)	-258	-256	-2	-22
Reversals of impairment losses (excluding investments)	86	-115	0	-270
Other significant non-cash expenses	-677	-913	-1,543	-1,363
Segment assets [2)]	219,445	158,124	111,557	126,599
At-equity accounted investments	8,052	8,395	267	0
Capital employed [3)]	173,825	124,284	76,247	92,897
Segment liabilities [4)]	140,613	80,493	89,960	102,484
Employees (average number)	1,657	1,335	642	704
EBIT margin [5)]	3.7 %	3.4 %	-8.7 %	-0.6 %
Return on capital employed [6)]	5.6 %	5.6 %	-10.9 %	-0.9 %

[*1)] = 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)] = Debt capital
[*5)] = EBIT / External sales
[*6)] = EBIT / Capital employed (EBIT extrapolated to annual amount)

Components		Sub-total		Holding, Reconciling items		Schaltbau Group	
2017	2016	2017	2016	2017	2016	2017	2016
37,514	36,118	124,885	163,769	20	19	124,905	163,788
33,758	42,350	124,710	126,380	412	417		
33,635	42,135	124,398	125,945	-100	18	124,298	125,963
123	215	312	435	-312	-435		
87,999	81,346	491,665	401,917			491,665	401,917
7,038	9,646	10,798	13,486	-2,214	-2,763	8,584	10,723
5,797	8,226	6,155	9,751	-2,339	-2,878	3,816	6,873
0	0	174	-566	0	0	174	-566
0	0	0	0	0	0	0	0
14	14	198	31	-82	144	116	175
-268	-426	-1,827	-1,145	-417	-194	-2,244	-1,339
-501	-1,472	-623	-1,784	139	291	-484	-1,493
5,042	6,342	4,077	6,287	-2,699	-2,637	1,378	3,650
0	0	0	110	0	0	0	110
0	0	5,086	127	0	109	5,086	236
0	0	0	0	0	0	0	0
873	1,196	4,590	4,800	87	331	4,677	5,131
-1,241	-1,407	-4,643	-3,721	-125	-116	-4,768	-3,837
-406	-161	-666	-439	0	0	-666	-439
0	0	86	-385	0	0	86	-385
-404	-2,042	-2,624	-4,318	-651	-748	-3,275	-5,066
150,965	159,325	481,967	444,048	-12,384	224	469,583	444,272
0	0	8,319	8,395	0	0	8,319	8,395
109,689	116,287	359,761	333,468	-10,759	-696	349,002	332,772
84,985	98,321	315,558	281,298	45,530	53,355	361,088	334,653
756	788	3,055	2,828	24	26	3,079	2,854
17.2 %	19.5 %					3.1 %	5.5 %
21.1 %	28.3 %					4.4 %	8.3 %

CASH FLOW STATEMENT

Composition of cash funds

Cash funds comprise:

in € 000	30.06.2017	31.12.2016
Cash and cash equivalents	25,544	30,825
Balance on cash management accounts	-799	352
	24,745	31,177

in €000	30.06.2016	31.12.2015
Cash and cash equivalents	32,515	32,446
Balance on cash management accounts	387	229
	32,902	32,675

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

For information on liquid funds to which the Group does not have access, see the comments changes in Group equity in the section “Significant events”.

OTHER DISCLOSURES

Contingent liabilities and other financial commitments

in € 000	30.06.2017	31.12.2016
Other financial commitments		
Rental and lease expenses	12,343	11,953
Sundry commitments	1,853	2,593

Contingent liabilities amounted to € 80,000 at the end of the reporting period (31 December 2016: € 1,000,000). The risk of incurring costs in connection with these contingent liabilities is considered small.
The rental and leasing expenses shown under **other financial commitments** have been calculated on the basis of the earliest possible cancellation dates.

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

Related party relationships

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

	Volume of services performed		Volume of services received	
	1.1.-30.6.2017 € 000	1.1.-30.6.2016 €000	1.1.-30.6.2017 €000	1.1.-30.6.2016 €000
Associated companies				
Goods and services	127	113	1,111	929
Other transactions	0	71	0	20
Non-consolidated companies				
Goods and services	4,840	6,199	1,754	1,614
Other transactions	61	234	752	991

The following receivables and payables – mostly from trading and at a level customary for the business – existed at the end of the reporting period from the perspective of the Group's fully consolidated entities. However, receivables from associated companies at 30 June 2017 also include receivables due from Zhejiang Yonggui Bode Transportation Equipment Co. Ltd., Tiantai (P.R.CH.) amounting to € 4,263,000, relating to the sale of Shenyang Bode Transportation Equipment Co. Ltd.

	Receivables		**Payables**	
	30.06.2017 € 000	**31.12.2016 €000**	**30.06.2017 €000**	**31.12.2016 €000**
Associated companies	5,872	763	328	595
Non-consolidated companies	5,935	6,801	1,189	338

Munich, 10 August 2017

Schaltbau Holding AG
The Executive Board

Dr. Bertram Stausberg Sprecher (CEO)	Thomas Dippold CFO	Dr. Martin Kleinschmitt CRO

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 principles for half-year financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operation of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.”

Munich, 10 August 2017

Schaltbau Holding AG
The Executive Board

Dr. Bertram Stausberg
Sprecher (CEO)

Thomas Dippold
CFO

Dr. Martin Kleinschmitt
CRO

Comment on unaudited status

The Interim Consolidated Financial Statements and Interim Group Management Report as at 30 June 2017 have neither been audited in accordance with § 317 HGB nor subject to a review by the group auditor.

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