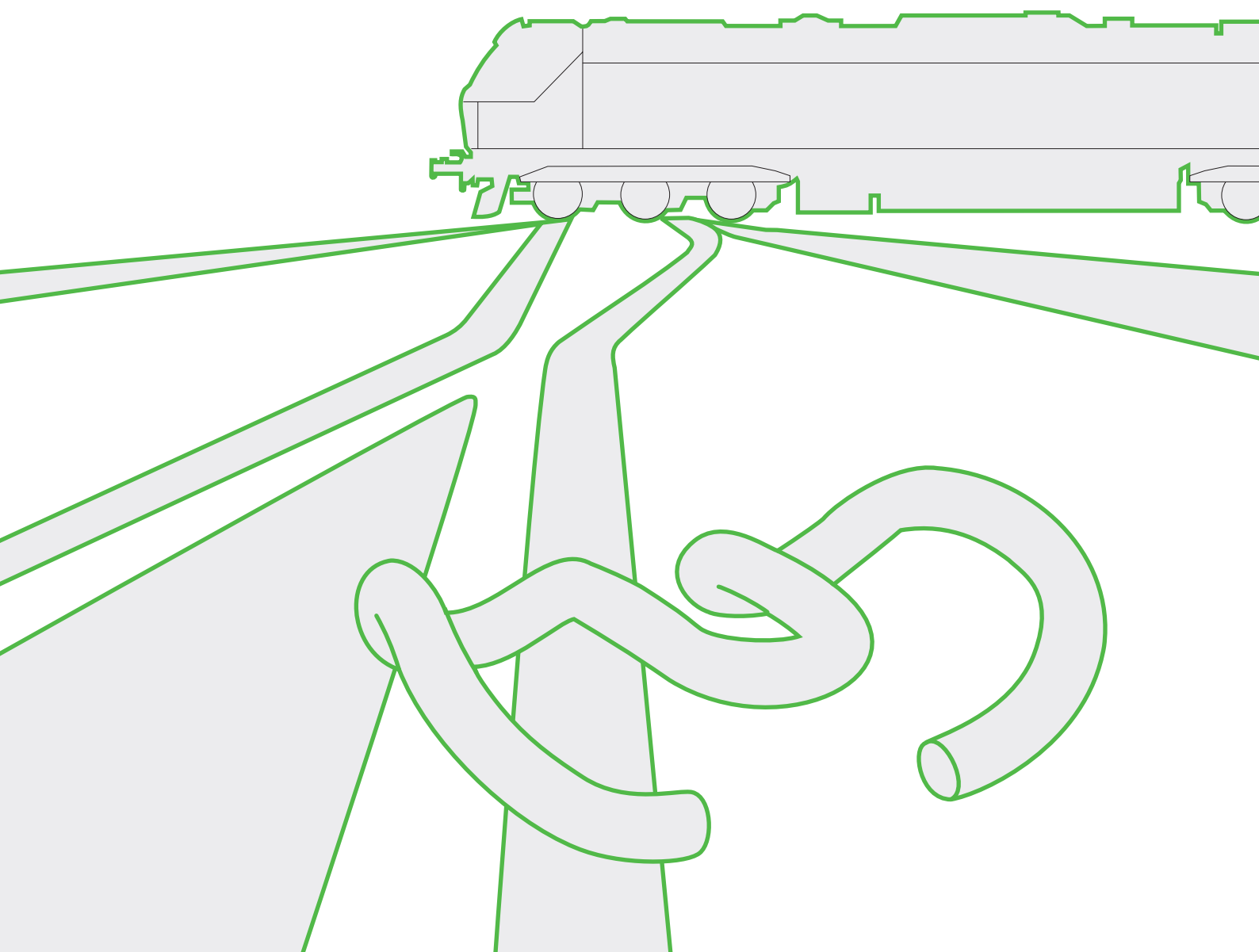




► Sustainable success.
Semiannual financial report as of June 30, 2008



Group figures and indicators		H1/2008	H1/2007
Income statement data			
Net sales ²	€ mill.	591.0	488.8
Rail Infrastructure ²	€ mill.	323.5	245.8
Motive Power&Components	€ mill.	267.3	242.8
EBIT ²	€ mill.	66.2	52.0
Net interest expense ²	€ mill.	(6.9)	(5.3)
EBT ²	€ mill.	59.3	46.7
Group earnings (total)	€ mill.	46.2	32.1
Earnings per share	€	3.13	2.18
EBIT margin ²	%	11.2	10.6
Pretax return on equity (ROE) ²	%	25.8	24.0
Return on capital employed (ROCE) ²	%	16.8	14.5
Balance sheet data			
Fixed assets ³	€ mill.	429.4	461.3
capital expenditures	€ mill.	16.9	21.4
amortization/depreciation ^{1,2}	€ mill.	11.5	9.1
Working capital	€ mill.	356.4	256.2
Working capital intensity ²	%	30.2	26.2
Capital employed	€ mill.	785.8	717.5
Total equity	€ mill.	459.0	388.8
thereof minority interests	€ mill.	12.3	9.5
Net financial debt	€ mill.	173.7	75.2
Net leverage	%	37.8	19.3
Total assets	€ mill.	1,419.2	1,269.3
Equity ratio	%	32.3	30.6
Cash flow statement data			
Gross cash flow	€ mill.	84.9	64.0
Cash flow from operating activities ⁴	€ mill.	26.5	60.0
Cash flow from investing activities ⁴	€ mill.	(28.8)	(55.1)
Cash flow from financing activities ⁴	€ mill.	(13.6)	(31.3)
Change in cash & cash equivalents	€ mill.	(15.9)	(26.4)
Workforce			
Average headcount in the period		6,173	5,063
Rail Infrastructure		4,221	3,327
thereof Infrastructure Services		1,574	1,233
Motive Power&Components		1,909	1,703
Vossloh AG		43	33
Payroll-to-value added ratio ²	%	62.3	63.7
Personnel expenses ²	€ mill.	110.8	93.3
Share data			
Stock price at June 30	€	82.80	86.79
Market capitalization at June 30	€ mill.	1,225.1	1,284.1

¹ Excl. noncurrent financial instruments

² Prior-year data restated to allow for the disclosure of the Infrastructure Services business unit as discontinued operation.

³ Fixed assets = Intangible and tangible assets + investment properties + associated affiliates + other noncurrent financial instruments

⁴ The H1/2008 data includes the cash flows of the Infrastructure Services BU.

Where required, figures annualized

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Dear Stockholders:

Once again we have a commendable quarter to look back on, with the prior periods' dynamic uptrend continuing. Both divisions shared in this progress with double-digit growth rates in their sales and earnings.

Versus H1/2007, the Vossloh Group's sales climbed 20.9 percent to €591.0 million. Once more, EBIT outpaced sales to jump to €66.2 million (up by 27.3 percent). These figures (and the prior-year comparatives) exclude the Infrastructure Services business unit (VIS) which we will sell retroactively as of January 1, 2008.

Especially pleasing is the fact that our key controlling indicator, ROCE, has considerably improved, rising from 14.5 percent (H1/2007) to 16.8 percent during the period. In the same time, the EBIT margin mounted from 10.6 to 11.2 percent. As a consequence, both these key figures rose well above our benchmarks of 15 percent for ROCE and 10 percent for the EBIT margin.

We are making great progress toward another target: increasing non-European sales to 30 percent. Whereas in the first half of 2007, this figure was still at 20.5 percent, it has meanwhile surged to 26.4 percent. Besides the expansion of our operations in a whole number of non-European markets, it is the takeover of two switch manufacturers in the USA in the spring of 2007 and the Australian switch manufacturer TKL Rail (now, Vossloh Cogifer Australia) in November 2007 that have conspicuously contributed to the rise in non-European sales. And, since late May, shipments of rail fastening systems from the new production plant in China have been back to schedule.

We perceive the intended sale of Vossloh Infrastructure Services (VIS) to Eurovia S.A., a subsidiary of the France's Vinci Group, as a strategic milestone on our roadmap. The VIS business centers on track construction and differs from Vossloh's other business units in its hitherto limited international scope. We are confident that under its new owner, its operations will be able to develop better. A corresponding sale and transfer agreement was signed on June 30; the deal is expected to be closed some time in the months ahead as it is still subject to clearance by the relevant antitrust authorities as a condition precedent.

The disposal of this business unit will substantially widen our latitude for future acquisitions, especially for further expanding our product portfolio. Potential takeover candidates: suppliers of services and components whose lineup usefully dovetails with those of our two divisions.

The planned disposal means that we have had to recalculate our budget. For the current fiscal year, we are budgeting sales of around €1.13 billion, an increase of about 11 percent over the VIS-adjusted sales for 2007. As to EBIT, we are looking to an amount of €131 million, equivalent to an advance of around 18 percent versus the adjusted year-earlier figure. Regarding 2009, we are even more confident of being able to achieve further growth with sustained high profitability.

The success of the past six months confirms that with our business model we are moving in the right direction of continuing value-driven growth. Within an economic environment of increasing uncertainty, we are thus able to offer a high level of continuity and promise.

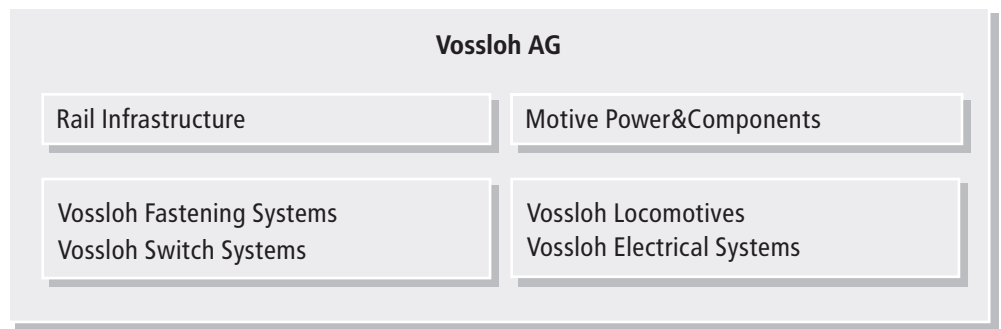
Kind regards,

A handwritten signature in blue ink, appearing to read 'W. Andree', with a stylized, flowing script.

Werner Andree
CEO

Vossloh's corporate structure

Vossloh operates in the world markets of rail infrastructure and rail technology. As management and financial holding company, Vossloh AG parents the two divisions Rail Infrastructure and Motive Power&Components. Assigned to these divisions are four business units (as of June 30, 2008):



Rail Infrastructure division

This division bundles our rail infrastructure products and services.

The rail fasteners developed by Vossloh Fastening Systems ensure safe rail traffic in over 65 countries.

Vossloh Switch Systems commands a foremost international position in the market for advanced-engineered rail switches.

Vossloh Infrastructure Services, still assigned to the Rail Infrastructure division in the Q1/2008 report, was sold by agreement of June 30, 2008. The unit builds trackage for mainline and local lines, which it also services and maintains.

Motive Power&Components division

This division builds locomotives and (sub)urban trains, and manufactures electrical components for various types of LRVs. It has two business units:

Vossloh Locomotives is Europe's leading supplier of diesel locomotives along with related financing arrangements and all-in services. Also available are state-of-the-art (sub)urban trains for a variety of operations.

Vossloh Electrical Systems develops and produces key electrical components and systems for LRVs.

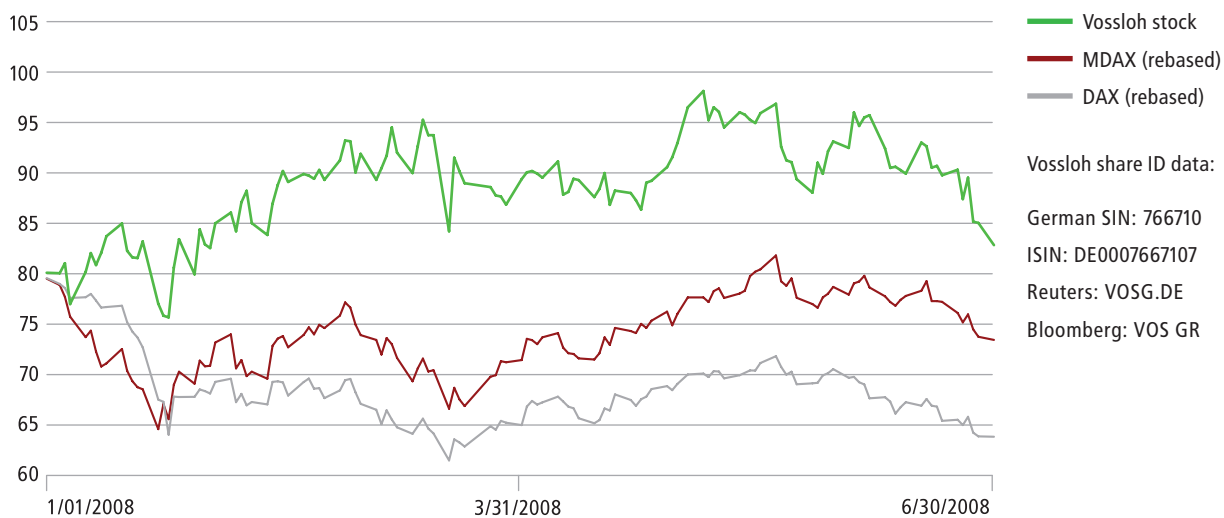
Vossloh stock

Following the plunging prices of Q1/2008, the international stock markets initially posted modest gains between April and May 2008. However, the sharp rise in commodity prices, increased inflation scares and an economic meltdown in the USA led to a downturn in June. In all, during this month, stock prices lost more than they had gained in the previous two months.

Despite brief upswing,
no price gain in Q2/2008

In the period April 1 to May 19, the DAX advanced about 11 percent to 7,225.94; in June, alone, it then plunged by 9+ percent to close the first half of the year at 6,418.32. In all, in Q2/2008, the DAX lost around 2 percent and during the first six months of the year, over 20 percent. A similar trend was shown by the MDAX, the German midcap index, which includes Vossloh stock. This started April at 8,757.06, rising to 10,068.56 by May 19, to close on June 30 clearly lower at 9,035.09. Although the MDAX did show a slight rise in Q2/2008, in all it was unable to escape the most recent sharp downtrend. In the course of H1, the MDAX fell by altogether 8.1 percent.

Vossloh stock price trend from January 1 to June 30, 2008



Vossloh stock was among the few that reported a gain—around 3.4 percent—versus year-end 2007. On May 5, 2008, it even achieved an all-time high of €99.49. Then in the wake of generally weaker markets it was unable to maintain this level and closed at €82.80 on June 30, equivalent to a loss of 7.3 percent for the quarter. Nonetheless, for the entire period April to June 2008 and just as for H1 this year, the performance of Vossloh stock was well superior to that of DAX and MDAX.

Still advancing, Vossloh stock
outperforms DAX and MDAX

Between April and June, the aggregate trading volume was around 5.8 million shares, or a rise of 7 percent versus Q2/2007. During the past quarter, an average of 91,797 shares was traded per day. H1/2008 saw around 13.3 million shares traded, corresponding to a daily average of 105,190.

Record dividend
distributed

At this year's annual general meeting held in Düsseldorf on May 21, Vossloh AG's stockholders resolved to distribute a dividend of €1.70 per share, an increase of 31 percent over the prior-year amount and equivalent to a payout of around 35 percent of group earnings. This is in line with the declared aim of allowing Vossloh stockholders to share in the outstanding operating performance of the Group. At the same time, the remaining funds allow adequate latitude for Vossloh's ongoing expansion including takeovers. With group sales of €1,232.1 million and an EBIT of €121.5 million, 2007 had been Vossloh's best-ever year.

Upon announcement of
VIS sale, analysts predict
Vossloh stock price gains

At the end of June, altogether 18 analyst firms were regularly reviewing Vossloh stock. Price expectations ranged between €72 and €112, the stock price predicted as mean fair value at the end of the first half of 2008 amounting to €93. On June 30, eight analysts recommended "buy," six "sell" and four "hold." Most recent commentaries emphasized, that with the intended sale of the noncore trackage construction operations, Vossloh would achieve a very good price.

For more details on Vossloh stock, dates and financial publications or regarding creditor relations, go to www.vossloh.com in the Investors section.

Vossloh stock details	
ISIN	DE0007667107
Traded at	Xetra, Düsseldorf, Frankfurt, Berlin-Bremen, Hannover, Hamburg, Stuttgart, Munich
Index	MDAX
Number of shares outstanding at 6/30/2008	14,795,846
Stock price (6/30/2008)	€82.80
H1/2008 high/low	€99.49/€68.00
Reuters code	VOSG.DE
Bloomberg code	VOS GR

Interim management report

The Group's business trend

Rail Infrastructure business

Motive Power&Components business

Capital expenditures

Research and development

Workforce

Prospects, risks and rewards

The Group's business trend

Introduction

Vossloh Infrastructure
Services disclosed separately
as discontinued operation

At June 30, 2008, the Vossloh Group executed the share sale and transfer agreement on the divestment of its Infrastructure Services business unit.

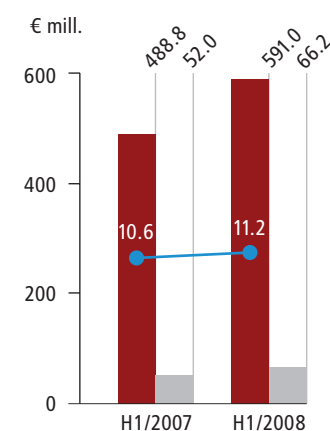
Accordingly, the net (posttax) balance of all income and expenses of this business unit has since been shown in a separate income statement line as net result from discontinued operations, for both the current and prior periods, as required by IFRS 5. Consequently, the Group's data reported here is not comparable to any previously issued report (which includes the Q1/2008 report).

Results of operations

Excluding the discontinued Vossloh Infrastructure Services operations, the Vossloh Group generated six-month (H1) sales of €591.0 million in 2008, up €102.2 million or 20.9 percent over the prior year's like-for-like €488.8 million. Second-quarter (Q2) sales totaled €302.5 million (up €32.8 million or 12.2 percent from the LFL Q2/2007).

Double-digit sales
growth rate

The steady uptrend in both divisions' results of operations has progressed in Q2/2008, too, Rail Infrastructure as well as Motive Power&Components showing double-digit sales growth rates. Foremost contributor to the Q2 increase was Vossloh Switch Systems whose US subsidiaries Vossloh Track Material Inc. and Cleveland Track Material Inc.—both newly consolidated in Q2/2007—reported combined H1 sales



Vossloh Group:
sales and EBIT

■ Sales in € million
■ EBIT in € million
— EBIT margin in %

Prior-year comparatives adjusted for
the Infrastructure Services business
unit's contributions.

of some €41 million. Australia's Vossloh Cogifer Australia Pty. Ltd., Denmark's Sportek Maskinfabrik A/S and the Netherlands' Kloos Oving BV—also subsidiaries of the Switch Systems business unit but whose first-time consolidation date was January 1, 2008—generated H1/2008 sales of altogether about €19 million. However, the Vossloh Group's organic growth alone (excluding all M&A transactions) in the second quarter and first half-year 2008 was outstanding, too, the Group's H1 sales rising by 12+ percent. Even not counting the companies consolidated the first time in 2008, the Q2 growth rate came to 8.2 percent. The US companies had already been fully included in the Q2/2007 figures.

The Vossloh Group's H1 EBIT of €66.2 million for 2008 outstripped the prior year's like-for-like by a sizable 27.3 percent or €14.2 million. Both divisions contributed to this improvement. The H1 EBIT margin moved up from 10.6 percent a year ago to 11.2 percent in 2008, this upgraded profitability being solely ascribable to Motive Power&Components since Rail Infrastructure's LFL EBIT margin shrank.

EBIT margin rising to
11.2 percent

At €46.2 million, H1 group earnings in 2008 by far outgrew the year-earlier €32.1 million, surging €14.1 million or 43.9 percent. Six-month earnings per share (EpS) ran up from €2.18 in 2007 to €3.13 this year.

Vossloh Group

		H1/2008	H1/2007	Q2/2008	Q2/2007
Sales	€ mill.	591.0	488.8	302.5	269.7
EBITDA	€ mill.	77.7	61.1	41.9	37.6
EBIT	€ mill.	66.2	52.0	35.9	32.9
EBIT margin	%	11.2	10.6	11.9	12.2
EBT	€ mill.	59.3	46.7	32.1	30.2
Group earnings	€ mill.	46.2	32.1	26.9	20.1

Prior-year comparatives adjusted for the Infrastructure Services business unit's contributions.

Order backlog stepped
up to €1,213 million

As of June 30, 2008, the Vossloh Group's order backlog amounted to €1,213.1 million (up by €4.1 million or 0.3 percent from the high year-earlier €1,209.0 million). During H1/2008, like-for-like order intake soared 67.1 percent to €679.8 million (up from an LFL €406.8 million) and included the order backlogs of €33.9 million of Vossloh Cogifer Australia, Sportek Maskinfabrik, and Kloos Oving; these subsidiaries were newly consolidated as of January 1, 2008.

The period saw another advance in the share of non-European sales. By June 30, 2008, these accounted for 26.4 percent of the total; the previous year, the corresponding figure had been 20.5 percent. As a consequence, the Vossloh Group is coming ever closer to its declared goal of 30-percent share of sales outside of Europe.

It was especially in North and Central America that sales expanded appreciably over the year-earlier period, above all due to the revenue delivered by the subsidiaries Vossloh Track Material and Cleveland Track Material, which together contributed around one-half of the H1 sales generated in these regions.

The Mideast, other Asia, Africa and Oceania likewise reported definite sales increases, albeit from low starting bases.

Major Middle East customers include Saudi Arabia and the United Arab Emirates as well as Israel. Among the African countries currently expanding their rail infrastructure are Mauritania and the Mediterranean bordering states of Morocco and Algeria. This year we have so far generated sales of around €20 million in China, mostly in June, since it was only starting from late May and as previously announced by our customer, that the rail fastening systems began to be delivered to the Chinese market according to plan.

In all, non-European sales in H1/2008 rose by 55.6 percent. Even allowing for the acquisition-related extra revenue from Vossloh Track Material, Cleveland Track Material and Vossloh Cogifer Australia, sales growth in non-European regions in H1/2008 added up to over 26 percent.

In H1/2008, Vossloh's European sales grew 12.0 percent. It was especially in Western Europe, apart from Germany and France, that demand picked up, specifically in Britain and Austria. H1 sales in Germany were still short of the year-earlier level; nonetheless, following a weak Q1, Q2 sales achieved the budgeted higher level. We also managed to further expand business in Scandinavia and Eastern Europe. In contrast, sales in France and southern Europe were down. Whereas sales in France largely matched generally modest demand, Vossloh's sales in Spain were short of the very high H1/2007 magnitude due to delayed shipments of suburban trains at the Valencia locomotive location. In all the other southern European countries we reported substantial sales growth.

European business strong;
non-European sales now
26+ percent of total

Excluding consolidation effects, European sales in H1/2008 were about 10 percent up over H1/2007.

Sales by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	H1/2008		H1/2007		Q2/2008		Q2/2007	
Germany	67.9	11.5	72.5	14.8	40.1	13.3	36.4	13.5
France	70.1	11.8	75.4	15.4	37.0	12.2	32.6	12.1
Other Western Europe	118.2	20.0	66.0	13.5	58.6	19.4	33.5	12.4
Northern Europe	41.0	6.9	32.1	6.6	25.2	8.3	21.5	8.0
Southern Europe	112.7	19.1	120.4	24.6	53.5	17.7	66.0	24.5
Eastern Europe	25.3	4.3	22.3	4.6	13.7	4.5	13.6	5.0
Total Europe	435.2	73.6	388.7	79.5	228.1	75.4	203.6	75.5
North & Central America	80.9	13.7	29.4	6.0	30.7	10.1	23.7	8.8
South America	1.7	0.3	27.1	5.6	0.1	0.0	19.9	7.4
Total Americas	82.6	14.0	56.5	11.6	30.8	10.1	43.6	16.2
Near & Middle East	15.2	2.6	3.8	0.8	5.7	1.9	1.9	0.7
Other Asia	35.0	5.9	27.9	5.7	25.7	8.5	14.4	5.3
Africa	15.9	2.7	9.3	1.9	8.7	2.9	4.6	1.7
Oceania	7.1	1.2	2.6	0.5	3.5	1.2	1.6	0.6
Total	591.0	100.0	488.8	100.0	302.5	100.0	269.7	100.0

Prior-year comparatives adjusted for the Infrastructure Services business unit's contributions.

Asset and capital structure, financial position

As of June 30, 2008, the Vossloh Group's total assets amounted to €1,419.2 million and therefore exceeded the year-end 2007 level of €1,326.8 million by €92.4 million and the mid-2007 total of €1,269.3 million by €149.9 million. Unchanged versus the Q1 situation as of March 31, 2008, total assets swelled at the close of the first half of 2008 as the Group stocked up on inventories. Moreover, the year-on-year comparison mirrors the addition of Vossloh Cogifer Australia, Sportek Maskinfabrik and Kloos Oving to the consolidation group. On the right side of the balance sheet, it is the significant rise in equity as of both closing dates that is worth special mention; the Vossloh Group's equity ratio at June 30, 2008, outnumbered 32 percent.

By the close of H1/2008, the Group's working capital had jumped to €356.4 million, hence up by €43.6 million from year-end 2007 and €100.2 million from the level at June 30, 2007. Working capital was primarily boosted by higher inventories and lower trade payables, the new acquirees (Vossloh Cogifer Australia, Sportek Maskinfabrik, and Kloos Oving) inputting €14.3 million to the Group's working capital. At 30.2 percent, working capital intensity as of June 30, 2008, was appreciably up from the 26.2 percent a year ago.

Vossloh Group		6/30/2008	12/31/2007	6/30/2007
Total assets	€ mill.	1,419.2	1,326.8	1,269.3
Total equity	€ mill.	459.0	434.0	388.8
Equity ratio	%	32.3	32.7	30.6
Working capital	€ mill.	356.4	312.8	256.2
Working capital intensity ^{1,2}	%	30.2	30.8	26.2
Fixed assets	€ mill.	429.4	503.4	461.3
Capital employed	€ mill.	785.8	816.2	717.5
ROCE ^{1,2}	%	16.8	13.6	14.5
ROE ^{1,2}	%	25.8	23.0	24.0
Net financial debt	€ mill.	173.7	124.9	75.2
Net leverage	%	37.8	28.8	19.3

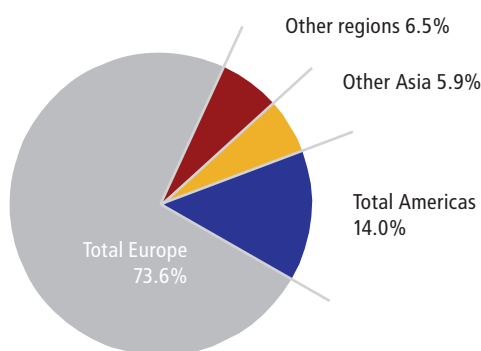
¹ Annualized

² Prior-year comparatives adjusted for the Infrastructure Services business unit's contributions.

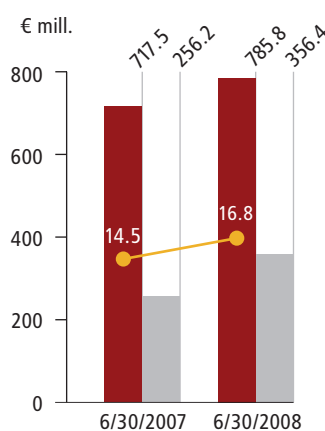
Vossloh's capital employed (CE) amounted to €785.8 million as of June 30, 2008, which compares with €816.2 million (year-end) and €717.5 million (June 30) in 2007. While the year-on-year increase as of June 30 was mainly the result of the higher working capital, the decrease from the December 31, 2007 level was attributable to the balance sheet reclassification required to account for the discontinued operations. The 12-month CE jump at June 30 notwithstanding, the (annualized) H1 ROCE was considerably improved, climbing from 14.5 percent in 2007 to 16.8 in 2008.

ROCE boosted beyond
15-percent target

The Vossloh Group's net financial debt of €173.7 million as of June 30, 2008, represented a rise from the 2007 levels (up from €124.9 million at December 31 and from €75.2 million at June 30). The incremental debts were mainly incurred as the purchase prices for the new acquirees fell due. As of June 30, 2008, financial assets of €56.3 million contrasted with financial debts of €230.0 million.



Sales by region
H1/2008



Vossloh Group:
CE, WC and ROCE trends

■ Capital employed (CE) in € mill.
■ Working capital (WC) in € mill.
— ROCE in %

Rail Infrastructure business

The Rail Infrastructure division booked sales of €323.5 million in H1/2008, up €77.7 million or 31.6 percent over the year-earlier value. The vigorous surge is especially due to the Switch Systems business unit, which during the period again delivered a very commendable performance. Adjusted for acquisitions, Rail Infrastructure's H1/2008 sales rose by over 15 percent.

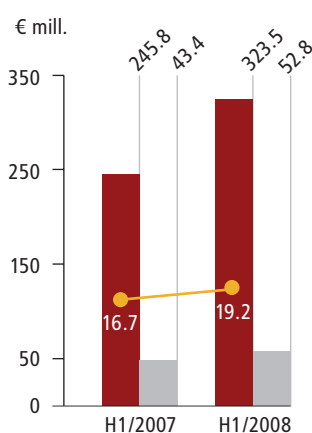
Organic sales increase
15+ percent; EBIT margin
inching down

H1 EBIT climbed from €43.4 million in 2007 to €52.8 million this year; the EBIT margin came to 16.3 percent (down from 17.6).

H1/2008 sales at Fastening Systems added up to €85.8 million (up from €76.9 million), an increase of €8.9 million or 11.6 percent. Sales at the new production plant in China were again short of expectations since temporary delays in the construction of the Chinese high-speed lines held up shipments to our customer. These reduced shipments impacted especially during Q2/2008 on the unit's profitability. However, since late May, sales in China have been back on track. Hence, this business unit reported for Q2 a sales increase over 2007.

Rail Infrastructure		H1/2008	H1/2007	Q2/2008	Q2/2007
Sales	€ mill.	323.5	245.8	176.0	146.8
EBITDA	€ mill.	58.3	47.3	31.6	30.1
EBIT	€ mill.	52.8	43.4	28.7	28.0
EBIT margin	%	16.3	17.6	16.3	19.1

Prior-year comparatives adjusted for the Infrastructure Services business unit's contributions.



Rail Infrastructure:
sales, EBIT and ROCE

■ Sales in € million
■ EBIT in € million
— ROCE in %

Prior-year comparatives adjusted for the Infrastructure Services business unit's contributions.

At €86.2 million, order intake by Fastening Systems was just short of the prior year's €87.4 million. At €132.0 million, orders on hand at June 30, 2008, were likewise down (from €197.5 million). The unusually high year-earlier order backlog at Fastening Systems had been the result of the megacontract from China which is now being worked off step by step. A notable order for the new high-speed project in Ankara–Konya, Turkey, was booked in June.

Sales by the Switch Systems business unit in H1/2008 totaled €238.3 million, the incremental €64.1 million or 36.8 percent versus the year-earlier €174.2 million being chiefly due to the acquisitions. Our H1 revenue from the two US subsidiaries, Vossloh Track Material and Cleveland Track Material, first consolidated in Q2/2007, contributed around €41 million to group sales. Newly consolidated at January 1, 2008, the switch manufacturers Vossloh Cogifer Australia, Sportek Maskinfabrik and Kloos Oving inputted aggregate sales of around €19 million. Excluding these M&A effects, the unit's organic growth during the first six months exceeded 13 percent.

Vossloh Switch Systems:
steep rise in sales and
new orders

Order intake at Switch Systems in H1/2008 rose to €262.6 million, well above the year-earlier €169.2 million. Order backlog at June 30, 2008, added up to €264.0 million (up from €226.9 million). It is particularly pleasing that demand in the traditional Vossloh Switch Systems markets is staying strong and, additionally, the new subsidiaries are all showing dynamic progress.

On June 30, 2008, Vossloh AG's Executive Board decided to accept the bid submitted by Eurovia S.A. for the takeover of Vossloh Infrastructure Services, our trackage construction and maintenance unit. Eurovia S.A. is a subsidiary of the world's biggest construction and related services group, Vinci, headquartered in Paris, and had submitted on June 18, 2008, a binding and, for Vossloh, attractive bid of €150 million. Since the acquirer specializes in construction business, this will enable the transferee to acclimatize more closely to tougher competition with rising contract risk exposure. The closing of the transaction is still subject to approval by the relevant antitrust authorities as a condition precedent.

The phased-in divestment of Vossloh Infrastructure Services meant that the consolidated income statement reports this business unit's H1/2008 sales of €120.2 million, net after offset against all other income and expenses of this business unit, as posttax profit from discontinued operations in one separate line. The same applies to the prior-year comparatives: the H1/2007 sales of €96.4 million and all other income and expenses of the designated divestee are shown as an analogous one-line net, too.

ROCE much improved:
now 19.2 percent

The Rail Infrastructure division's working capital of €254.7 million at June 30, 2008, increased in comparison to both December 31, 2007 (€236.7 million) and June 30, 2007 (€207.8 million), the prime driver in either period being the selective buildup of inventories. Despite the higher working capital and capital employed, the improved EBIT meant that the division's (annualized) H1 ROCE mounted appreciably, from 16.7 percent a year earlier to 19.2 in 2008.

Rail Infrastructure		6/30/2008	12/31/2007	6/30/2007
Working capital	€ mill.	254.7	236.7	207.8
Working capital intensity ^{1,2}	%	39.4	43.4	42.3
Fixed assets	€ mill.	295.1	369.7	311.7
Capital employed	€ mill.	549.8	606.4	519.5
ROCE ^{1,2}	%	19.2	16.5	16.7

¹ Annualized

² Prior-year comparatives adjusted for the Infrastructure Services business unit's contributions.

Motive Power&Components business

The Motive Power&Components division reported H1/2008 sales of €267.3 million, an advance of €24.5 million or 10.1 percent versus the year-earlier €242.8 million. Both business units—Electrical Systems and Locomotives—shared in this gain with commendable growth rates.

The division's H1 EBIT improved from €16.8 million to €21.4 million, a pronounced increase of 27.4 percent. The EBIT margin rose correspondingly to 8.0 percent (up from 6.9 percent).

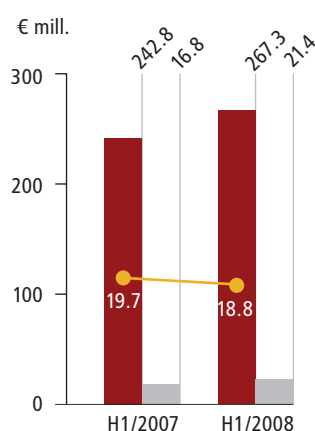
EBIT margin again up,
now 8 percent

Motive Power&Components

		H1/2008	H1/2007	Q2/2008	Q2/2007
Sales	€ mill.	267.3	242.8	126.3	122.8
EBITDA	€ mill.	26.9	21.5	13.5	11.7
EBIT	€ mill.	21.4	16.8	10.7	9.3
EBIT margin	%	8.0	6.9	8.5	7.6

The Locomotives business unit inputted H1 sales of €201.6 million, the 7.4-percent improvement from the year-earlier €187.7 million being a contribution of both locations. The diesel-electric locomotives and components built at Valencia contributed €112.8 million (up from €108.3 million) to group sales; as in the preceding months, a large share of Q2 sales was derived from suburban transportation projects and contract revenue from the large EURO 4000 locomotive.

With its diesel-hydraulic locomotives, the Kiel location generated sales of €87.5 million (up from €79.6 million). During the first six months of 2008, altogether 30 locomotives were shipped out, spread over all models and to many different customers.



Motive Power&Components:
sales, EBIT and ROCE

■ Sales in € million
■ EBIT in € million
— ROCE in %

H1 order intake doubled,
backlog up

H1/2008 order intake by Vossloh Locomotives totaled €256.0 million, more than double the year-earlier €116.9 million. The Kiel location won several contracts for all types of locomotives in the course of Q2. Order intake at Valencia during the period related, in particular and once again, to metro trains and the EURO 4000. Order backlog at June 30 climbed slightly from €585.6 million a year ago to €597.0 million in 2008. With the existing orders on hand, both locations, Kiel and, especially, Valencia, have enough to keep them busy far into 2009.

At €65.7 million, Electrical Systems reported a growth of 19.0 percent over the year-earlier €55.2 million. Whereas Q1 sales this year had still been heavily influenced by revenue from the Vancouver contract, Q2/2008 sales returned to a normal yet high level and were still up over the year-earlier magnitude. Major projects which will substantiate sales forecasts over the coming eighteen months, concern the shipment of new trams to the city of Dortmund and a contract, likewise for trams, from the city of Porto.

On a twelve-month comparison, H1 order intake at Electrical Systems more than doubled from €39.9 million to €83.8 million in 2008. The already very high year-earlier backlog of €201.5 million again rose, this time to €230.4 million. Sizable contracts awarded in Q2 included an order, again from the city of Vancouver, for 34 articulated buses, and one from the city of Manchester for LRVs; an order from the city of Milan for retrofitting air-conditioning systems to trams and for the delivery of trolleybuses.

Motive Power&Components

		6/30/2008	12/31/2007	6/30/2007
Working capital	€ mill.	102.2	76.1	49.4
Working capital intensity ¹	%	19.1	16.2	10.2
Fixed assets	€ mill.	125.8	122.6	121.2
Capital employed	€ mill.	228.0	198.7	170.6
ROCE ¹	%	18.8	15.4	19.7

¹Annualized

Motive Power&Components' H1 ROCE amounted to 18.8 percent, well over the already highly satisfactory 15.4 percent for 2007. Nonetheless it is still short of the comparable H1/2007 of 19.7 percent, since capital employed has since climbed steeply in the wake of rising working capital. A decisive factor in the increase in working capital in the second quarter was the expansion of inventories and reduction in trade payables.

At 18.8 percent,
ROCE again high

Capital expenditures

H1 expenditures down
after high year-earlier
China outlays

Total capital expenditures by the Vossloh Group in H1/2008 reached €16.9 million which is €4.5 million or 21.0 percent short of the year-earlier level. Whereas Rail Infrastructure cut its spending by around €7 million, Motive Power&Components raised its by €2.2 million.

The Rail Infrastructure division's capital expenditures include the €3.2 million of Vossloh Infrastructure Services outlays accumulated by June 30, 2008 (up from €2.6 million); since this date, all (including fixed) assets of this business unit have been shown in a separate line as *assets of discontinued operations*.

Additions to tangible/intangible assets

€ million	H1/2008	H1/2007	Q2/2008	Q2/2007
Rail Infrastructure	8.2	15.0	5.4	11.1
Motive Power&Components	8.4	6.2	4.3	4.1
Vossloh AG	0.3	0.2	0.1	0.2
Total	16.9	21.4	9.8	15.4

Of the total expenditures incurred, €4.2 million went toward intangible and €12.7 million into tangible assets.

Capital spending favored Vossloh Locomotives most (€7.0 million), specifically for the development of new products. The second business unit of Motive Power&Components, Electrical Systems, had spent a total of €1.4 million by the end of June 2008 including for the construction of a new production shop in Düsseldorf.

Expenditures by Rail Infrastructure were incurred at €3.5 million chiefly for the maintenance of existing capacities and at €4.0 million on their expansion.

The about €7 million decline in this division was due to reduced spending by Fastening Systems which in Q2/2007 had incurred outlays for setting up the new production plant in China.

Research and development

In H1/2008, R&D expenses amounted to €4.6 million (up from €3.3 million), the year-earlier figures excluding the Infrastructure Services business unit. In addition to the directly expensed H1 development expenditures in 2008, the Group capitalized H1 development costs of €3.9 million (up from €2.4 million) in accordance with IAS 38. In all, the Vossloh Group thus raised its R&D outlay by €2.8 million or almost 49 percent.

R&D focus again on new locomotive models

As in the previous year, a large portion of H1 expenditures for R&D projects (€5.1 million) was incurred by Vossloh Locomotives. A major item in this context was and still is the G6 project, a three-axle center-cab locomotive which even now will fulfill the newest EU standards regarding noise protection, crash behavior, and exhaust emissions. This is due to make its debut at the InnoTrans 2008 in September. Another investment objective was the ongoing development of the diesel-electric heavy-duty locomotives produced in Valencia and the improvement of various locomotive components.

R&D expenditures by Vossloh Electrical Systems totaled €1.7 million (up from €1.2 million). This business unit again invested in the development of hybrid bus technology. The Fastening Systems business unit is conducting research projects with the Technical University of Munich, in South Korea and in Poland, aimed at enhancing our rail fastening systems. The prime purpose of R&D input at Vossloh Switch Systems was the ongoing improvement of switches and signals.

Workforce

Higher headcount sign of
solid business progress

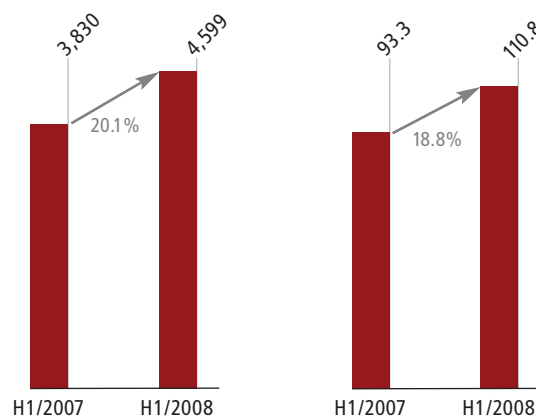
LFL, the Vossloh Group employed a workforce worldwide of 4,630 at June 30, 2008. This is 248 or 5.7 percent more than at the end of the past fiscal year and 495 or 12.0 percent more than at June 30, 2007.

Rail Infrastructure's headcount compared with year-end 2007 advanced by 171 to 2,661. Most of this increase (133) was due to changes in the consolidation group as a result of the first-time inclusion of the following companies: Vossloh Cogifer Australia Pty. Ltd., Sportek Maskinfabrik A/S, and Kloos Oving BV. Versus June 30, 2007, the increase was 324 or 13.9 percent. In H1/2007, recruitments in China had led to an increase in headcount.

The number of employees at Motive Power&Components edged up by 74 or 4.0 percent compared with December 31, 2007, and 164 or 9.3 percent to 1,925 versus June 30, 2007. Most of the rise is due to expansion at the Valencia production plant.

On average, the number of employees in Germany rose by 62 to 1,224 versus a year ago, equivalent to a 5.3-percent gain. Outside of Germany, the headcount advanced during the same period by 707 or 26.5 percent to 3,375.

The share of employees in Germany as a proportion of the total thus dropped from 30.3 percent a year ago to 26.6 percent at June 30, 2008.



Average headcount
(Group)

Personnel expenses
in € million

Prior-year comparatives adjusted for
the Infrastructure Services business
unit's contributions.

Given an average headcount of 4,599 throughout the Group, personnel expenses per capita (rounded) during the period dropped from €24,400 to €24,100; rounded sales per capita climbed from €127,600 to €128,500. The ratio of payroll to value added in H1/2008 improved slightly by 1.5 percentage points to 62.3 percent.

Headcount at

	6/30/2008	12/31/2007	6/30/2007
Rail Infrastructure	2,661	2,490	2,337
Motive Power&Components	1,925	1,851	1,761
Vossloh AG	44	41	37
Total	4,630	4,382	4,135
Pro forma			
Vossloh Infrastructure Services	1,542	1,590	1,221
Total	6,172	5,972	5,356

Prospects, risks and rewards

Forecasts reaffirmed;
2008 budget adjusted
for divestment

The main risks and rewards impacting on the Vossloh Group's future development are depicted in the group management report 2007. Within the framework of the ongoing risk monitoring and control through our risk management system once again no risks are identifiable which either individually, combined or in their aggregate might threaten the Group's very survival as a going concern.

The sharp rise in commodity prices during the period was offset in particular by the steel price-hit Switch Systems and Fastening Systems units through upscaled inventories and a partial downloading of price increases onto customers. Thanks to appropriate provisions for price increases in the current year's budget, present data does not indicate that the EBIT expected for 2008 is endangered.

With Vossloh Infrastructure Services now classified as discontinued operation, our budgeted figures have been correspondingly adapted. From today's vantage point and for all of fiscal 2008 we expect sales of around €1.13 billion, compared with the LFL sales for 2007, a rise of around 11 percent. EBIT is set to amount to €131 million, thus around 18 percent in excess of the LFL year-earlier figure. In the case of ROCE, our main operating indicator, we reckon with roughly 20 percent.

Book gain of around
€42 million expected
from disposal

As to group earnings, we are budgeting around €128 million for 2008. This vast increase versus the year-earlier €71.4 million will be attributable to the book gain from the disposal of VIS, which from today's vantage point, we budget at €42 million. This nonrecurring effect on EpS we see at around €2.80. On an LFL basis, we are aiming for another improvement in group earnings and EpS for 2009.

Condensed interim financial statements of the Vossloh Group as of June 30, 2008

Income statement

Cash flow statement

Balance sheet

Statement of changes in equity

Explanatory notes

Segment information

Income statement for the periods (H1/Q2) ended June 30, 2008

€ million	H1/2008	H1/2007	Q2/2008	Q2/2007
Net sales	591.0	488.8	302.5	269.7
Cost of sales	(463.4)	(381.9)	(235.6)	(207.9)
General administrative and selling expenses	(60.7)	(52.8)	(31.8)	(29.5)
R&D expenses	(4.6)	(3.3)	(2.4)	(1.6)
Other operating income/expenses, net	3.3	0.5	2.9	1.9
Operating result	65.6	51.3	35.6	32.6
Net P/L from investees carried at equity	0.5	0.5	0.3	0.2
Other financial results	0.1	0.2	0.0	0.1
EBIT	66.2	52.0	35.9	32.9
Net interest expense	(6.9)	(5.3)	(3.8)	(2.7)
EBT	59.3	46.7	32.1	30.2
Income taxes	(16.2)	(16.3)	(7.2)	(11.0)
Net income from continuing operations	43.1	30.4	24.9	19.2
Minority interests	(1.5)	(1.0)	(1.2)	(0.7)
Posttax profit from discontinued operations	4.6	2.7	3.2	1.6
Group earnings	46.2	32.1	26.9	20.1
Undiluted earnings per share (€)	3.13	2.18	1.82	1.37
thereof from continuing operations	2.82	2.00	1.60	1.26
thereof from discontinued operations	0.31	0.18	0.22	0.11
Fully diluted earnings per share (€)	3.13	2.18	1.82	1.37

The separate one-line disclosure of Vossloh Infrastructure Services as posttax profit from discontinued operations has also been used for the prior-period comparatives (IFRS 5:34). The notes include a breakdown of this posttax profit.

Cash flow statement for the 6 months (H1) ended June 30, 2008

€ million	H1/2008	H1/2007
Cash flow from operating activities		
EBIT	66.2	52.0
Posttax result from discontinued operations	4.6	2.7
Amortization/depreciation/write-down (less write-up) of noncurrent assets	15.9	12.4
Change in noncurrent accruals	(1.8)	(3.1)
Gross cash flow	84.9	64.0
Net result from statement at equity (if noncash)	0.0	0.0
Other noncash income/expenses, net	3.5	2.4
Net book gain from fixed-asset disposal	(1.5)	(0.1)
Cash inflow/(outflow) from short-term securities sold/(purchased)	26.1	(9.6)
Cash outflow for income taxes	(30.2)	(2.0)
Change in working capital	(79.7)	(7.1)
Change in current accruals	17.7	15.8
Changes in other assets/liabilities, net	5.7	(3.4)
Net cash provided by operating activities	26.5	60.0
Cash flow from investing activities		
Cash outflow for additions to intangibles/tangibles	(16.9)	(21.4)
Cash outflow for investments in noncurrent financial instruments	0.0	(0.3)
Cash inflow from the disposal of intangibles/tangibles	1.4	0.9
Cash inflow from the disposal of noncurrent financial instruments	3.1	0.0
Cash inflow from the divestment of consolidated subsidiaries	0.0	5.3
Cash outflow for the acquisition of consolidated subsidiaries	(16.4)	(39.6)
Net cash used in investing activities	(28.8)	(55.1)
Cash flow from financing activities		
Cash inflow from transfers to equity	0.0	2.3
Cash outflow to stockholders and minority interest holders	(26.4)	(20.0)
Net finance from short-term loans	29.8	(4.9)
Net finance from medium-/long-term loans	(9.9)	(2.7)
Cash inflow from interest	2.3	2.9
Cash outflow for interest	(9.4)	(8.9)
Net cash used in financing activities	(13.6)	(31.3)
Net outflow of cash and cash equivalents	(15.9)	(26.4)
Change in cash and cash equivalents from initial consolidation	2.5	0.0
Opening cash and cash equivalents	71.3	140.1
Closing cash and cash equivalents	57.9	113.7
thereof included in the balance sheet as <i>cash and cash equivalents</i>	52.4	113.7
thereof included in <i>assets of discontinued operations</i>	5.5	–

The cash flows of the discontinued Vossloh Infrastructure Services operations are included in the cash flows reported above. For their breakdown as required by IFRS 5:33/34, see the notes.

Balance sheet: Assets

[illegible]

Balance sheet: Equity & liabilities

€ million	6/30/2008	12/31/2007	6/30/2007
Total equity	459.0	434.0	388.8
Capital stock	37.8	37.8	37.8
Additional paid-in capital	42.7	42.7	42.6
Treasury stock	–	–	–
Reserves retained from earnings	315.0	268.7	268.7
Undistributed group profit	0.1	0.0	0.0
Group earnings	46.2	71.4	32.1
Accumulated other comprehensive income	4.9	1.3	(1.9)
Stockholders' equity	446.7	421.9	379.3
Minority interests	12.3	12.1	9.5
Total noncurrent liabilities and accruals	273.7	291.5	285.5
Pension accruals	8.4	11.5	10.3
Other noncurrent accruals	36.0	37.0	31.9
Noncurrent financial debts	158.7	182.7	184.9
Other noncurrent liabilities	53.3	42.2	31.8
Deferred tax liabilities	17.3	18.1	26.6
Total current liabilities and accruals	541.6	601.3	595.0
Current tax accruals	12.9	13.8	17.5
Other current accruals	139.0	133.9	124.1
Current financial debts	71.3	44.7	41.7
Trade payables	191.5	271.9	257.2
Income tax liabilities	7.2	12.7	11.2
Sundry current liabilities	119.7	124.3	143.3
Liabilities of discontinued operations	144.9	–	–
	1,419.2	1,326.8	1,269.3

Statement of changes in equity

€ million	Capital stock	Additional paid-in capital	Treasury stock	
Balance at 12/31/2006	37.7	40.4	–	
Stockholder-unrelated changes in equity				
Carryforward to new account				
Transfer to reserves retained from earnings				
Change due to derecognition				
Change due to initial consolidation				
Net income from H1/2007				
Accumulated OCI				
currency translation differences				
statement at fair value of financial instruments				
Comprehensive income				
Minority interests				
Stockholder-related changes in equity				
Dividend payout				
Capital increases from SOPs	0.1	2.2		
Balance at 6/30/2007	37.8	42.6	–	
Stockholder-unrelated changes in equity				
Change due to initial consolidation				
Net income for H2/2007				
Accumulated OCI				
currency translation differences				
statement at fair value of financial instruments				
Comprehensive income				
Minority interests				
Stockholder-related changes in equity				
Capital increases				
from SOPs	0.0	0.1		
other				
Balance at 12/31/2007	37.8	42.7	–	
Stockholder-unrelated changes in equity				
Carryforward to new account				
Transfer to reserves retained from earnings				
Change due to initial consolidation				
Net income for H1/2008				
Accumulated OCI				
currency translation differences				
statement at fair value of financial instruments				
Comprehensive income				
Minority interests				
Stockholder-related changes in equity				
Dividend payout				
Capital increases from SOPs		0.0		
Balance at 6/30/2008	37.8	42.7	–	

	Reserves retained from earnings	Undistributed group profit	Group earnings	Accumulated OCI	Stockholders' equity	Minority interests	Total
	268.0	0.1	20.3	(4.7)	361.8	9.3	371.1
		20.3	(20.3)		0.0		0.0
	0.7	(0.7)			0.0		0.0
					0.0	(1.2)	(1.2)
		(0.5)			(0.5)	1.0	0.5
			32.1			1.0	
						0.2	
				2.8			
			32.1	2.8	34.9		34.9
						1.2	1.2
		(19.2)			(19.2)	(0.8)	(20.0)
					2.3		2.3
	268.7	0.0	32.1	(1.9)	379.3	9.5	388.8
					0.0	0.3	0.3
			39.3			1.7	
				(1.4)		0.1	
				4.6			
			39.3	3.2	42.5		42.5
						1.8	1.8
					0.1		0.1
					0.0	0.5	0.5
	268.7	0.0	71.4	1.3	421.9	12.1	434.0
		71.4	(71.4)		0.0		0.0
	46.1	(46.1)			0.0		0.0
	0.2				0.2		0.2
			46.2				
				(0.2)			
				3.8			
			46.2	3.6	49.8		49.8
						1.5	1.5
		(25.2)			(25.2)	(1.3)	(26.5)
					0.0		0.0
	315.0	0.1	46.2	4.9	446.7	12.3	459.0

Explanatory notes

Introduction The consolidated semiannual financial statements as of June 30, 2008, have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Reporting*, as well as with the requirements of German Accounting Standard (GAS) No. 16 issued by the German Accounting Standards Committee (GASC).

Accounting principles The consolidation, accounting and valuation principles applied in interim reporting conform with those used for the consolidated financial statements as of December 31, 2007. Vossloh AG's consolidated financial statements as of December 31, 2007, were prepared in accordance with Art. 315a German Commercial Code ("HGB") and the International Financial Reporting Standards (IFRS) which are applicable in the European Union (EU).

For German companies, income taxes were calculated by applying a rate of 30 percent while for foreign subsidiaries, the applicable local tax rates were used.

Preparing the interim financial statements requires management to make certain assumptions and estimates. Actual values may differ from those estimates and hence from the amounts disclosed in the interim financial statements.

Consolidation group Since December 31, 2007, four companies have been added to the consolidation group, one was derecognized. Consequently, 53 domestic and foreign subsidiaries were consolidated fully as of June 30, 2008.

In the first 6 months 2008, the following companies were newly consolidated:

Vossloh Cogifer Australia Pty. Ltd., Sydney, Australia, has been included in the consolidated financial statements since January 1, 2008, after acquiring by asset deal of November 19, 2007, the rail switch operations from Thompsons Kelly & Lewis Pty. Ltd. (TKL), a subsidiary wholly owned by Flowserve Corporation, Castlemaine, Victoria, Australia. The purchase price paid in 2007 under the asset deal (closed December 14, 2007) amounted to \$A 14.1 million (€8.3 million).

In connection with the above acquisition, Vossloh Pty. Ltd., Castle Hill, Australia, a subsidiary wholly owned by Vossloh AG, has been fully consolidated since January 1, 2008, too. The subsidiary's key assets are the Vossloh Group's Australian investments.

Effective January 3, 2008, Sweden's Vossloh Nordic Switch Systems AB took over Sportek Maskinfabrik A/S, Horsens, a Danish rail switch manufacturer also newly consolidated as of January 1, 2008.

The purchase price of €7.7 million contrasted with the following assets and liabilities:

€ million	Pre-combination book value	Adjustments	Fair values at initial consolidation date
Intangible assets	0.0	0.9	0.9
Current receivables, inventories, cash and cash equivalents	2.9	0.0	2.9
Current liabilities and accruals	(1.5)	0.0	(1.5)
Deferred tax liabilities	0.0	(0.2)	(0.2)
Net assets acquired	1.4	0.7	2.1
Purchase price			7.7
Purchase incidentals			0.0
Total cost			7.7
Residual goodwill			5.6

Since its acquisition, Sportek Maskinfabrik A/S has contributed sales of €6.8 million and an EBIT of €1.3 million to the Group's.

In February, France's Vossloh Cogifer S.A. executed an agreement on the takeover of Kloos Oving BV, a rail switch supplier based in Alblasterdam near Rotterdam. The transaction was closed, and the subsidiary newly consolidated, in March 2008.

The purchase price of €8.9 million contrasted with the following assets and liabilities:

€ million	Pre-combination book value	Adjustments	Fair values at initial consolidation date
Intangible assets	0.0	1.1	1.1
Tangible assets	0.6	0.0	0.6
Current receivables, inventories, cash and cash equivalents	4.9	0.0	4.9
Current liabilities and accruals	(3.4)	0.0	(3.4)
Deferred tax liabilities	0.0	(0.3)	(0.3)
Net assets acquired	2.1	0.8	2.9
Purchase price			8.9
Purchase incidentals			0.0
Total cost			8.9
Residual goodwill			6.0

Since its acquisition, Kloos Oving BV has contributed sales of €5.0 million and an EBIT of €0.2 million to the Group's.

The initial accounting for, and hence the allocation of purchase prices to the assets and liabilities of, the above-mentioned subsidiaries is provisional according to IFRS 3:62.

Discontinued operations

The posttax profit from discontinued operations is derived as follows:

€ million	H1/2008	H1/2007	Q2/2008	Q2/2007
Net sales	120.2	96.4	63.8	47.7
Cost of sales	(104.4)	(89.1)	(54.5)	(43.5)
Selling and general administrative expenses	(13.1)	(9.8)	(6.8)	(5.2)
Other income/expenses, net	5.3	6.7	2.9	3.6
Operating result	8.0	4.2	5.4	2.6
EBIT	8.0	4.2	5.4	2.6
Net interest result	(0.7)	(0.0)	(0.3)	(0.0)
EBT	7.3	4.2	5.1	2.6
Income taxes	(2.7)	(1.5)	(1.9)	(1.0)
Posttax profit from discontinued operations	4.6	2.7	3.2	1.6

The Infrastructure Services business unit generated the following cash flows:

Cash flows of discontinued operations		
€ million	H1/2008	H1/2007
Cash flow from operating activities	5.3	2.9
Cash flow from investing activities	(4.2)	(2.3)
Cash flow from financing activities	(2.0)	0.0
Net cash (outflow)/inflow	(0.9)	0.6
Opening cash and cash equivalents	6.4	3.6
Closing cash and cash equivalents	5.5	4.2

The assets and related liabilities of the Infrastructure Services business unit as a disposal group break down as follows:

€ million	6/30/2008
Total noncurrent assets	93.8
Intangible assets	55.8
Tangible assets	35.7
Sundry noncurrent financial instruments	0.1
Other noncurrent assets	0.0
Deferred tax assets	2.2
Total current assets	133.4
Inventories	11.4
Trade receivables	100.7
Income tax assets	0.2
Other current assets	14.5
Short-term securities	1.1
Cash and cash equivalents	5.5
Total assets of discontinued operations	227.2

€ million	6/30/2008
Total noncurrent liabilities and accruals	6.4
Sundry noncurrent accruals	2.4
Noncurrent financial debts	3.1
Deferred tax liabilities	0.9
Total current liabilities and accruals	138.5
Current tax accruals	1.7
Other current accruals	10.3
Current financial debts	3.1
Trade payables	49.2
Income tax liabilities	2.0
Other current liabilities	72.2
Total liabilities of discontinued operations	144.9

Earnings per share

		H1/2008	H1/2007
Weighted average number of shares		14,795,809	14,756,450
Dilutive shares from stock options under the ESOP/LTIP		56	13,991
Fully diluted weighted average number of shares		14,795,865	14,770,441
Group earnings	€ mill.	46.2	32.1
Undiluted (basic) EpS	€	3.13	2.18
thereof from continuing operations	€	2.82	2.00
thereof from discontinued operations	€	0.31	0.18
Fully diluted EpS	€	3.13	2.18

Cash flow statement

This statement shows the changes in the Vossloh Group's cash and cash equivalents, these including checks, cash on hand, as well as cash in banks.

Prepared in accordance with IAS 7, the cash flow statement breaks down the change in cash and cash equivalents into the cash flows from operating, investing and financing activities. The cash flow from operating activities is determined according to the indirect method.

Segment information

For reporting purposes, the Vossloh Group's primary segments are defined by its identifiable two operating divisions, plus the holding company.

Rail Infrastructure covers the Group's rail infrastructure products and services and comprises the Fastening Systems and Switch Systems business units.

Motive Power&Components is a division that encompasses the Locomotives (manufacture of diesel locomotives and suburban/urban trains) and Electrical Systems (electric equipment for trams, streetcars and trolleybuses) business units.

The former Infrastructure Services business unit (which pending its sale's closing is disclosed separately as discontinued operation) builds trackage for mainline and local lines, which it also services and maintains.

The accounting methods of all segments are identical. Financial segment information is presented before consolidation.

The consolidated companies of the Vossloh Group regularly transact normal business with unconsolidated subsidiaries, joint ventures/consortiums, and associated affiliates. All transactions of these companies inter se conform to the arm's length principle.

Related-party transactions

The income statement includes sales transacted, and other income derived from business, with unconsolidated subsidiaries at €3.9 million and with joint ventures at €1.8 million, as well as expenses (mainly for materials and merchandise purchased) at €0.2 million (unconsolidated subsidiaries) and €2.3 million (joint ventures), respectively.

The balance sheet includes receivables of €5.3 million and €1.5 million, as well as payables of €0.8 million and €2.3 million, respectively, as accounts due from or to unconsolidated subsidiaries or joint ventures, respectively.

Transactions in H1/2008 with related individuals were altogether insignificant.

In comparison to December 31, 2007, the Group's contingent liabilities shrank €0.8 million to €8.7 million; this total includes guaranties for €5.1 million, as well as contingent liabilities from the collateralization of third-party debts of €3.6 million.

Contingent liabilities

Segment information

		Rail Infrastructure	Motive Power & Components	Discontinued operations Infrastructure Services	Intermediate holding company/ consolidation	Rail Technology (RT)	H.O./ consolidation	Group
Net external sales³								
H1/2008	€ mill.	323.5	267.3	–	0.0	590.8	0.2	591.0
H1/2007	€ mill.	245.8	242.8	–	0.0	488.6	0.2	488.8
Q2/2008	€ mill.	176.0	126.3	–	0.0	302.3	0.2	302.5
Q2/2007	€ mill.	146.8	122.8	–	0.0	269.6	0.1	269.7
Amortiz. /deprec. /write-down^{1,3}								
H1/2008	€ mill.	5.5	5.5	–	0.1	11.1	0.4	11.5
H1/2007	€ mill.	3.9	4.7	–	0.0	8.6	0.5	9.1
Q2/2008	€ mill.	2.9	2.8	–	0.2	5.9	0.1	6.0
Q2/2007	€ mill.	2.1	2.4	–	0.0	4.5	0.2	4.7
EBIT³								
H1/2008	€ mill.	52.8	21.4	–	(0.1)	74.1	(7.9)	66.2
H1/2007	€ mill.	43.4	16.8	–	(0.6)	59.6	(7.6)	52.0
Q2/2008	€ mill.	28.7	10.7	–	(0.1)	39.3	(3.4)	35.9
Q2/2007	€ mill.	28.0	9.3	–	(0.1)	37.2	(4.3)	32.9
Net interest result³								
H1/2008	€ mill.	(6.8)	(0.7)	–	0.0	(7.5)	0.6	(6.9)
H1/2007	€ mill.	(4.3)	(1.2)	–	(6.1)	(11.6)	6.3	(5.3)
Q2/2008	€ mill.	(3.8)	(0.5)	–	0.0	(4.3)	0.5	(3.8)
Q2/2007	€ mill.	(2.5)	(0.4)	–	(3.1)	(6.0)	3.3	(2.7)
EBT³								
H1/2008	€ mill.	46.0	20.7	–	(0.1)	66.6	(7.3)	59.3
H1/2007	€ mill.	39.1	15.6	–	(6.7)	48.0	(1.3)	46.7
Q2/2008	€ mill.	24.9	10.2	–	(0.1)	35.0	(2.9)	32.1
Q2/2007	€ mill.	25.5	8.9	–	(3.2)	31.2	(1.0)	30.2
Net income/(loss)^{2,3}								
H1/2008	€ mill.	31.3	15.8	4.6	0.0	51.7	(5.5)	46.2
H1/2007	€ mill.	24.2	10.1	2.7	(3.9)	33.1	(1.0)	32.1
Q2/2008	€ mill.	17.6	8.4	3.2	0.0	29.2	(2.3)	26.9
Q2/2007	€ mill.	15.4	5.8	1.7	(2.0)	20.9	(0.8)	20.1
Capex for tangible assets								
H1/2008	€ mill.	8.2	8.4	–	0.0	16.6	0.3	16.9
H1/2007	€ mill.	15.0	6.2	–	0.0	21.2	0.2	21.4
Q2/2008	€ mill.	2.2	4.3	–	0.0	6.5	0.1	6.6
Q2/2007	€ mill.	11.1	4.1	–	0.0	15.2	0.2	15.4
Capital employed								
6/30/2008	€ mill.	549.8	228.0	–	0.0	777.8	8.0	785.8
12/31/2007	€ mill.	606.4	198.7	–	0.0	805.1	11.1	816.2
Total assets								
6/30/2008	€ mill.	932.4	485.5	–	(1.8)	1,416.1	3.1	1,419.2
12/31/2007	€ mill.	830.8	465.3	–	(0.3)	1,295.8	31.0	1,326.8
Average headcount								
H1/2008		4,221	1,909	–	0	6,130	43	6,173
H1/2007		3,327	1,703	–	0	5,030	33	5,063

¹ Excl. noncurrent financial instruments

² Before profit/loss transfer

³ Prior-year comparatives adjusted for the Infrastructure Services business unit's contributions

Responsibility statement by management

“To the best of our knowledge and in accordance with the applicable interim financial reporting principles, we state that (i) these interim consolidated financial statements present a true and fair view of the Group’s asset and capital structure, financial position and results of operations, (ii) the interim group management report presents a fair review of the Group’s business trend, performance and position, and (iii) the principal risks and rewards associated with the Group’s expected development for the remaining months of the fiscal year have been duly described.”

Werdohl, July 29, 2008

Vossloh AG
The Executive Board

Werner Andree, Dr.-Ing. Norbert Schiedeck

Review report

to Vossloh AG

We have reviewed the condensed consolidated interim financial statements (comprising income statement, cash flow statement, balance sheet, statement of changes in equity and selected explanatory notes) together with the group management report of Vossloh AG, Werdohl, for the six months (H1) ended June 30, 2008, which are components of the semiannual financial report pursuant to Sec. 37w German Securities Trading Act (“WpHG”). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the applicable WpHG provisions is the responsibility of the Company’s management as legal representatives. Our responsibility is, based on our review, to issue a review report on the condensed consolidated interim financial statements and the interim group management report.

We have conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements (issued by IDW, the Institute of Sworn Public Auditors & Accountants in Germany). Those standards require that we plan and perform the review so that we can exclude through critical evaluation, with a moderate level of assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been formulated, in every material respect, in conformity with the WpHG provisions applicable to interim group management reports. A review is limited primarily to interviewing the Company’s staff and to analytical procedures and thus provides less assurance than an audit. Since we have not been engaged to perform a statutory audit, we cannot issue an auditor’s opinion.

Based on our review, nothing has come to our attention that would cause us to assume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, nor that the interim group management report has not been formulated, in every material respect, in conformity with the WpHG provisions applicable to interim group management reports.

Essen, July 29, 2008

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Rittmann	pp. Rüttershoff
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial diary 2008

Publication of interim report	
as of September 30	October 30, 2008
DVFA analysts conference	December 4, 2008

Financial diary 2009

Publication of 2008 financial data	March 26, 2009
Press conference	March 26, 2009
DVFA analysts conference	March 26, 2009
Annual general meeting	May 20, 2009

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Vossloh AG's boards

Executive Board	Werner Andree Dr.-Ing. Norbert Schiedeck
Supervisory Board	Dr.-Ing. Dipl.-Ing. Wilfried Kaiser, former executive board member of Asea Brown Boveri AG, Munich, Chairman Peter Langenbach, lawyer, Wuppertal, Vice-Chairman Dr. Jürgen Blume, sworn public auditor and tax accountant, Bad Bentheim Dr. Christoph Kirsch, former CFO of Südzucker AG, Weinheim Wolfgang Klein, galvanizer, Werdohl Michael Ulrich, mechanic, Kiel