Semiannual financial report as of June 30, 2011

Group figures and indicators		H1/2011	H1/2010
Income statement data			
Net sales	€ mill.	561.5	683.1
Rail Infrastructure	€ mill.	373.3	438.6
Transportation	€ mill.	188.6	244.4
EBIT	€ mill.	44.5	80.4
Net interest expense	€ mill.	(4.9)	(6.1)
EBT	€ mill.	39.6	74.3
Group earnings	€ mill.	27.1	50.7
Earnings per share (EpS)	€	2.04	3.81
EBIT margin	%	7.9	11.8
Pretax return on equity (ROE)[1]	%	13.5	28.4
Return on capital employed (ROCE)[2]	%	11.1	18.3
Value added[2]	€ mill.	4.5	32.2
Balance sheet data			
Fixed assets[3]	€ mill.	594.2	577.6
capital expenditures	€ mill.	30.3	26.4
amortization/depreciation	€ mill.	19.4	17.5
Closing working capital	€ mill.	187.1	323.7
Closing working capital intensity	%	16.7	23.7
Closing capital employed	€ mill.	781.3	901.4
Total equity	€ mill.	574.6	537.2
minority interests	€ mill.	29.0	30.9
Net financial debt	€ mill.	83.8	200.7
Net leverage	%	14.6	37.4
Total assets	€ mill.	1,493.4	1,448.4
Equity ratio	%	38.5	37.1
Cash flow statement data			
Gross cash flow	€ mill.	57.1	119.3
Cash flow from operating activities	€ mill.	112.6	33.9
Cash flow from investing activities	€ mill.	(38.3)	(119.7)
Cash flow from financing activities	€ mill.	(36.1)	8.4
Change in cash & cash equivalents	€ mill.	38.2	(77.4)
Workforce			
Average headcount in the period		4,964	4,974
Rail Infrastructure		3,191	3,119
Transportation		1,726	1,807
Vossloh AG		47	48
Payroll intensity	%	73.7	60.6
Personnel expenses	€ mill.	129.9	125.8
Share data			
Stock price at June 30	€	96.78	66.52
Market capitalization at June 30	€ mill.	1,289.6	886.0

[1] Based on average equity
[2] Based on average capital employed
[3] Fixed assets = Intangible and tangible assets + investment properties + shares in associated affiliates + other noncurrent financial instruments
Where required, figures annualized.

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Dear Stockholders:

The Vossloh Group's business in the course of the second quarter of 2011 progressed weaker than planned and contrary to the assumptions still being made in the first quarter. In two countries important to the Group—China and Russia—projects were delayed. The consequences were not only much lower Q2 sales than expected but also a need to adjust the forecasts for the full fiscal year. Originally, Vossloh had budgeted for 2011 sales of around €1.4 billion and an EBIT of over €160 million. Our new more realistic expectations are group sales of up to €1.25 billion and an EBIT ranging between €120 million and €130 million.

Six-month (H1) sales fell by almost 18 percent to about €562 million, with Q2 sales plunging by around 22 percent. Both divisions reported receding revenue.

As expected, Transportation's sales were down, albeit we still trust on a recovery in business starting from next year since our order books for this period are already bulging. H1 sales of €189 million contrasted with order intake of some €419 million. Order backlog at June 30 climbed to around €799 million.

Business at the Rail Infrastructure division fell short of expectations, with H1 sales dropping about 15 percent to €373 million. Especially sluggish were sales of rail fasteners in China due to the ongoing suspension of various projects for the construction of high-speed rail lines. With the personnel change at the head of its Railways Ministry in the spring of this year, China is presently reformulating its plans for the continuing expansion of the world's longest high-speed network. Still unresolved in particular is the pace at which the lines are to be laid. To allow for this situation, we have had to shrink our sales budget for China to less than one-half of the annual volume originally deemed realistic.

The Russian market for fastening systems will this year also generate less revenue than had been assumed since technical problems with various track system components have led to project delays. Despite the currently difficult situation, the Rail Infrastructure division does enjoy the advantage of a comfortable order backlog. At around €622 million, orders on hand at the end of H1/2011 were well over the some €444 million the year before.

Parallel to shrinking sales, group profitability has likewise waned so far this year. H1 EBIT added up to €44.5 million, the EBIT margin amounted to 7.9 percent and ROCE (our key controlling benchmark) reached 11.1 percent. We are not satisfied with this performance and we will do what it takes to reachieve as quickly as possible our group targets of 15 percent for a sustainable ROCE and a 10-percent EBIT margin.

Despite the setbacks we are suffering due to circumstances beyond our control impinging on our business at present, we are very confident of regrowing both sales and earnings next year. Supporting this assumption are the still towering group order backlog of around €1.42 billion in comparison to the year-earlier €0.98 billion and the dynamic inflow of orders of almost €900 million during the first half of this year, quite a surge from the around €570 million the year before.

What’s more, the global rail technology markets remain promising. Even now in markets marred by project delays, there is still the fundamental resolve to expand and revamp rail infrastructure. As a foremost international supplier of the products in its portfolio, Vossloh will be able to regain the growth rates of past years. We are convinced of this and will apply every effort in this direction. We will be happy to continue enjoying your confidence.

Kind regards,

Werner Andree
CEO

Vossloh's corporate structure

Vossloh nowadays is a global player in selected rail infrastructure and rail technology markets. Under the roof of Vossloh AG as the management and financial holding parent, the Group has organized its business operations into two divisions subdivided into altogether five business units.

Vossloh AG	
Rail Infrastructure	Transportation
Vossloh Fastening Systems Vossloh Switch Systems Vossloh Rail Services	Vossloh Transportation Systems Vossloh Electrical Systems

Rail Infrastructure division

This division provides products and services for rail infrastructure and includes the Fastening Systems, Switch Systems and Rail Services business units.

Vossloh Fastening Systems is the foremost supplier of rail fastening systems for every application: from light-rail via heavy-haul to high-speed.

Vossloh Switch Systems equips rail networks with switches (turnouts, crossings, etc.), as well as with the related control and monitoring systems all of which it also installs and maintains. Here, too, the lineup extends from light-rail to high-speed.

Vossloh Rail Services offers wide-ranging rail-related services including complex logistics and welding work as well as preventive maintenance for the rails.

Transportation division

The second division covers the operations concerned with rail vehicles and vehicle systems/components including the related services. The division has two business units: Transportation Systems and Electrical Systems.

The Transportation Systems business unit is Europe's leading manufacturer of diesel locomotives with production locations at Valencia, Spain, and Kiel, Germany, and supplies M&R services. The Valencia location also manufactures local transport vehicles.

Vossloh Electrical Systems develops and produces key electrical components and systems for light rail vehicles (LRVs) and locomotives. The business unit is the world's leading supplier of electrical equipment for trolleybuses and other electric buses; moreover, it equips buses with hybrid drive systems. Besides complete vehicle kits, the unit's business also covers retrofitted air-conditioning systems for rail vehicles, parts, components and subassemblies, revamping, servicing and M&R work.

Vossloh stock

Despite unabated concern about the sovereign debt crisis confronting a number of Southern European nations and the USA, the global stock markets were in robust shape in the first half (H1) of 2011. Since the start of 2011, MSCI World has advanced 4 percent, the Dow Jones by over 7 percent.

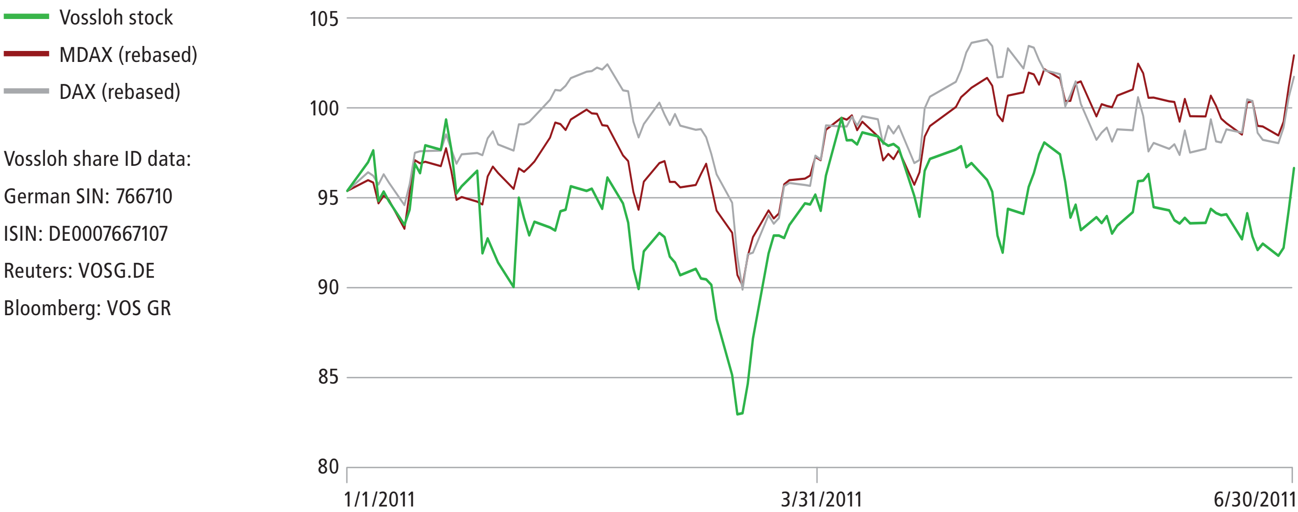
Bolstered by healthy domestic economic data and favorable Q1 reports by the business community, Germany's lead index, the DAX, mounted 6.7 percent to close the first six months at 7,376. The index of relevance to Vossloh AG, the MDAX, progressed even more dynamically as from mid-May and gained a total 7.9 percent during the period. Its 10,932 at the close of Q2 has been the year-high to date. Both indexes as well as Vossloh stock picked up appreciable pace in the final days of June following the adoption of the austerity package aimed at consolidating Greece's national budget.

Vossloh stock price up 1.3 percent in the course of H1

Vossloh stock completed the period at €96.78, an increase of 1.3 percent over the 2010 closing price. Its all-time high of €102.75 was quoted in the course of April 4, its H1 low on March 15 at €78.03.

Vossloh stock price trend from January 1 to June 30, 2011

Vossloh share ID data:
German SIN: 766710
ISIN: DE0007667107
Reuters: VOSG.DE
Bloomberg: VOS GR



Vossloh stock's aggregate Q2 trading volume totaled around 4.1 million (down from 4.8 million in 2010), equivalent to an average of 65,800 daily. For the full six months the trading volume was around 8.8 million (year-on-year down from 9.8 million), equivalent to a daily average of 69,100 shares.

Vossloh AG's market capitalization as of June 30, 2011, amounted to €1.29 billion, up 46 percent over the €0.89 billion a year before.

Dividend payout €33.3 million for 2010

At the annual general meeting for 2010 held on May 25, 2011, in Düsseldorf, Vossloh AG's stockholders voted in favor of the Executive Board proposal to distribute a cash dividend of €2.50 per eligible share. This is the highest in the Company's history and equivalent to a total payout of €33.3 million and 34.2 percent of the 2010 group earnings. For 2009, the dividend had amounted to €2.00 per share, the total payout to €26.6 million and its proportion of group earnings to 30.3 percent.

In Q2/2011, altogether 20 financial analysts were continuously monitoring Vossloh's performance and publishing their assessment of the Group's prospects. Price upside expectations hovered between €84 and €110, with an average of €99. The vast majority recommended "hold" or "buy," only two "sell."

Following the adjustment of the sales and earnings forecast on the evening of July 7 after the close of the second quarter, the financial analysts took another look at their assessments; price expectations were on average lowered and investment recommendations partly changed. The cause of the weaker short-term business projects are external delays in the award and implementation of projects abroad, especially in China and Russia.

Vossloh stock details	
ISIN	DE0007667107
Traded at	Xetra, Düsseldorf, Frankfurt, Berlin-Bremen, Hannover, Hamburg, Stuttgart, Munich
Index	MDAX
Number of shares outstanding at 6/30/2011	13,325,290
Stock price (6/30/2011)	€96.78
H1/2011 high/low	€102.75/€78.03
Reuters code	VOSG.DE
Bloomberg code	VOS GR

For the latest news on Vossloh stock, including dates, financial reports and presentations as well as information on Creditor Relations, see the Investors section at www.vossloh.com

Interim group management report

The Group's business trend

Rail Infrastructure business

Transportation business

Capital expenditures

Research & development

Workforce

Prospects, risks and rewards

The Group's business trend

In the analysis of its results of operations, the Vossloh Group discloses the pretax value added (VA) as a key corporate benchmark. For fiscal 2011 Vossloh has set the return claimed by investors and lenders (cost of capital) at 10 percent. The return on capital employed (ROCE) has unchanged been benchmarked at a sustainable 15 percent. Besides the pretax VA used for internal controlling purposes, also the posttax value added is communicated in external reports at group or division level, based on the current WACC—7.9 percent posttax for H1/2011—in order to disclose the actual value trend of relevance to stockholders.

Results of operations

H1/2011 group sales down to €561.5 million

Sales by the Vossloh Group for the first half (H1) of fiscal 2011 fell 17.8 percent, from €683.1 million the previous year to €561.5 million. Business in the second quarter and, especially at the Rail Infrastructure division, failed to come up to expectations. In Q2, group sales at €302.0 million were down by 22.1 percent from €387.7 million a year ago. All major business units reported a significant decline in sales. The sole upward exception was the Rail Services business unit which, thanks to the Q1 advance in revenue, reported virtually unchanged sales.

Group's midyear order backlog at record €1.4 billion

H1/2011 order intake soared to €896.6 million (up from €573.3 million). Both divisions reported higher order inflows this year: Rail Infrastructure €478.1 million (up from €460.4 million) and Transportation €419.3 million (up from €113.6 million). The Group's order backlog at June 30, 2011, totaled €1,420.1 million, remaining at a very high level. At Rail Infrastructure it rose year-on-year from €443.8 million to €622.2 million. At €799.1 million, the June 30 order backlog at Transportation was likewise well above the prior-year €539.4 million.

A year-on-year comparison shows appreciable shrinkages in H1 sales both in Asia and Southern Europe. Business in Spain and Italy was even more modest than expected. Among the Western and Northern European markets, Germany, Belgium and Sweden achieved added sales.

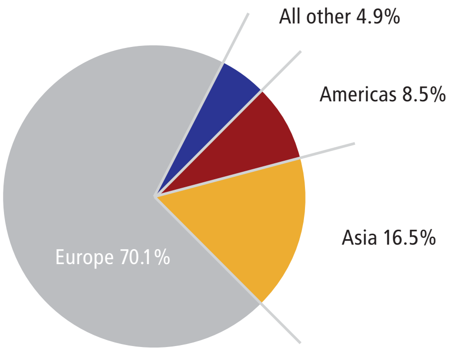
In Asia, the unforeseeable fall in sales occurred above all in China where in the second quarter of 2011 shipments of rail fasteners for the Lanzhou–Urumqi line in the Northwestern part of the country slipped far below forecast. In contrast, sales in Malaysia, Taiwan and Singapore advanced significantly. High sales were again reported in Kazakhstan.

Q2/2011 sales of rail fasteners in Russia were well below budget. In contrast, appreciable revenue gains were achieved in Poland, Romania, Hungary, and the Czech Republic; altogether, therefore, Eastern Europe recorded higher sales during both Q1 and H1/2011.

Added sales in Eastern Europe and MENA

Sales by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	H1/2011		H1/2010		Q2/2011		Q2/2010	
Germany	120.3	21.4	115.3	16.9	64.0	21.2	67.7	17.4
France	55.5	9.9	69.0	10.1	34.8	11.5	34.0	8.8
Other Western Europe	56.4	10.0	69.9	10.2	29.9	9.9	38.1	9.8
Northern Europe	40.5	7.2	55.4	8.1	28.9	9.6	29.4	7.6
Southern Europe	97.4	17.4	161.6	23.7	51.3	17.0	98.4	25.4
Eastern Europe	23.5	4.2	15.1	2.2	14.5	4.8	9.3	2.4
Total Europe	**393.6**	**70.1**	**486.3**	**71.2**	**223.4**	**74.0**	**276.9**	**71.4**
Americas	47.6	8.5	49.6	7.3	21.3	7.1	23.8	6.1
Asia	92.7	16.5	123.3	18.0	43.8	14.5	74.1	19.1
Africa	16.6	2.9	10.1	1.5	7.4	2.4	5.3	1.4
Australia	11.0	2.0	13.8	2.0	6.1	2.0	7.6	2.0
Total	**561.5**	**100.0**	**683.1**	**100.0**	**302.0**	**100.0**	**387.7**	**100.0**



Geographical breakdown of H1/2011 sales

Despite the severe loss of budgeted sales in Libya, the MENA region (Middle East & North Africa) again reported rising revenue. In this region, group sales in H1/2011 totaled €37.3 million (up from €21.2 million). Deserving special mention was climbing revenue in Israel, Saudi Arabia, Morocco, Mauretania, and Tunisia.

American sales by the Vossloh Group in H1/2011 ran to €47.6 million, only slightly down from the year-earlier €49.6 million.

Given the lower workload at major operations of the Group and the rising cost of materials, Vossloh's 6-month relative gross margin fell from 22.4 percent a year earlier to 20.1 in 2011. In absolute terms, the Group's H1 gross margin shrank year-on-year from €153.3 million to €112.8 million.

H1 group EBIT down to €44.5 million

The Group's H1 EBIT slumped 44.7 percent from €80.4 million in 2010 to €44.5 million in the current year, Vossloh's EBIT margin dropping to 7.9 percent (down from 11.8). The Group's second-quarter (Q2) EBIT plunged from €44.9 million a year ago to €26.6 million in 2011, corresponding to an EBIT margin of 8.8 percent (down from 11.6).

Vossloh Group

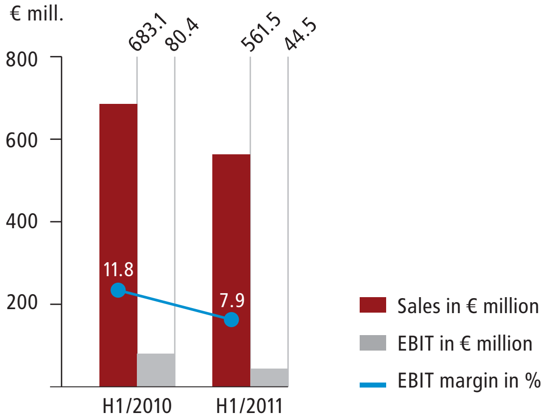
		H1/2011	H1/2010	Q2/2011	Q2/2010
Sales	€ mill.	561.5	683.1	302.0	387.7
EBITDA	€ mill.	63.5	97.9	36.1	54.1
EBIT	€ mill.	44.5	80.4	26.6	44.9
EBIT margin	%	7.9	11.8	8.8	11.6
EBT	€ mill.	39.6	74.3	24.0	41.7
Group earnings	€ mill.	27.1	50.7	16.8	27.9
ROCE [1, 2]	%	11.1	18.3	13.5	20.2
Value added [1, 2]	€ mill.	4.5	32.2	6.8	20.6

[1] Annualized
[2] Based on average capital employed

Thanks to the Group's slashed net financial debt, H1 net interest expense improved from €6.1 million to €4.9 million. Six-month group earnings before taxes (EBT) came to €39.6 million in 2011 (down from €74.3 million). With a tax load ratio virtually unchanged at 21.8 percent (down from 21.9) and minority interests clearly downscaled from €7.3 million to €3.8 million, H1 group earnings amounted to €27.1 million in 2011. H1/2011 earnings per share (EpS) added up to €2.04 (down from €3.81), based on the almost unchanged average 13,325,290 shares issued and outstanding.

H1 ROCE lowered to 11.1 percent

The Vossloh Group's H1 ROCE receded to 11.1 percent in 2011 (down from 18.3), the appreciably pruned capital employed notwithstanding. After value of €32.2 million had been added a year earlier, the Group's VA in H1/2011 was (a black) €4.5 million or, based on current WACC and after taxes, a red €0.3 million.



Vossloh Group: sales and EBIT

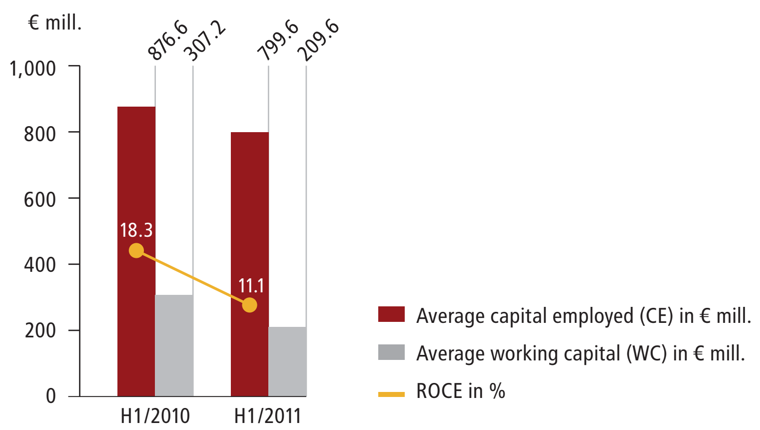
Asset and capital structure, financial position

At June 30, 2011, the Vossloh Group's total assets amounted to €1,493.4 million, its total equity to €574.6 million and its equity ratio hence to 38.5 percent. Total assets rose as cash, cash equivalents, inventories and fixed assets climbed.

Strong improvement in the Group's working capital; working capital intensity 18.7 percent

In H1/2011, the Group's average working capital showed a strong improvement by nigh €100 million to €209.6 million (down from €307.2 million), thanks to a reduced net balance of trade receivables/payables and to higher prepayments on orders. Despite the sales downturn, the (annualized) H1/2011 working capital intensity was upgraded year-on-year, from 22.5 to 18.7 percent.

For H1/2011, both Vossloh's average and closing capital employed diminished year-on-year in the wake of the above-mentioned working capital improvement and the €16.6 million increase in fixed assets as of June 30, 2011, to €594.2 million: closing CE shrank from €901.4 million at June 30, 2010, to €781.3 million as of H1-end 2011; H1 average CE was likewise pared, from €876.6 million a year ago to €799.6 million in 2011.



Vossloh Group: CE, WC and ROCE trends

The Vossloh Group slashed its net financial debt to €83.8 million as of June 30, 2011 (down from €200.7 million), thanks to lower capital employed after the working capital had been downscaled. Financial debts of €207.1 million (down from €286.1 million) contrasted with cash, cash equivalents and short-term securities of a total €123.3 million (up from €85.4 million). The Vossloh Group's net leverage was cut down as of June 30, 2011, from 37.4 percent a year ago to 14.6.

Net financial debt at a low €83.8 million

Vossloh Group

		6/30/2011	12/31/2010	6/30/2010
Total assets	€ mill.	1,493.4	1,405.8	1,448.4
Total equity	€ mill.	574.6	580.0	537.2
Equity ratio	%	38.5	41.3	37.1
Average working capital	€ mill.	209.6	309.0	307.2
Average working capital intensity[1]	%	18.7	22.9	22.5
Fixed assets	€ mill.	594.2	590.7	577.6
Closing capital employed	€ mill.	781.3	848.6	901.4
Average capital employed	€ mill.	799.6	884.5	876.6
Return on equity (ROE)[1, 2]	%	13.5	25.8	28.4
Net financial debt	€ mill.	83.8	136.6	200.7
Net leverage	%	14.6	23.5	37.4

[1]Annualized
[2]Based on average equity

Rail Infrastructure business

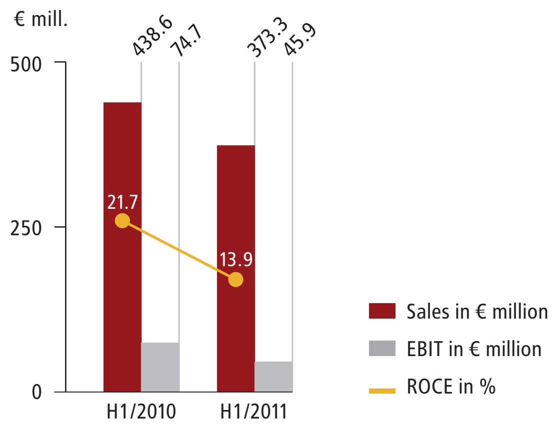
Results of operations

For H1/2011, the Rail Infrastructure division showed sales of €373.3 million, down by €65.3 million or 14.9 percent. Whereas 6-month business at the Fastening Systems and Switch Systems business units fell short of 2010, Vossloh Rail Services succeeded in keeping its H1 revenue at the 2010 level. Q2 sales at the Rail Infrastructure division were 19.5 percent short of the prior year's €261.0 million and dropped to €210.2 million.

Rail Infrastructure sales down to €373.3 million; order intake and backlog well up over H1/2010

H1 order intake by this division at €478.1 million even outstripped a high prior year's €460.4 million. Q2 generated new business worth €153.7 million. Orders on hand at June 30, 2011, rose in all three business units and added up to €622.2 million (up from €443.8 million) for the division.

H1/2011 revenue at Vossloh Fastening Systems decreased 21.9 percent to €138.5 million. On account of the change at the head of the Chinese Railways Ministry, numerous high-speed lines already under construction in China have been put on hold. This meant that Q2 call-offs of Vossloh's rail fastening systems dropped far below budget. In other important sales markets of Vossloh Fastening Systems, such as Germany, H1 sales showed an uptrend.



Rail Infrastructure: sales, EBIT and ROCE

H1 order intake at Vossloh Fastening Systems totaled €188.3 million, 1.4 percent short of the €191.0 million the year before. Order backlog at this business unit as of June 30, 2011, amounted to €255.8 million, hence €88.1 million or 52.5 percent considerably above the prior year's €167.7 million.

Due to soft demand especially in Southern European markets and the suspension of the project in Libya, sales at Vossloh Switch Systems dropped €25.1 million or 11.4 percent to €194.5 million (down from €219.6 million). Q2/2011 sales of €113.3 million were, however, up quarter-on-quarter.

Order intake at Vossloh Switch Systems in H1/2011 reached €238.2 million (up €18.3 million from €219.9 million); orders on hand at June 30, 2011, surged to €354.5 million (up €87.1 million from €267.4 million).

The Rail Services business unit reported for H1/2011 a slight sales gain, from €42.1 million to €43.0 million (up €0.9 million or 2.2 percent).

Rail Infrastructure

		H1/2011	H1/2010	Q2/2011	Q2/2010
Sales	€ mill.	373.3	438.6	210.2	261.0
EBITDA	€ mill.	57.9	85.5	36.2	49.4
EBIT	€ mill.	45.9	74.7	30.3	43.7
EBIT margin	%	12.3	17.0	14.4	16.8
ROCE[1, 2]	%	13.9	21.7	18.1	24.7
Value added[1, 2]	€ mill.	12.9	36.9	13.5	24.3

[1] Annualized
[2] Based on average capital employed

Six-month order intake at this business unit added up to €54.4 million, hence €3.8 million or 7.6 percent above the prior year's volume. Since this business unit primarily provides services, a large portion of the new contracts were completed during the period and H1/2011 closed with an order backlog of 12.4 million.

Rail Infrastructure's H1 EBIT at €45.9 million

H1 EBIT at Rail Infrastructure shrank by 38.5 percent from the year-earlier €74.7 million to €45.9 million in 2011. The higher cost of material and lower workload weighed on semiannual performance, downleveling the EBIT margin year-on-year from 17.0 to 12.3 percent.

Second-quarter EBIT dropped 30.7 percent to €30.3 million in 2011 while the Q2/2011 EBIT margin came to 14.4 percent (down from 16.8).

Division's H1 ROCE at 13.9 percent

Rail Infrastructure's 6-month (H1) ROCE sagged from 21.7 percent a year earlier to 13.9 in 2011. The division added value of €12.9 million in H1/2011 (down from €36.9 million). The value added by all three business units decelerated year-on-year: Fastening Systems' VA came to €19.0 million (down from €29.9 million), Switch Systems' VA turned around from a year-earlier black €3.2 million into a red €9.7 million, and Rail Services added value of €3.5 million (down from €3.8 million). Based on the current WACC, Rail Infrastructure's VA amounted to €6.2 million after taxes (down from €29.4 million).

Asset and capital structure

The Rail Infrastructure division's H1 average working capital improved year-on-year clearly from €272.6 million to €234.4 million, due to the overall lower business volume. Significantly swelling inventories contrasted with a more favorable net balance of trade receivables/payables and higher prepayments received on orders. Closing working capital was likewise upgraded, from €286.8 million at June 30, 2010, to €256.7 million a year later. Rail Infrastructure's average working capital intensity inched up in H1, from 31.1 to 31.4 percent.

Rail Infrastructure

		H1/2011	FY 2010	H1/2010
Average working capital	€ mill.	234.4	269.4	272.6
Average working capital intensity*	%	31.4	30.2	31.1
Closing fixed assets	€ mill.	429.3	431.9	424.0
Closing capital employed	€ mill.	685.9	666.5	710.8
Average capital employed	€ mill.	661.1	688.7	687.5

*Annualized

As working capital shrank, so did average capital employed (CE) in H1, from €687.5 million in 2010 by €26.4 million to €661.1 million in the six months under review. Closing CE also contracted year-on-year, from €710.8 million to €685.9 million at June 30, 2011.

Transportation business

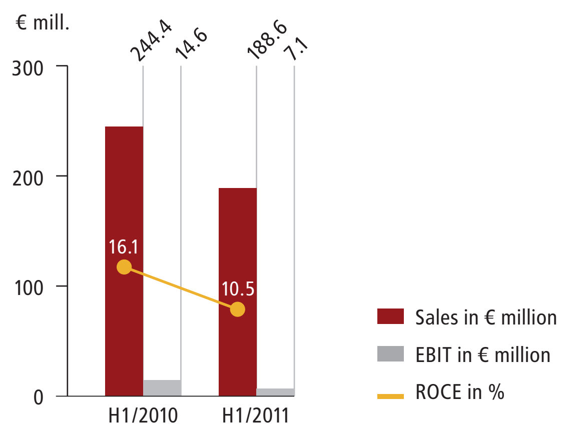
Results of operations

Transportation's semiannual (H1) sales slid by €55.8 million or 22.9 percent, from €244.4 million to €188.6 million. Second-quarter (Q2) revenue in 2011 amounted to €92.1 million, down 27.3 percent from €126.7 million. Both business units reported slumping sales with the decline at Transportation Systems, as expected, steeper than at Electrical Systems.

As expected, sales at Transportation down; order backlog of around €800 million

The Transportation division recorded a surge in new orders during H1/2011: from €113.6 million to €419.3 million, including new business of €120.8 million generated in Q2 alone. Order backlog at June 30, 2011, amounted to a towering €799.1 million. This also covers a Q2 joint megaorder for Vossloh Electrical Systems and Vossloh Rail Vehicles to supply trams worth around €40 million to the German city of Rostock.

Vossloh Transportation Systems' H1 sales at €119.0 million were down by altogether 27.1 percent from €163.2 million. In Q2/2011, sales slipped by 34.2 percent to €57.0 million.



Transportation: sales, EBIT and ROCE

The sharp Q1 rise in sales also led to a €9.8 million increase in H1 revenue at the Kiel locomotive plant, from €33.8 million to €43.7 million. The second quarter's reduction is attributable to delayed order intakes and the accordingly rescheduled locomotive production.

Transportation

		H1/2011	H1/2010	Q2/2011	Q2/2010
Sales	€ mill.	188.6	244.4	92.1	126.7
EBITDA	€ mill.	13.8	20.9	4.4	8.9
EBIT	€ mill.	7.1	14.6	1.0	5.6
EBIT margin	%	3.7	6.0	1.1	4.5
ROCE[1, 2]	%	10.5	16.1	3.4	12.8
Value added[1, 2]	€ mill.	0.4	4.7	–1.9	0.8

[1] Annualized
[2] Based on average capital employed

As predicted, the Valencia plant (Vossloh Rail Vehicles) reported H1 sales of €75.3 million and hence a decline of 41.7 percent from the year-earlier €129.3 million as a result of poor order intake in 2010. A year-on-year comparison shows a 40.8-percent drop to €38.9 million for Q2/2011 alone. In contrast, the Spanish location closed H1 with an encouraging order backlog, with the result that starting from the first half of 2012 Vossloh Rail Vehicles can also be expected to generate higher sales.

H1/2011 sales at Vossloh Electrical Systems came to €71.6 million, 13.0 percent down from €82.3 million. Q2/2011 sales by the Electrical Systems business unit totaled €35.8 million, down 13.3 percent from €41.3 million. In all sales were weaker than budgeted, especially in the rail segment, whereas the bus group as well as servicing and component business reported incremental sales.

Semiannual order intake at Vossloh Electrical Systems hiked up from €50.4 million to €169.2 million. At the end of June 2011, the business unit had orders on hand worth €329.7 million.

Low capacity utilization reduces division's H1 EBIT to €7.1 million

The Transportation division's EBIT fell appreciably on account of the lower sales at both business units. For the six months ended June 30, 2011, EBIT totaled €7.1 million, hence 51.8 percent down from the year-earlier €14.6 million.

The EBIT margin slumped from 6.0 to 3.7 percent. It was especially in the second quarter of 2011 that poor workload at Vossloh Transportation Systems eroded the division's profitability. The division's Q2 EBIT amounted to €1.0 million, a plunge from the year-earlier €5.6 million. The Q2 EBIT margin came to 1.1 percent in 2011.

Despite lower EBIT, ROCE at 10.5 percent

In a year-on-year comparison, six-month value added and ROCE suffered as well: H1 ROCE sank to 10.5 percent in 2011 (down from 16.1). The value added by the Transportation division tapered off to €0.4 million (down from €4.7 million). Vossloh Transportation Systems' H1 VA remained in the red, swelling from a year-earlier negative €3.2 million to an also red €4.9 million, whereas the Electrical Systems business unit added value of €5.2 million (down from €7.9 million). Applying the current WACC brings the division's 6-month posttax value added to a red €0.3 million.

Asset and capital structure

Working capital benefiting from pruned inventories and higher prepayments received

The Transportation division's H1 average working capital turned around year-on-year from a black €41.0 million to a red €19.5 million, closing working capital at June 30 from €41.3 million to a negative €66.9 million in 2011, mainly due to pruned inventories, higher current liabilities and rising prepayments received on orders.

Thanks to the slashed working capital, the division's capital employed averaged €134.1 million in H1/2011 (down €47.3 million from €181.4 million). Transportation's H1 closing capital employed, too, was whittled down year-on-year from €184.2 million to €87.6 million.

Transportation

		H1/2011	FY 2010	H1/2010
Average working capital	€ mill.	(19.5)	45.9	41.0
Average working capital intensity*	%	(5.2)	10.0	8.4
Closing fixed assets	€ mill.	154.6	149.1	142.9
Closing capital employed	€ mill.	87.6	180.3	184.2
Average capital employed	€ mill.	134.1	189.5	181.4

*Annualized

Capital expenditures

Capex program continuing

Capital expenditures in H1/2011 added up to €30.3 million, €3.9 million above the prior year's €26.4 million. The capex program launched in 2010 and scheduled for up to 2012 was continued throughout the business units.

Additions to tangible/intangible assets

€ million	H1/2011	H1/2010	Q2/2011	Q2/2010
Rail Infrastructure	16.2	12.1	9.8	8.2
Transportation	12.2	12.5	4.8	6.0
Vossloh AG	1.9	1.8	1.0	1.5
Total	**30.3**	**26.4**	**15.6**	**15.7**

The lion's share at €16.2 million was accounted for by Rail Infrastructure, with expenditures at Vossloh Rail Services surging from €0.9 million to €4.4 million. As planned, Vossloh Rail Services' outlays went into the construction of new trains for its high-speed rail grinding services. At Vossloh Fastening Systems and Vossloh Switch Systems, the emphasis is on expanding capacities at several locations. In H1/2011, Vossloh Fastening Systems spent altogether €4.4 million (down from €4.8 million) and Switch Systems €7.4 million (up from €6.4 million). Some of the expenditures at Vossloh Switch Systems were directed at the new switch plant in China.

Capital outlays at the Transportation division slipped a slight 2.4 percent from €12.5 million to €12.2 million. At Vossloh Electrical Systems, however, H1 expenditures jumped from €1.1 million to €5.4 million, mainly due to the purchase of an office and production building in Düsseldorf. At Vossloh Transportation Systems, H1 expenditures of €6.9 million (down from €11.4 million) went toward the further development of new locomotive models.

Research & development

The Vossloh Group's H1/2011 R&D expenses amounted to €4.5 million, year-on-year down by €1.1 million or 19.6 percent.

Most R&D costs were incurred at Rail Infrastructure (€3.3 million). Expenses at Vossloh Fastening Systems rose clearly from €0.9 million to €1.6 million. At the Switch Systems and Rail Services business units, R&D expenses fell in each case by €0.1 million to €1.1 million and €0.5 million, respectively.

Transportation's R&D expenses wilted from €2.9 million to €1.3 million of which Vossloh Transportation Systems accounted for 0.7 million (down from €1.3 million).

In addition to the directly expensed items, another €5.4 million in capitalized development costs (down from €9.1 million) were incurred in H1/2011; as in previous years, these were attributable to Vossloh Locomotives in Kiel and Vossloh Rail Vehicles in Valencia.

Workforce

At June 30, 2011, the Vossloh Group employed a workforce of 4,993. Compared with year-end 2010, the number of employees advanced 87 (from 4,906). At June 30, 2010, the headcount had been 4,907.

The bigger workforce is due, on the one hand, to the first-time prorated consolidation of Alpha Rail Team GmbH & Co. KG, Berlin, a Vossloh Rail Services enterprise. Also, Vossloh Mobile Rail Services, likewise belonging to the Rail Services business unit, is recruiting employees. Hence, the number of employees at Rail Infrastructure rose by 59 to a total 3,206. During the twelve months since July 2010, the division has hired 116 employees, a workforce increase of 3.8 percent.

Headcount at

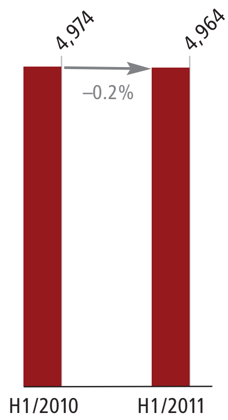
	6/30/2011	12/31/2010	6/30/2010
Rail Infrastructure	3,206	3,147	3,090
Transportation	1,742	1,712	1,768
Vossloh AG	45	47	49
Total	**4,993**	**4,906**	**4,907**

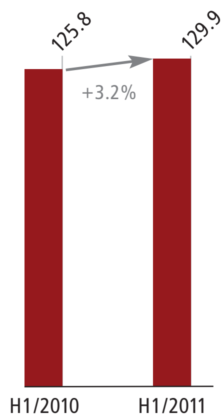
At Transportation, the headcount advanced by 30 during the first six months and totaled 1,742 at June 30 (contrasting with a decrease of 26 over June 30, 2010).

At June 30, 2011, altogether 1,743 or 35 percent of the employees were working in Germany and 3,250 abroad. Since the end of 2010, the number of jobs in Germany has risen by 58; outside, by 29.

H1 personnel expenses per capita (based on the average headcount of 4,964) climbed year-on-year by 3.4 percent to around k€26.2.

Sales per capita amounted to k€113.1, or 17.6 percent short of the year-earlier k€137.3. The H1 ratio of payroll to value created totaled 73.7 percent (up from 60.6 percent). Both these changes are attributable to weaker sales during the period.





Average headcount (Group)

Personnel expenses
in € million

Prospects, risks and rewards

The main risks and rewards impacting on the Vossloh Group's further development are depicted in the group management report 2010. Within the framework of ongoing risk monitoring and control through the Group's risk management system no risks are identifiable which either individually, combined or in their aggregate might threaten the Group's very survival as a going concern (unchanged).

Possible risks emanating from antitrust proceedings, now at an early stage of investigation and affecting group companies, cannot at present be assessed regarding either their existence or magnitude.

On July 7, 2011, Vossloh had adjusted its original profit expectations since external factors in some foreign markets—primarily China and Russia—are adversely affecting prospects in the present fiscal year. From the current vantage point, the Group expects for fiscal 2011 sales of up to €1.25 billion and an EBIT ranging between €120 million and €130 million. Previously, the Vossloh Group had budgeted sales of around €1.4 billion and an EBIT exceeding €160 million.

For 2012, Vossloh expects sales and earnings to rebound sharply. Supporting this assessment is the tall order backlog at a record €1.4 billion as of June 30, 2011. Further details on business prospects for 2012 will be announced in late 2011 as soon as the Group has finalized its annual budgets.

Condensed interim financial statements of the Vossloh Group as of June 30, 2011

Income statement

Statement of comprehensive income

Cash flow statement

Balance sheet

Statement of changes in equity

Explanatory notes

Segment information

Income statement for the 6 (H1) and 3 months (Q2) ended June 30, 2011

€ million	H1/2011	H1/2010	Q2/2011	Q2/2010
Net sales	561.5	683.1	302.0	387.7
Cost of sales	(448.7)	(529.8)	(238.2)	(304.3)
General administrative and selling expenses	(77.9)	(74.1)	(42.4)	(40.3)
R&D expenses	(4.5)	(5.6)	(2.5)	(2.3)
Other operating income/expenses, net	13.8	6.4	7.4	4.0
Operating result	**44.2**	**80.0**	**26.3**	**44.8**
Net P/L from associated affiliates	0.5	0.3	0.3	0.1
Other financial income	0.2	0.1	0.1	0.0
Other financial expenses	(0.4)	(0.0)	(0.1)	(0.0)
EBIT	**44.5**	**80.4**	**26.6**	**44.9**
Interest income	6.9	5.1	3.6	2.6
Interest expense	(11.8)	(11.2)	(6.3)	(5.8)
EBT	**39.6**	**74.3**	**23.9**	**41.7**
Income taxes	(8.7)	(16.3)	(5.4)	(9.7)
Total net income (EAT)	**30.9**	**58.0**	**18.5**	**32.0**
thereof **group earnings** (Vossloh stockholders)	**27.1**	**50.7**	**16.8**	**27.9**
thereof minority interests	3.8	7.3	1.7	4.1
Earnings per share (EpS) in €				
Undiluted/fully diluted EpS	2.04	3.81	1.26	2.10

Statement of comprehensive income for H1 and Q2/2011

€ million	H1/2011	H1/2010	Q2/2011	Q2/2010
Total net income	**30.9**	**58.0**	**18.5**	**32.0**
Statement at fair value of derivatives in CFHs				
Change in OCI	6.3	4.0	(3.3)	2.1
Gains/losses recycled from OCI to income statement	0.4	0.1	0.3	0.0
Statement at fair value of securities available for sale				
Change in OCI	0.0	–	0.0	–
Currency translation differences				
Change in OCI	(6.3)	12.1	(1.0)	7.0
Deferred taxes				
on OCI changes	(2.1)	(1.2)	0.9	(0.6)
Total OCI	**(1.7)**	**15.0**	**(3.1)**	**8.5**
Comprehensive income	**29.2**	**73.0**	**15.4**	**40.5**
thereof Vossloh stockholders	26.8	62.4	13.8	34.4
thereof minority interests	2.4	10.6	1.6	6.1

Cash flow statement for the 6 months (H1) ended June 30, 2011

€ million	H1/2011	H1/2010
Cash flow from operating activities:		
EBIT	44.5	80.4
Amortization/depreciation/write-down (less write-up) of noncurrent assets	19.4	17.5
Change in noncurrent accruals	(6.8)	21.4
Gross cash flow	**57.1**	**119.3**
Noncash change in shares in associated affiliates	(0.5)	(0.3)
Other noncash income/expenses, net	3.5	5.4
Net book gain/loss from the disposal of intangibles/tangibles	(1.8)	0.2
Cash outflow for income taxes	(14.3)	(12.7)
Change in working capital	60.5	(75.0)
Changes in other assets/liabilities, net	8.1	(3.0)
Net cash provided by operating activities	**112.6**	**33.9**
Cash flow from investing activities:		
Cash outflow for additions to intangibles/tangibles	(30.3)	(26.4)
Cash outflow for additions to noncurrent financial instruments	(5.2)	(3.7)
Cash inflow from the disposal of intangibles/tangibles	0.4	0.1
Cash inflow from the disposal of noncurrent financial instruments	2.6	0.0
Cash (outflow for)/inflow from short-term securities purchased/sold, net	(5.8)	(2.3)
Cash outflow for M&A	–	(87.4)
Net cash used in investing activities	**(38.3)**	**(119.7)**
Cash flow from financing activities:		
Cash inflow from transfers to equity	–	0.0
Cash outflow to stockholders and minority interest holders	(34.6)	(27.9)
Net finance from short-term loans	5.5	34.7
Net finance from medium-/long-term loans	0.2	2.4
Cash inflow from interest	4.1	10.5
Cash outflow for interest	(11.3)	(11.3)
Net cash (used in)/provided by financing activities	**(36.1)**	**8.4**
Net inflow/(outflow) of cash and cash equivalents	38.2	(77.4)
Change in cash and cash equivalents from initial consolidation	5.5	1.5
Parity-related changes	(2.1)	1.6
Opening cash and cash equivalents	**74.6**	**156.5**
Closing cash and cash equivalents	**116.2**	**82.2**

Balance sheet

Assets in € million	6/30/2011	12/31/2010	6/30/2010
Intangible assets	403.6	406.2	403.9
Tangible assets	174.1	162.0	155.2
Investment properties	5.7	6.1	6.8
Shares in associated affiliates	1.4	5.5	4.3
Other noncurrent financial instruments	13.8	11.0	7.6
Other noncurrent assets	0.5	0.4	0.6
Deferred tax assets	36.6	35.2	33.3
Total noncurrent assets	**635.7**	**626.4**	**611.7**
Inventories	332.0	300.5	333.6
Trade receivables	344.3	360.6	369.4
Income tax assets	10.3	6.2	6.9
Sundry current assets	47.8	36.2	41.4
Short-term securities	7.1	1.3	3.2
Cash and cash equivalents	116.2	74.6	82.2
Total current assets	**857.7**	**779.4**	**836.7**
Total assets	**1,493.4**	**1,405.8**	**1,448.4**

Equity & liabilities in € million	6/30/2011	12/31/2010	6/30/2010
Capital stock	37.8	37.8	37.8
Additional paid-in capital	42.7	42.7	42.7
Treasury stock	(105.8)	(105.8)	(106.2)
Reserves retained from earnings	533.1	467.7	468.0
Undistributed group profit	5.8	7.0	7.0
Group earnings	27.1	97.5	50.7
Accumulated other comprehensive income	4.9	5.2	6.3
Stockholders' equity	**545.6**	**552.1**	**506.3**
Minority interests	29.0	27.9	30.9
Total equity	**574.6**	**580.0**	**537.2**
Pension accruals	12.2	11.7	11.8
Noncurrent tax accruals	0.0	0.0	2.8
Other noncurrent accruals	58.5	75.8	104.5
Noncurrent financial debts	172.0	187.0	202.1
Other noncurrent liabilities	42.3	26.2	15.4
Deferred tax liabilities	39.7	36.9	35.5
Total noncurrent liabilities and accruals	**324.7**	**337.6**	**372.1**
Current tax accruals	8.3	10.1	8.3
Other current accruals	165.7	157.9	143.5
Current financial debts	35.1	25.5	84.0
Trade payables	282.4	204.9	210.9
Current income tax liabilities	4.4	3.9	6.4
Other current liabilities	98.2	85.9	86.0
Total current liabilities and accruals	**594.1**	**488.2**	**539.1**
Total equity and liabilities	**1,493.4**	**1,405.8**	**1,448.4**

Statement of changes in equity

€ million	Capital stock	Additional paid-in capital	Treasury stock	Reserves retained from earnings	Undistributed group profit	Group earnings	Accumulated OCI	Stockholders' equity	Minority interests	Total
Balance at 12/31/2009	**37.8**	**42.7**	**(106.2)**	**410.5**	**4.5**	**87.9**	**(5.0)**	**472.2**	**20.4**	**492.6**
Carryforward to new account					87.9	(87.9)		0.0		0.0
Transfer to reserves retained from earnings				57.5	(57.5)			0.0		0.0
Change due to derecognition					(0.5)		(0.4)	(0.9)	(0.3)	(1.2)
Change due to initial consolidation					(0.8)			(0.8)	1.5	0.7
Comprehensive income						50.7	11.7	62.4	10.6	73.0
Capital increases from SOPs	0.0	0.0						0.0		0.0
Dividend payout					(26.6)			(26.6)	(1.3)	(27.9)
Balance at 6/30/2010	**37.8**	**42.7**	**(106.2)**	**468.0**	**7.0**	**50.7**	**6.3**	**506.3**	**30.9**	**537.2**
Transfer to reserves retained from earnings				(0.3)	0.3			0.0		0.0
Change due to derecognition					0.2		(0.1)	0.1	(0.2)	(0.1)
Change due to initial consolidation					(0.5)		0.0	(0.5)		(0.5)
Comprehensive income						46.8	(1.0)	45.8	5.8	51.6
Capital increases from the employee bonus program 2010 and from SOPs	0.0	0.0						0.0		0.0
Dividend payout								0.0	(8.6)	(8.6)
Disposal of treasury shares			0.4					0.4		0.4
Balance at 12/31/2010	**37.8**	**42.7**	**(105.8)**	**467.7**	**7.0**	**97.5**	**5.2**	**552.1**	**27.9**	**580.0**
Carryforward to new account					97.5	(97.5)		0.0		0.0
Transfer to reserves retained from earnings				65.4	(65.4)			0.0		0.0
Change due to initial consolidation					0.0			0.0		0.0
Comprehensive income						27.1	(0.3)	26.8	2.4	29.2
Dividend payout					(33.3)			(33.3)	(1.3)	(34.6)
Balance at 6/30/2011	**37.8**	**42.7**	**(105.8)**	**533.1**	**5.8**	**27.1**	**4.9**	**545.6**	**29.0**	**574.6**

Explanatory notes

Corporate background

Vossloh AG is a listed resident company based in Werdohl, Germany, and registered under number HRB 5292 at the Commercial Register of the Local Court of Iserlohn. The Vossloh Group's key activities include the manufacture and marketing of rail infrastructure and locomotives, as well as of electrical systems for local transport vehicles, and the provision of rail-related services (logistics, welding, preventive care).

Accounting principles

The semiannual financial report as of June 30, 2011, has been prepared in accordance with the International Financial Reporting Standards (IFRS) which are applicable in the European Union (EU).

The accounting and valuation principles adopted in interim reporting conform with those used for the annual and interim consolidated financial statements as of December 31, 2010, and March 31, 2011, respectively, with due regard to International Accounting Standard (IAS) 34 *Interim Reporting* and German Accounting Standard (GAS) No. 16 *Interim Reporting*. Preparing interim financial reports requires management to make certain assumptions and estimates. Actual values may differ from those estimates and hence from the amounts disclosed in the interim report.

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

Consolidation group

The consolidation group has only insignificantly changed since the Q1 report as of March 31, 2011: Due to a merger within the Rail Services business unit, the number of fully consolidated companies shrank by one to 58.

Consequently, including Vossloh AG, 24 German and 34 foreign companies were consolidated fully in the interim financial statements as of June 30, 2011. Moreover, one German and three foreign companies were consolidated pro rata, one German associated affiliate being included at equity.

Equity

Since the interim consolidated financial statements as of March 31, 2011, and likewise year-on-year, Vossloh AG's capital stock has remained unchanged and amounted to €37,825,168.86, divided into 14,795,920 shares, of which 13,325,290 were outstanding as of June 30, 2011.

Earnings per share

		H1/2011	H1/2010
Weighted average number of common shares		14,795,920	14,795,895
Repurchased shares (weighted)		(1,470,630)	(1,476,230)
Weighted average number of shares outstanding		13,325,290	13,319,665
Dilutive shares from stock options under the ESOP/LTIP		–	12
Fully diluted weighted average number of shares outstanding		13,325,290	13,319,677
Group earnings	€ mill.	27.1	50.7
Undiluted (basic) EpS	**€**	**2.04**	**3.81**
Fully diluted EpS	**€**	**2.04**	**3.81**

Cash flow statement

The cash flow statement shows the changes in the Vossloh Group's cash and cash equivalents; cash includes checks, other cash on hand, as well as cash in bank, while cash equivalents comprise any financial instruments maturing within three months and readily convertible into cash.

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

The Vossloh Group's primary reporting segments are defined by its internal organizational and reporting structure which is based on the products and services offered by Vossloh's business units. In line with IFRS 8, segment reporting encompasses not only the two divisions (Rail Infrastructure and Transportation) but also separately presents their business units.

The Rail Infrastructure division covers the Group's related products and services and comprises the Fastening Systems, Switch Systems and Rail Services business units.

The Fastening Systems business unit is the foremost supplier of rail fastening systems. The range embraces fasteners for every application: from light-rail via heavy-haul to high-speed.

Vossloh Switch Systems is one of the world's leading rail switch manufacturers. The business unit equips rail networks with switches (turnouts, crossings, etc.), as well as with the related control and monitoring systems which it installs and maintains. Here, too, the lineup extends from light-rail to high-speed applications.

Vossloh Rail Services engages in activities such as rail trading, long-rail (un)loading at construction sites, welding new rails, reconditioning old rails, on-site welding, rail replacement, rail grinding/milling, rail inspection, and construction site supervision, in addition to organizing and monitoring just-in-time rail shipments to construction sites and ensuring on-site availability of the approved (un)loading systems.

Transportation includes the rail vehicle and vehicle system/component operations plus the related services. The division comprises two business units: Transportation Systems and Electrical Systems.

Vossloh Transportation Systems with its two production locations in Valencia, Spain, and Kiel, Germany, is Europe's leading manufacturer of diesel locomotives, besides providing M&R services. In addition, the Valencia location develops and builds vehicles for local transport rail services. The business unit's customers comprise state and private rail operators as well as leasing companies.

Vossloh Electrical Systems equips light rail vehicles and buses with advanced electrical systems. The product range includes traction systems, onboard power supply units, vehicle controls, heating and air-conditioning systems. The kits are integrated into a complete customer-specific package and supplied from a single source. The business unit is the world's leading supplier of electrical equipment for trolleybuses and other electric buses which since 2008 have optionally been available with hybrid drive systems. Besides complete vehicle kits, the unit's businesses also cover retrofitted air-conditioning systems for rail vehicles, parts, components and subassemblies, revamping, servicing and M&R work.

Consolidation eliminates all intersegment transactions, such as primarily by mutually offsetting intragroup income/expenses and receivables/payables, as well as by eliminating intragroup income from profit distribution. The (HQ) *Consolidation* column includes not only the Group's top-tier consolidation items but also the holding companies which cannot be assigned to any segment, plus Vossloh AG as the Group's managerial grandparent and financial holding company.

The accounting methods of all segments are identical. Intersegment business is transacted on terms as if at arm's length.

The analysis below shows how the Group's total value added (according to the segment report) is reconciled with its recognized EBIT:

Reconciliation of value added with EBIT

€ million	H1/2011	H1/2010	Q2/2011	Q2/2010
Value added	4.5	32.2	6.8	20.6
Cost of capital employed	40.0	48.2	19.8	24.3
EBIT	**44.5**	**80.4**	**26.6**	**44.9**

Related-party transactions

The consolidated companies of the Vossloh Group regularly transact normal business with unconsolidated Vossloh subsidiaries, joint ventures, and associated affiliates. All transactions with these companies conform to the arm's length principle. The table below presents the income/expenses and receivables/payables which originate from related-party transactions with, and only with, unconsolidated subsidiaries. Transactions in the period with related individuals were altogether insignificant.

€ million	H1/2011 or 6/30/2011	H1/2010 or 6/30/2010
Sale/purchase of goods		
Net sales	2.0	3.6
Expenses	0.5	1.0
Trade receivables	2.9	4.4
Trade payables	0.1	0.2
Sale/purchase of other assets		
Receivables from the sale of other assets	0.0	0.0
Finance		
Interest income from loans granted	0.0	0.0
Interest expense for loans received	0.0	0.0
Receivables under loans granted	0.4	1.5
Payables under loans received	0.0	–
Guaranties/collateral furnished		
Bonds/guaranties furnished	9.9	15.4
Other collateral furnished	1.3	1.3

In comparison to December 31, 2010, the Group's contingent liabilities moved up €1.0 million to €18.3 million; this total includes guaranties for €14.8 million, as well as contingent liabilities from the collateralization of third-party debts of €3.5 million.

Contingent liabilities

Effective June 30/July 1, 2011, all of the shares in J Rail Components & Manufacturing, Inc., Grass Valley, CA, USA, were acquired by share deal. Subject to working capital adjustments (if any), the purchase price amounted to $8 million. The company manufactures switch machines and related components and has been assigned to Vossloh Switch Systems.

Subsequent events

Besides outside corporations, certain Vossloh Group companies are involved in antitrust proceedings. Given the early stage of investigations, the existence and/or magnitude of potential risks (if any) can presently not be reliably assessed.

On July 26, 2011, Vossloh AG's Executive Board resolved with the Supervisory Board's approval to redeem and withdraw the 1,470,630 treasury shares without decreasing the capital stock. At the same time, the Executive Board decided to launch a share buyback program covering up to 1,332,529 treasury shares (i.e., 10 percent of the post-redemption capital stock) and to be completed by June 30, 2012.

Segment information by business unit

		Fastening Systems	Switch Systems	Rail Services	Consolidation	Rail Infrastructure
Value added						
H1/2011	€ mill.	19.0	(9.7)	3.5	0.1	**12.9**
H1/2010	€ mill.	29.9	3.2	3.8	0.0	**36.9**
Q2/2011	€ mill.	9.7	(1.0)	4.8	0.0	**13.5**
Q2/2010	€ mill.	14.9	4.9	4.5	0.0	**24.3**
Total assets						
6/30/2011	€ mill.	230.1	421.7	116.3	188.9	**957.0**
6/30/2010	€ mill.	234.6	407.5	121.8	199.5	**963.4**
Liabilities						
6/30/2011	€ mill.	123.2	135.1	79.4	0.8	**338.5**
6/30/2010	€ mill.	102.6	153.9	81.9	(0.1)	**338.3**
Net external sales						
H1/2011	€ mill.	134.1	194.4	43.0	0.4	**371.9**
H1/2010	€ mill.	173.7	219.5	42.1	0.0	**435.3**
Q2/2011	€ mill.	70.2	113.3	25.8	0.2	**209.5**
Q2/2010	€ mill.	104.2	126.5	28.4	0.0	**259.1**
Intersegment transfers						
H1/2011	€ mill.	4.4	0.1	0.0	(3.1)	**1.4**
H1/2010	€ mill.	3.6	0.1	0.0	(0.4)	**3.3**
Q2/2011	€ mill.	2.5	0.1	0.0	(2.0)	**0.6**
Q2/2010	€ mill.	2.1	0.1	0.0	(0.3)	**1.9**
Interest income						
H1/2011	€ mill.	0.1	0.4	0.0	(0.1)	**0.4**
H1/2010	€ mill.	0.0	0.2	0.0	0.0	**0.2**
Q2/2011	€ mill.	0.0	0.2	0.0	0.0	**0.2**
Q2/2010	€ mill.	0.0	0.1	0.0	0.0	**0.1**
Interest expense						
H1/2011	€ mill.	(1.3)	(1.3)	(1.1)	0.0	**(3.7)**
H1/2010	€ mill.	(1.3)	(1.6)	(0.9)	0.0	**(3.8)**
Q2/2011	€ mill.	(0.8)	(0.6)	(0.6)	(0.1)	**(2.1)**
Q2/2010	€ mill.	(0.7)	(0.8)	(0.6)	0.0	**(2.1)**
Amortization/depreciation						
H1/2011	€ mill.	3.0	5.4	3.6	0.0	**12.0**
H1/2010	€ mill.	2.0	4.7	4.1	0.0	**10.8**
Q2/2011	€ mill.	1.5	2.7	1.8	0.0	**6.0**
Q2/2010	€ mill.	1.2	2.4	2.0	0.0	**5.6**
Additions to noncurrent assets						
H1/2011	€ mill.	4.4	7.4	4.4	0.0	**16.2**
H1/2010	€ mill.	4.9	6.4	0.8	0.0	**12.1**
Q2/2011	€ mill.	2.7	4.6	2.5	0.0	**9.8**
Q2/2010	€ mill.	3.2	4.5	0.5	0.0	**8.2**
Average headcount						
H1/2011		561	2,275	355	–	**3,191**
H1/2010		472	2,334	313	–	**3,119**

Transportation Systems	Electrical Systems	Consolidation	Transportation	Holding companies	Consolidation	Group
(4.9)	5.2	0.1	**0.4**	(36.7)	27.9	**4.5**
(3.2)	7.9	0.0	**4.7**	(39.2)	29.8	**32.2**
(3.9)	2.0	0.0	**(1.9)**	(18.7)	13.9	**6.8**
(3.0)	3.8	0.0	**0.8**	(19.8)	15.3	**20.6**
465.8	210.7	(0.9)	**675.6**	809.4	(948.6)	**1,493.4**
398.2	174.2	(1.1)	**571.3**	787.1	(873.4)	**1,448.4**
207.1	87.3	(0.8)	**293.6**	387.4	(386.4)	**633.1**
151.5	58.2	(1.0)	**208.7**	374.4	(317.0)	**604.4**
118.6	68.8	0.1	**187.5**	0.1	0.0	**559.5**
163.2	80.8	0.0	**244.0**	0.2	0.0	**679.5**
56.6	34.8	0.0	**91.4**	0.1	0.0	**301.0**
86.6	39.9	0.0	**126.5**	0.1	0.0	**385.7**
0.4	2.8	(2.1)	**1.1**	0.4	(0.9)	**2.0**
0.0	1.5	(1.1)	**0.4**	0.4	(0.5)	**3.6**
0.4	1.0	(0.7)	**0.7**	0.2	(0.5)	**1.0**
0.0	1.3	(1.1)	**0.2**	0.2	(0.2)	**2.1**
6.6	0.1	0.1	**6.8**	4.0	(4.3)	**6.9**
4.9	0.1	0.0	**5.0**	3.3	(3.4)	**5.1**
3.7	0.1	(0.1)	**3.7**	2.0	(2.3)	**3.6**
2.5	0.1	0.0	**2.6**	1.8	(1.9)	**2.6**
(4.7)	(0.6)	0.0	**(5.3)**	(7.1)	4.3	**(11.8)**
(2.9)	(0.6)	0.0	**(3.5)**	(7.4)	3.5	**(11.2)**
(2.7)	(0.3)	0.0	**(3.0)**	(3.5)	2.3	**(6.3)**
(1.6)	(0.3)	0.0	**(1.9)**	(3.7)	1.9	**(5.8)**
5.2	1.5	0.0	**6.7**	0.3	0.0	**19.0**
4.9	1.3	0.0	**6.2**	0.5	0.0	**17.5**
2.6	0.8	0.0	**3.4**	0.2	0.0	**9.6**
2.6	0.7	0.0	**3.3**	0.2	0.0	**9.1**
6.9	5.4	(0.1)	**12.2**	1.9	0.0	**30.3**
11.4	1.1	0.0	**12.5**	1.8	0.0	**26.4**
4.0	0.8	0.0	**4.8**	1.0	0.0	**15.6**
5.9	0.1	0.0	**6.0**	1.5	0.0	**15.7**
1,076	650	–	**1,726**	47	–	**4,964**
1,178	629	–	**1,807**	48	–	**4,974**

Management representation

"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 26, 2011

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, statement of comprehensive income, balance sheet, cash flow statement, 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, 2011, 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 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, or 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 26, 2011

BDO AG
Wirtschaftsprüfungsgesellschaft

Fritz Wirtschaftsprüfer	Barhold Wirtschaftsprüfer

Financial diary 2011

Publication of interim report	
as of September 30	October 27, 2011
Investors and analysts conference	December 2, 2011
For further information go to www.vossloh.com	

Financial diary 2012

Publication of financial information 2011	March 2012
Press conference	March 2012
Investors and analysts conference	March 2012
Annual general meeting	May 23, 2012

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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

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