Semiannual financial report as of June 30, 2015

Key figures for the Group		H1/2015	H1/2014
Orders received	€ mill.	602.9	682.9
Order backlog	€ mill.	1,659.0	1,763.9
Income statement data			
Net sales	€ mill.	694.7	626.0
Core Components	€ mill.	133.0	155.0
Customized Modules	€ mill.	253.1	220.9
Lifecycle Solutions	€ mill.	28.7	30.7
Transportation	€ mill.	284.4	221.6
EBIT	€ mill.	19.0	(145.4)
Net interest expense	€ mill.	(6.2)	(17.7)
EBT	€ mill.	12.8	(163.1)
Net income	€ mill.	4.8	(151.0)
Earnings per share	€	0.12	(12.31)
EBIT margin	%	2.7	(23.2)
Return on capital employed (ROCE)[1]	%	4.9	(34.3)
Value added[1]	€ mill.	(19.4)	(187.8)
Balance sheet data			
Fixed assets[2]	€ mill.	627.5	616.1
Capital expenditures	€ mill.	20.4	33.2
Depreciation/amortization	€ mill.	22.4	105.1
Closing working capital	€ mill.	162.6	153.0
Closing capital employed	€ mill.	790.1	769.1
Total equity	€ mill.	362.0	413.2
Non-controlling interests	€ mill.	24.4	23.2
Net financial debt	€ mill.	319.0	267.2
Total assets	€ mill.	1,664.2	1,576.4
Equity ratio	%	21.7	26.2
Cash flow statement data			
Gross cash flow	€ mill.	31.6	(14.4)
Cash flow from operating activities	€ mill.	(18.0)	(70.8)
Cash flow from investing activities	€ mill.	(26.3)	(33.6)
Cash flow from financing activities	€ mill.	47.5	91.4
Free cash flow	€ mill.	(38.4)	(104.0)
Employees			
Average headcount in the period	Number	5,802	5,671
Core Components	Number	623	629
Customized Modules	Number	2,585	2,548
Lifecycle Solutions	Number	377	333
Transportation	Number	2,162	2,112
Vossloh AG	Number	55	49
Personnel expenses	€ mill.	165.1	161.9
Share data			
Stock price at June 30	€	53.55	62.09
Market capitalization at June 30	€ mill.	713.6	827.4

[1] Based on average capital employed

[2] Fixed assets = intangible assets + property, plant and equipment + investment properties + shares in associated companies + other noncurrent financial instruments

Dear Shareholders,

Vossloh is progressing. The company recovered as planned and in the first six months of 2015 achieved business development in line with expectations. Group sales as compared to the previous year increased significantly to nearly €695 million and earnings before interest and taxes – EBIT – rose to €19.0 million. In the previous year, EBIT for the Vossloh Group adjusted for the necessary earnings corrections was just €11.7 million. We improved operating profit as compared to this figure and view this as confirmation of the course we have chosen to take.

Particularly in our core division Customized Modules, sales and earnings were well above the previous year period thanks to stronger demand. In this division, we increased revenues by 14.5 percent to €253.1 million and EBIT as compared to the previous year figure adjusted for one-time items by 59.2 percent to €15.5 million.

Business in the Core Components division declined as expected. Sales here of €133.0 million were about 14 percent below the figure for the previous year, EBIT decreased as planned due to a noticeable downturn in volume in several countries as well as a partially lower-margin product mix to €14.2 million. Since the fall of last year, Core Components has been moving ahead with measures to strictly gear structures at the five international locations to cost optimization and technology leadership. We continue to expect that Core Components over the course of the entire current year will show weaker development than in 2014. At the end of April 2015, we already won a major order valued at more than €70 million from China for 2016.

Sales revenues from Lifecycle Solutions are slightly below the level of the previous year. EBIT, as in the previous year, is on the same level. This division is nevertheless making good progress. This is demonstrated, for example, by an order win for the maintenance of a section of the Deutsche Bahn's rail connection between Dresden and Leipzig, which is to be viewed as a pilot project. This service agreement covers the independent planning and execution of rail processing for tracks and switches as well as documentation of the results over a total period of three years. In the second half of 2015, we expect substantial sales growth for Lifecycle Solutions along with an associated increase in earnings.

It is very pleasing that the Transportation division in the second quarter of the current year not only achieved significant growth in revenue – we generated a sales increase of more than 47 percent as compared to the same period in the previous year – but also recorded a positive EBIT for the first time once again. All three business units within Transportation performed better than in the previous year after taking into account the non-recurring expenses that were incurred in 2014. In addition, both Vossloh Electrical Systems and Vossloh Rail Vehicles received confirmation twice in recent weeks how attractive and efficient the jointly-developed CityLink light rail vehicles are: on the one hand, vehicles from the NET 2012 series sold to the Karlsruhe Transit Authority received approval pursuant to the German rail operation regulations. They are thus also approved, without limitations, for operation on regional rail lines in and around Karlsruhe. This is a major operational and technological success and is being taken note of in the industry. On the other hand, the city of Chemnitz at the beginning of July took the option for an additional four CityLink hybrid light rail vehicles.

Vossloh has also taken steps forward strategically in recent months: Two joint ventures with VR Track, a subsidiary of Finland's national railway were launched for the shared operation of three rail switch locations and a long welded rail production location in Finland. The increased presence of Customized Modules and Lifecycle Solutions in Finland is an optimal springboard for enhanced Group growth in Northern Europe and an important step toward the greater linking of our infrastructure offerings that we have been seeking. We are also working on our objective of transferring all business units from Transportation to appropriate structures outside the Vossloh Group so that these activities can develop optimally. Here we continue to see strong interest and are currently in discussions with potential investors from the industry, which is consolidating.

Dear shareholders, as you can see the transformation of Vossloh is moving sustainably and consistently forward. We are not only moving in the right direction, but we have also already seen initial tangible results. We therefore look toward the remaining months of the year with optimism, even if further detailed efforts for the repositioning must be undertaken. We are confident and confirm that we will achieve the objectives set for 2015, including sales growth of 3 percent to 4 percent in the Group and an EBIT margin of 3 percent to 4 percent. This, however, marks just a preliminary result in the transformation of the Group, a process that will go on until 2017. We will continue to make every effort to turn Vossloh into a leading company once again, also from an economic perspective.

I would like to take this opportunity to express special thanks to the employees of Vossloh. You have worked very hard in the past months in order to put Vossloh back on track. On many occasions, we have experienced just how closely connected to their company our employees are. And we as the Executive Board and myself personally would be very pleased if you as shareholders were also to remain loyal to Vossloh.

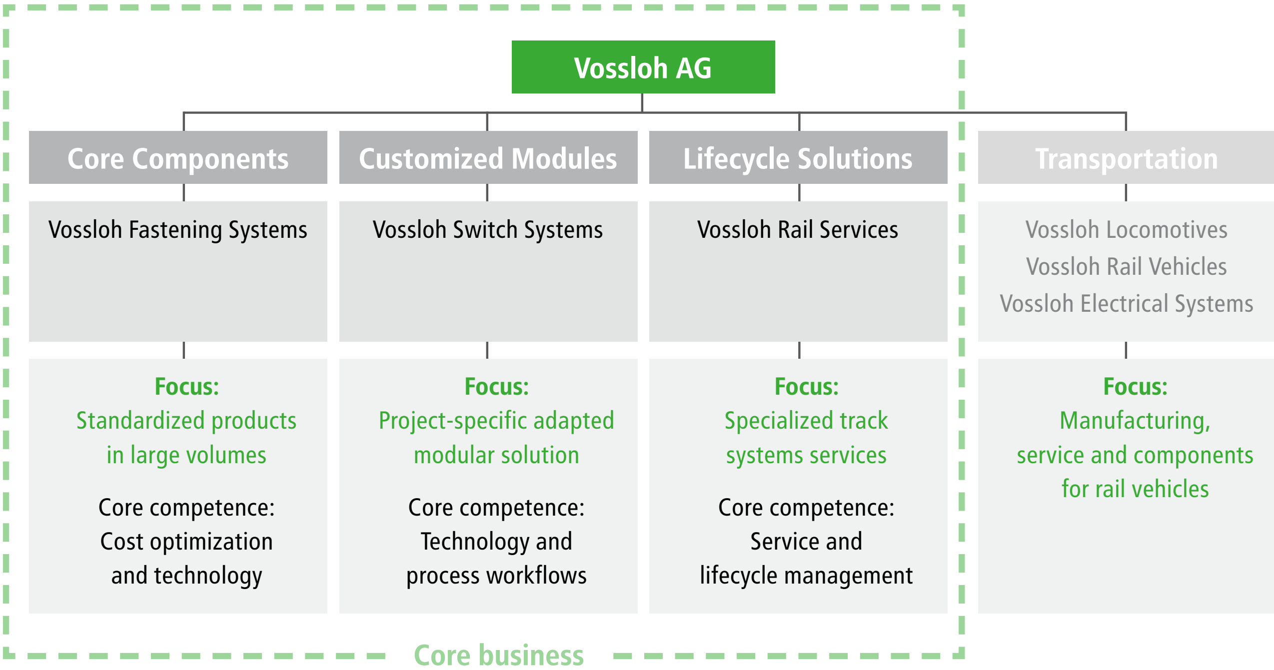
Yours,

Hans Schabert

Dr. h.c. Hans M. Schabert
Chairman of the Executive Board

Vossloh's corporate structure

With the transformation of the Group into a company focused exclusively on rail infrastructure, which was initiated in 2014, Vossloh is concentrated on selected products and certain regional markets in this high-growth segment. To this end, the activities of the former Rail Infrastructure division were reorganized into three separate divisions with effect from January 1, 2015 – Core Components, Customized Modules and Lifecycle Solutions. These form the pillars of the core business and will be managed and controlled in accordance with the basic principles of their business models, i.e. by product, project and service orientation. The Vossloh Group's three new divisions work together closely and will appear externally as a uniform and coordinated "One Vossloh". As an operational management holding, Vossloh AG has direct influence on the operational units.



Core Components

The division combines the Group's offerings of industrially-manufactured mass products that are required in high volumes for rail infrastructure projects. These currently include the rail fastening systems for use in local and heavy-haul transport through to high-speed lines that are developed, produced and distributed in the Fastening Systems business unit. The medium-term expansion of Core Components to include complementary activities is also planned.

Customized Modules

The division includes all of the Group's services related to the production, installation and maintenance of individualized infrastructure modules. Throughout the world, Vossloh supplies, installs and services switches and turnouts as well as control elements and monitoring systems for rail networks. The range reaches from light-rail to high-speed lines. The division currently includes the Switch Systems business unit.

Lifecycle Solutions

The division focuses on specialized services related to the maintenance of rails and switches which are brought together in the Rail Services business unit. These include, in particular, preventive care and maintenance of rails and switches as well as welding and rail logistics work. The extensive range of services complements the product portfolio of Core Components and Customized Modules. Lifecycle Solutions will be further internationalized and the range of high-quality services in the areas of operation and maintenance to be broadened to also cover the entire life cycle of infrastructure.

Transportation

The Group's fourth division which, following careful consideration of all relevant criteria, no longer belongs to the core business, offers locomotives, (sub)urban trains and electrical components for local transport vehicles as well as corresponding services. The division will initially continue to operate in its current form and will be sold or integrated into suitable partnerships by 2017 at the latest. The division comprises the business units Locomotives, Rail Vehicles and Electrical Systems.

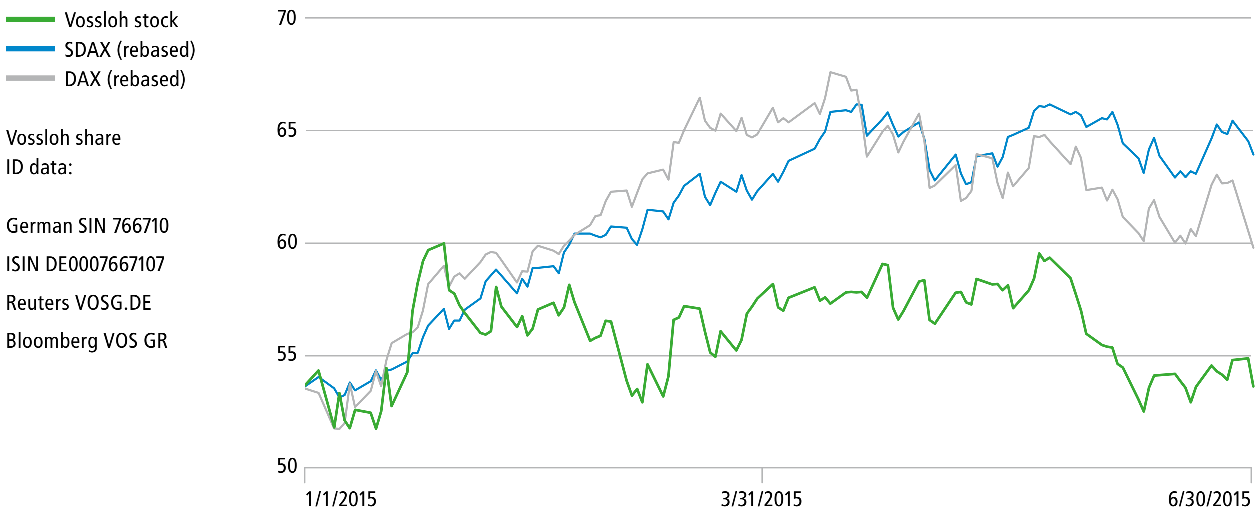
Vossloh stock

Greek debt crisis and economic uncertainties in China led to volatility and generally weaker share prices in the second quarter of 2015

In the second quarter of 2015, the leading global indices developed generally weaker than in the first three months of the current year. By far the largest burdening factor was the debt crisis in Greece, which led to share price declines on all major stock exchanges, especially in June 2015. In addition, discussions about the US Federal Reserve potentially raising interest rates for the first time, the drop in prices for European government bonds as well as the sometimes strong gains in the euro exchange rate together with weak economic data from China all led to significant price fluctuations. Improved economic data from the euro zone, a renewed decrease in the prime interest rate in China as well as a global increase in M&A activities had a balancing effect – though only for a short period.

After the first six months of 2015, the international stock markets showed a mixed record: while the Dow Jones remained nearly unchanged as compared to the year-end 2014, the Euro STOXX 50 gained a total of 11.7 percent in the first half of 2015. The leading German index DAX rose in the first half of 2015 by 11.6 percent despite a negative development of (8.5) percent in the second quarter. The index was at 10,945 points as of June 30, 2015. It reached a new all-time high on April 10, 2015 with a daily closing total of 12,375 points. The SDAX improved in the same period by 19.4 percent and closed out the first half of the year with 8,578 points.

Price performance of the Vossloh stock: January 1 – June 30, 2015



Vossloh share ID data:

German SIN 766710

ISIN DE0007667107

Reuters VOSG.DE

Bloomberg VOS GR

Vossloh share price nearly unchanged in the first half of 2015

The Vossloh share ended the first half of the year 2015 with a price of €53.55 and was thus nearly unchanged as compared to the year-end 2014 (closing price: €53.50). The Vossloh share reached its low for the first six months of 2015 on January 8, 2015 with a price of €50.92 and marked its highest price to date during trading on January 26 at €60.33.

The trading volume of the Vossloh stock increased in the first six months of 2015 to about 4.9 million shares (previous year: 4.2 million shares). Of that amount, a total of 1.7 million shares were traded in the period from April to June 2015 (previous year: 2.5 million shares). The daily trading volume in the first half year 2015 averaged 39,700 shares (previous year: 33,600 shares). The market capitalization of Vossloh AG, calculated on the basis of the 13,325,290 shares currently outstanding amounted to just under €714 million as of the June 30, 2015 reporting date (previous year: €827 million).

Annual General Meeting 2015 approves agenda items with strong majorities; approval of former Executive Board postponed until the next Annual General Meeting

At Vossloh AG's Annual General Meeting, which took place on May 20, 2015 in Düsseldorf, the agenda items were approved by large majorities. A large majority voted for granting the official approval to the current Executive Board, Dr. h.c. Hans M. Schabert, Volker Schenk and Oliver Schuster, who have been in office since the spring of 2014. With regard to the official approval of the former Executive Board members, Werner Andree and Dr. Ing. Norbert Schiedeck, the official approval of acts and omissions for these two who served on the Executive Board until the end of March 2014 was postponed until the next Annual General Meeting. In total, approximately 56.13 percent of Vossloh AG's capital stock was represented at the shareholder meeting. The auditor and tax advisor, Ulrich M. Harnacke, was elected by the Annual General Meeting as the new shareholder representative on Vossloh AG's Supervisory Board. He succeeds Dr. Alexander Selent, who had resigned his seat in September 2014. Furthermore, KPMG AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, was designated as the new auditor for the 2015 financial year.

Shareholder structure unchanged since March 2015

Shortly after the end of the current reporting period, Vossloh AG received information that as of July 2, 2015, no more voting rights of Vossloh AG were allocated to Mr. Eduard Carmignac. The shareholder structure of Vossloh AG does not change as a result of this.

Vossloh AG's largest shareholder is Mr. Heinz Hermann Thiele. Per notice published on January 20, 2015, regarding a voluntary public takeover bid by KB Holding GmbH, the proportion of shares he holds amounted to 29.99 percent. A total of 29,711 Vossloh shares were tendered to Mr. Thiele on the basis of this takeover bid by the end of the extended acceptance period on April 2, 2015. This corresponds to a share of approximately 0.22 percent of the capital stock and the voting rights of Vossloh AG.

Additional Vossloh AG shareholders with voting rights exceeding the legal reporting threshold of 3 percent include Franklin Mutual Advisers, LLC, Wilmington, Delaware, USA, with 5.68 percent (reported on July 1, 2014), Carmignac Gestion, Luxembourg, with 5.00 percent (reported on March 31, 2015), ETHENEA Independent Investors S. A.,Luxembourg, with 4.88 percent (reported on January 28, 2015), Mr. Iskander Makhmudov, Russian Federation, with 3.08 percent (reported on February 5, 2015) as well as Franklin Templeton Investment Funds, Luxembourg,with 3.05 percent (reported on June 30, 2014) and LAZARD FRERES GESTION S.A.S., Paris, France, with 3.01 percent (reported on March 24, 2014). Because these are purely financial investments, the assets of institutional investors count toward the free float market capitalization as defined by Deutsche Börse AG. In addition, Deutsche Börse no longer includes the shares tendered as part of the offer in the free market capitalization. For this reason, the freely tradable portion of share capital was calculated by Deutsche Börse at the end of June at 69.79 percent.

Vossloh share positively rated

In the second quarter of 2015, a total of 14 financial analysts from German and international institutions followed the development of the Vossloh share. Subsequent to the publication of the interim financial report as of March 31, 2015, the analysts have adjusted their previous assessments for 2015 and the following years to a limited extent. Seven analysts gave the Vossloh share a buy recommendation, six recommended hold. There were no recommendations to sell. One institution has not issued a recommendation since January 2015 due to a possible conflict of interest. The range of assumed target prices in the middle of July 2015 was between €51 and €70. On average, the target price amounted to €60.

Information on the Vossloh stock	
ISIN	DE0007667107
Trading platforms	Xetra, Düsseldorf, Frankfurt, Berlin, Hamburg, Hanover, Stuttgart, Munich
Index	SDAX
Number of outstanding shares as of June 30, 2015	13,325,290
Stock price (June 30, 2015)	€53.55
Stock price high/low (January through June 2015)	€60.33/€50.92
Reuters code	VOSG.DE
Bloomberg code	VOS GR

For questions or additional information on Vossloh or the Vossloh stock, we recommend that you visit our internet site www.vossloh.com. There you will find, in addition to current financial reports, presentations and press announcements as well as further information on the topic of creditor relations. You are welcome to contact us should you have any questions. You can reach us at: investor.relations@ag.vossloh.com or by telephone at +49 (0) 23 92 52-609.

Business development in the Group

Results of operations

In the first half of 2015, the Vossloh Group generated sales in the amount of €694.7 million (previous year: €626.0 million). Sales were thus 11.0 percent or €68.7 million higher. Of this total, €23.9 million was attributable to currency effects from the translation of international Group companies. In the second quarter of 2015, sales were €374.9 million (previous year: €331.8 million). Overall, development of Group sales in the first half of 2015 was in line with expectations.

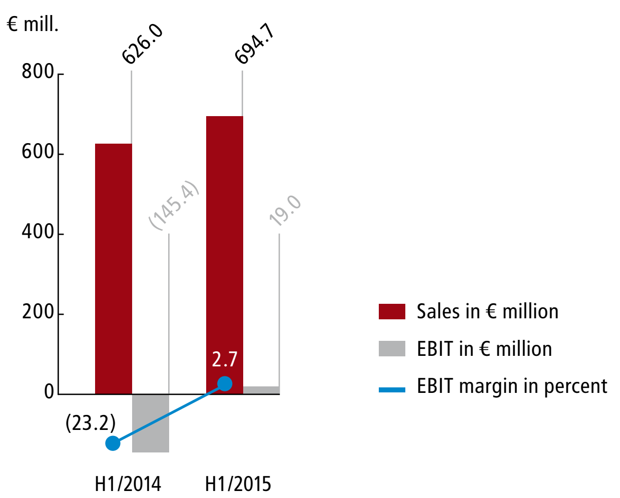
Group sales increases by 11 percent; Transportation division records strongest revenue growth

Vossloh Group

		H1/2015	H1/2014	Q2/2015	Q2/2014
Net sales	€ mill.	694.7	626.0	374.9	331.8
EBITDA	€ mill.	41.4	(40.3)	29.2	(57.1)
EBIT	€ mill.	19.0	(145.4)	18.0	(151.9)
EBIT margin	%	2.7	(23.2)	4.8	(45.8)
EBT	€ mill.	12.8	(163.1)	14.2	(165.6)
Net income	€ mill.	4.8	(151.0)	5.8	(152.6)
ROCE[1,2]	%	4.9	(34.3)	9.1	(71.3)
Value added[1,2]	€ mill.	(19.4)	(187.8)	(1.7)	(173.2)

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

The largest share of sales growth in the first six months of 2015 is attributable to the Transportation division. Buoyed by very good business development in the Rail Vehicles and Electrical Systems business units, revenues in the division increased by a total of 28.3 percent to €284.4 million. The Customized Modules division was also able to achieve a noticeable increase in sales in the first half of 2015 with a plus of 14.5 percent to €253.1 million. Revenues in the Core Components division declined as expected. In the first six months of the current financial year, they were down by 14.2 percent to €133.0 million. With sales of €28.7 million in the current reporting period, Lifecycle Solutions recorded slight decrease of 6.3 percent as compared to the previous year.



Vossloh Group’s sales and EBIT

Europe, which, with a share of 62.0 percent of Group sales is Vossloh's largest market, an increase in Group sales was achieved in the first half of the year. Higher revenues from the Transportation division in the United Kingdom primarily contributed to this development. In Austria and Germany, too, Vossloh was able to generate higher sales. In Northern Europe sales were also above those of the previous year – due mainly to higher revenues in Sweden. Sales in Southern European countries declined once again.

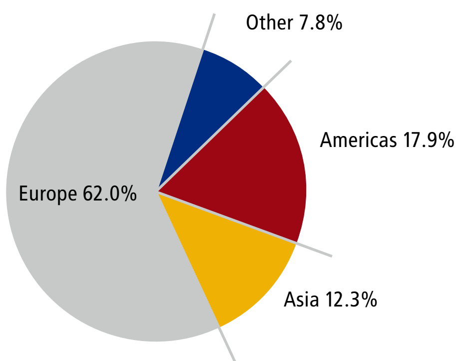
As expected, sales in Asia in the first half of 2015 were well below the level of the previous year. The reasons for this were the weaker than expected business development in China as compared to the previous year and declining sales in Thailand and Israel.

In America, revenues in the first six months of 2015 significantly exceeded the figures from the same period in the previous year. This was attributable to both an increase in sales in the Core Components and Customized Modules divisions as well as to the Transportation division in the USA. In South America, too, substantial additional revenues were generated for the Transportation division with the execution of the order for light rail vehicles in Brazil and the Core Components division recorded rising sales with fastening systems in Argentina.

In Africa, Vossloh recorded a substantial sales increase in the first six months of the current financial year as compared with the first half of 2014 with progress on the execution of a major order for the delivery of locomotives for South Africa which continued in the second quarter of 2015.

Sales revenues by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	H1/2015		H1/2014		Q2/2015		Q2/2014	
Germany	130.1	18.7	124.3	19.9	76.8	20.5	59.7	18.0
France	75.3	10.8	87.6	14.0	42.3	11.3	44.1	13.3
Other Western Europe	102.5	14.8	79.1	12.6	60.5	16.1	43.8	13.2
Northern Europe	46.3	6.6	41.5	6.6	27.8	7.4	30.2	9.1
Southern Europe	36.7	5.3	39.8	6.3	18.7	5.0	18.5	5.6
Eastern Europe	40.1	5.8	36.7	5.9	21.0	5.6	21.0	6.3
Total for Europe	**431.0**	**62.0**	**409.0**	**65.3**	**247.1**	**65.9**	**217.3**	**65.5**
Americas	124.6	17.9	76.7	12.3	69.9	18.7	40.1	12.1
Asia	85.2	12.3	114.2	18.2	40.6	10.8	57.8	17.4
Africa	43.0	6.2	14.5	2.3	12.3	3.3	10.8	3.3
Australia	10.9	1.6	11.6	1.9	5.0	1.3	5.8	1.7
Total	**694.7**	**100.0**	**626.0**	**100.0**	**374.9**	**100.0**	**331.8**	**100.0**



Sales breakdown by region H1/2015

In the first six months of the current financial year, orders received by the Vossloh Group of €602.9 million were 11.7 percent below the figure for the previous year of €682.9 million. The decrease compared to the previous year is attributable exclusively to the development in the first quarter of 2015, while in the second quarter of 2015 noticeable growth was achieved with orders received of €336.4 million (previous year: €226.4 million).

Orders received increase in core divisions, particularly strong in Core Components; Transportation records lower orders received than in previous year

The strongest growth was generated by the Core Components division. With new orders in the period of €194.0 million (previous year: €156.7 million), growth totaled 23.8 percent. In the Lifecycle Solutions division, orders received of €35.2 million were slightly above the level of the previous year of €34.7 million and the Customized Modules division with orders received of €274.9 million in the first half of 2014 was also able to achieve a slight increase to €281.0 million in the current reporting period. With €96.9 million, orders received in the Transportation division in the first half of the current financial year were lower than the figure for the same period in the previous year of €219.6 million. As is typical for the project business, contract awards are volatile here. At the beginning of June, the Electrical Systems and Rail Systems business units had two larger orders with a volume totaling approximately €50 million.

Order backlog of the Vossloh Group declined from €1,763.9 million on June 30, 2014 to €1,659.0 million at the end of the current reporting quarter. This is primarily attributable to a low order backlog at the Transportation division of €1,062.5 million as of June 30, 2015 in comparison to the high figure of €1,209.1 million on June 30, 2014. In the Core Components division, the order backlog increased significantly to €243.7 million after €168.1 million on the balance sheet date from the previous year. As of June 30, 2015, Lifecycle Solutions also reported an order backlog that was above the level of the prior year at €16.9 million (previous year: €11.1 million). At Customized Modules, the order backlog at the end of the first half of the year amounted to €337.1 million after €377.5 million on the balance sheet date of the previous year.

Order backlog for the Group declines by 5.9 percent as compared to previous year; Core Components and Lifecycle Solutions with increased order backlog

Earnings before interest and income taxes (EBIT) of the Vossloh Group improved in the first six months of 2015 to €19.0 million (previous year: €(145.4) million). Similar to the situation with sales, there were positive effects from the development of exchange rates: if one compares the average rates from the previous year period with those from the reporting period, this results in a positive translation effect of €2.0 million from the conversion of the six-month financial statements of international Group companies. Compared to the previous year's figures, it must be kept in mind that the six-month financial statements for 2014 included the vast majority of expenses in connection with the restructuring and repositioning of several divisions. Adjusted for the one-time items resulting from the necessary earnings burdens that were carried out in the first half of 2014, EBIT of the Vossloh Group would have been at €11.7 million. For an explanation of the one-time items taken into account in 2014, we refer to the Annual Report 2014, p. 59.

Group EBIT recovers, Transportation and Customized Modules divisions substantially improve EBIT

The earnings improvement during the first half of 2015 is mainly attributable to the Transportation and Customized Modules divisions. The Transportation division achieved an EBIT in the first half of 2015 of €(3.4) million, which was a significant improvement over the previous year's figure of €(94.7) million. The improvement is also clearly visible in comparison with the EBIT from the Transportation division, adjusted for one-time items, in the first half year of 2014 of €(18.1) million. In the Customized Modules division, EBIT in the first six months of the current financial year increased to €15.5 million after €(64.7) million in the previous year. Adjusted for one-time items, EBIT in the Customized Modules division in the first half of 2014 was €9.7 million. Core Components reported an EBIT in the amount of €14.2 million in the first half of 2015 (previous year: €38.2 million). Adjusted EBIT in the division in the first half of 2014 was €26.8 million. In the Lifecycle Solutions division, EBIT after €(1.5) million or a comparable €0.5 million in the previous year, totaled €0.0 million in the current reporting period. The EBIT margin of the Vossloh Group in the first half of 2015 amounted to 2.7 percent (previous year: (23.2) percent). Adjusted for one-time items, the EBIT margin in the first six months of 2014 was at 1.9 percent.

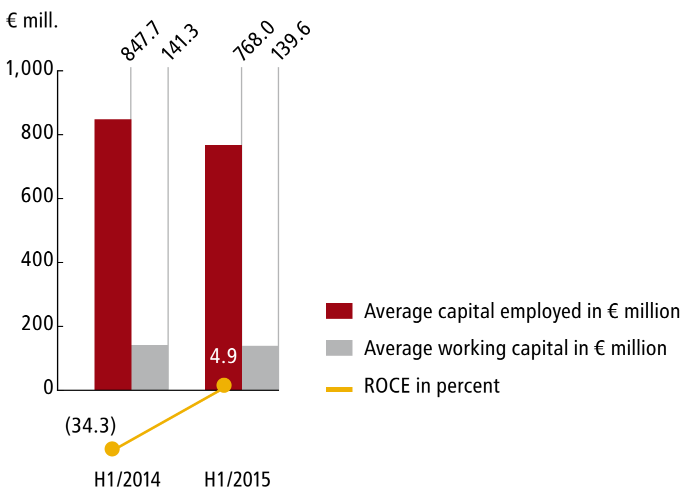
With the increase in Group EBIT and a net interest result amounting €(6.2) million that was significantly improved as compared to the prior year figure €(17.7) million, Vossloh Group's earnings before taxes in the first half of the year increased to €12.8 million (previous year: €(163.1) million). In the current reporting period a total tax expense in the amount of €8.0 million was incurred while in the prior year, a tax benefit in the amount of €12.1 million was reported. In the first half of 2015, net profit was thus €4.8 million (previous year: €(151.0) million). Of that amount, a total of €3.2 million (previous year: €4.9 million) was attributable to non-controlling interests. Net profit attributable to shareholders of Vossloh AG for the first six months of 2015 amounted to €1.6 million as compared to a Group loss of €(155.9) million in the first half of 2014. On the basis of the average number of shares outstanding in the first half of 2015 of 13,325,290, earnings per share in the current reporting period were €0.12 as compared to €(12.31) in the first half of 2014.

ROCE at 4.9 percent, value added negative at €(19.4) million

Return on capital employed – ROCE – improved in the first six months of the current financial year to 4.9 percent (previous year: (34.3) percent). Value added for the Vossloh Group in the first half of the year was negative and amounted to €(19.4) million (previous year: €(187.8) million). As a result of the extraordinarily high earnings burdens in the six month financial statements 2014, both ROCE and value added are only comparable with the prior year figures to a limited extent. For the calculation of value added, a weighted average cost of capital – WACC – of 10.0 percent was once again assumed.

Explanation of financial position

Total assets for the Vossloh Group on the balance sheet date of June 30, 2015 increased by 5.6 percent to €1,664.2 million as compared to €1,576.4 million on the previous year's balance sheet date. At the end of the first half of 2015, equity amounted to €362.0 million after €413.2 million on June 30, 2014 and €349.6 million at the end of 2014. The decrease in equity as compared to June 30, 2014 was mainly related to the poor earnings situation of the Group in the previous year, which had already led to a significant reduction in equity at the end of 2014. Due to the noticeable drop in equity and the slight increase in total assets, the equity ratio of 21.7 percent at the end of the current reporting period was lower than the figure of 26.2 percent from the balance sheet date in the first half of 2014.



Development of capital employed, working capital and ROCE of the Vossloh Group

The average net working capital of the Vossloh Group in the amount of €139.6 million changed only slightly in the first half of 2015 as compared to the figure from the first half of 2014 of €141.3 million. As a result of the increased sales volume in the first six months of 2015, working capital intensity – the ratio of working capital to sales – fell from 11.3 percent in the first half of 2014 to 10.0 percent in the current reporting period.

Capital employed at the Vossloh Group at the end of the reporting period amounted to €790.1 million and was thus above the level of June 30, 2014 (€769.1 million). The key reason for this increase was, in a comparison of the two balance sheet dates, a higher level of fixed assets and the higher working capital on the reporting date. Average capital employed in the first six months of €768.0 million was significantly lower than the prior year figure of €847.7 million.

Net financial debt increases as a result of negative free cash flow

The net financial debt of the Vossloh Group on the reporting date amounted to €319.0 million. This figure thus increased both as compared to the figure of €267.2 million at the end of the first half of 2014 and compared to the figure of €272.0 million at the end of financial year 2014. The increase is attributable in particular to the still negative cash flow from operating activities in the first half of 2015. As of June 30, 2015, cash and cash equivalents as well as short-term securities amounting to €64.2 million (previous year: €41.3 million) stood opposite financial liabilities in the amount of €383.2 million (previous year: €308.5 million).

With the successful conclusion of a syndicated loan of €500 million on April 23, 2015, medium-term Group financing was restructured. The facility, which is structured into two tranches, has a term of three years and thus offers a stable basis for medium-term financing. €200 million is available to the company in the form of a bullet loan, €300 million in the form of a revolving credit line, i.e. a flexibly available credit framework. So-called financial covenants have been agreed with the creditors which will be reviewed quarterly, for the first time as of September 30, 2015. With the syndicated loan, the company's bridge financing of €250 million which was entered into in order to repay the US private placement in June 2014 and which was scheduled until June 2015, was replaced. At the same time, the previously existing bilateral cash credit lines at Vossloh AG were refinanced.

Vossloh Group

		6/30/2015/ H1/2015	12/31/2014/ FY 2014	6/30/2014/ H1/2014
Total assets	€ mill.	1,664.2	1,598.3	1,576.4
Total equity	€ mill.	362.0	349.6	413.2
Equity ratio	%	21.7	21.9	26.2
Average working capital	€ mill.	139.6	148.0	141.3
Average working capital intensity*	%	10.0	11.2	11.3
Fixed assets	€ mill.	627.5	619.2	616.1
Closing capital employed	€ mill.	790.1	723.1	769.1
Average capital employed	€ mill.	768.0	809.3	847.7
Free cash flow	€ mill.	(38.4)	(99.8)	(104.0)
Net financial debt	€ mill.	319.0	272.0	267.2

*Annualized

Business development Core Components

Results of operations

Sales decrease of 14.2 percent due to ongoing weaker business development in several countries, especially in China

In the first half of 2015, sales in the Core Components division of €133.0 million were 14.2 percent below the comparable figure from the previous year of €155.0 million. In the first three months of the current year, revenues in the second quarter of €66.8 million were also below the previous year's figure (€84.1 million). The decrease in sales is primarily attributable to the expected weaker sales development in China as well as declining volumes in Thailand, in Poland and in Turkey.

Orders received in the first six months of 2015 +23.8 percent

Orders received for the Core Components division in the first half of the current financial year amounted to €194.0 million and thus significantly exceeded the previous year's level of €156.7 million. In the second quarter alone, new orders in the amount of €122.6 million were recorded (previous year: €58.8 million). A significant new order totaling €70 million came from China. As of the end of the second quarter of 2015, the order backlog of the division amounted to €243.7 million (previous year: €168.1 million).

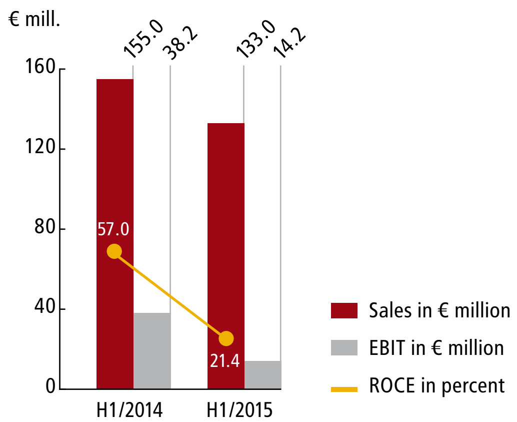
Core Components

		H1/2015	H1/2014	Q2/2015	Q2/2014
Sales	€ mill.	133.0	155.0	66.8	84.1
EBITDA	€ mill.	18.8	42.2	10.1	14.8
EBIT	€ mill.	14.2	38.2	7.8	12.3
EBIT margin	%	10.7	24.7	11.7	14.6
ROCE[1,2]	%	21.4	57.0	22.9	35.5
Value added[1,2]	€ mill.	7.6	31.5	4.4	8.8

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

EBIT at €14.2 million

The EBIT in the Core Components division decreased as a result of reduced volumes in several countries and partially lower-margin projects to €14.2 million (previous year: €38.2 million) in the first six months of 2015. Adjusted, EBIT amounted to €26.7 million in the first six months for 2014. The EBIT margin in the Core Components division was 10.7 percent in the first half of 2015 as compared to 17.2 percent in the first six months of 2014.



Sales, EBIT and ROCE in the Core Components division

ROCE in the Core Components division declined from 57.0 percent in the first half of 2014 to 21.4 percent in the first six months of 2015. Value added of the division in the first half of 2015 was €7.6 million (previous year: €31.5 million).

Explanation of financial position

The average working capital of the Core Components division declined from €83.0 million in the first half of 2014 to € 74.8 million in the current reporting period. In the first six months, working capital intensity was 28.1 percent (previous year: 26.8 percent) due to declining sales. Average working capital was nearly unchanged at €132.5 million, compared to €134.0 million in the prior year.

Working capital declines compared to previous year; capital employed at balance sheet date minimally below previous year

Core Components

		6/30/2015/ H1/2015	12/31/2014/ FY 2014	6/30/2014/ H1/2014
Average working capital	€ mill.	74.8	79.3	83.0
Average working capital intensity*	%	28.1	24.0	26.8
Closing fixed assets	€ mill.	58.0	55.4	52.5
Closing capital employed	€ mill.	128.5	111.5	129.9
Average capital employed	€ mill.	132.5	132.1	134.0

*Annualized

Business development Customized Modules

Results of operations

Sales increase by 14.5 percent over previous year

In the Customized Modules division, sales in the first half of 2015 increased by 14.5 percent to €253.1 million (previous year: €220.9 million). In the second quarter of the current financial year, too, sales of €137.2 million noticeably exceeded the prior year figure of €123.9 million. Revenue growth was driven especially by positive development in the USA, Brazil and Sweden.

Orders received rise slightly by 2.2 percent

Orders received in the Customized Modules division in the first six months of 2015 of €281.0 million were 2.2 percent above the prior year's amount of €274.9 million. In the current reporting quarter, orders received totaled €133.8 million (previous year: €124.4 million). Significant new orders came from France, USA and Sweden. As of June 30, 2015, the Customized Modules division had an order backlog of €337.1 million after €377.5 million at the end of the first half of 2014.

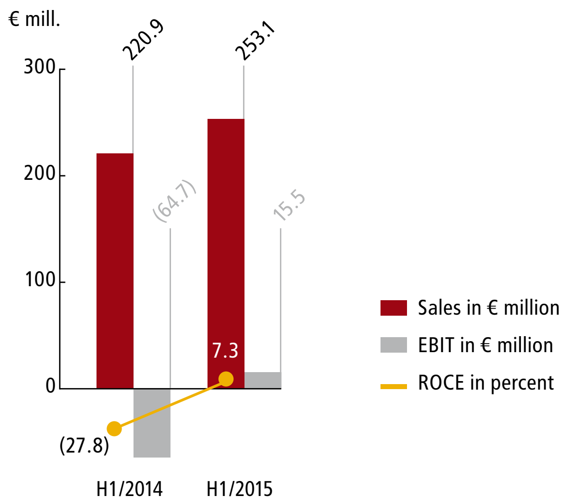
Customized Modules

		H1/2015	H1/2014	Q2/2015	Q2/2014
Sales	€ mill.	253.1	220.9	137.2	123.9
EBITDA	€ mill.	21.8	1.1	13.1	(6.9)
EBIT	€ mill.	15.5	(64.7)	10.0	(69.7)
EBIT margin	%	6.1	(29.3)	7.3	(56.3)
ROCE[1,2]	%	7.3	(27.8)	9.2	(61.0)
Value added[1,2]	€ mill.	(5.7)	(87.9)	(0.8)	(81.2)

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

EBIT as compared to previous year nearly 60 percent higher

EBIT for the Customized Modules division of €15.5 million in the first half of 2015 was significantly positive. In the same period of the previous year, EBIT was €(64.7) million due to higher restructuring expenses. Adjusted for one-time items, EBIT in the first six months of 2014 amounted to €9.7 million. Accordingly, the EBIT margin for the division increased from a comparable 4.4 percent in the first half of 2014 to 6.1 percent in the current reporting period.



Sales, EBIT and ROCE in the Customized Modules division

Return on capital employed – ROCE – in the Customized Modules division rose in the first six months of 2015 to 7.3 percent (previous year: (27.8) percent). Value added of the Customized Modules division in the first half of 2015 was €(5.7) million (previous year: €(87.9) million).

Explanation of financial position

The average working capital in the Customized Modules division in the first six months of 2015 was €137.7 million after €133.0 million in the previous year. Despite the increase in revenues, the average working capital in the first half of the current financial year nevertheless declined to 27.2 percent as compared to 30.1 percent in the previous year. Average capital employed in the first half of the current financial year was €424.4 million (previous year: €464.7 million).

Working capital slightly above previous year

Customized Modules

		6/30/2015/ H1/2015	12/31/2014/ FY 2014	6/30/2014/ H1/2014
Average working capital	€ mill.	137.7	130.3	133.0
Average working capital intensity*	%	27.2	27.5	30.1
Closing fixed assets	€ mill.	285.5	282.5	278.3
Closing capital employed	€ mill.	432.4	406.5	406.1
Average capital employed	€ mill.	424.4	436.0	464.7

*Annualized

Business development Lifecycle Solutions

Results of operations

Sales remains confident below the level of the previous year

In the Lifecycle Solutions division, sales in the first half of 2015 totaling €28.7 million were 6.3 percent below the level of the previous year of €30.7 million. In the second quarter of 2015, sales in the division were €16.8 million (previous year: €18.5 million). The slight decline was primarily attributable to the area of transport/logistics.

Restrained order awarding in the first half of the year

Orders received in the Lifecycle Solutions division in the first six months of 2015 totaled €35.2 million and were thus slightly above the previous year's figure of €34.7 million. With new orders of €15.9 million (previous year: €17.3 million), order awards in the second quarter were also restrained. In general, the orders received here related to on-demand orders. Order backlog for the division on the balance sheet date of June 30, 2015 were €16.9 million after €11.1 million at the end of the first half of 2014.

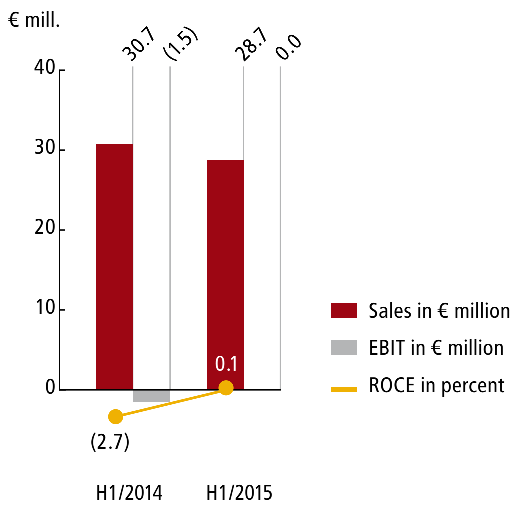
Lifecycle Solutions

		H1/2015	H1/2014	Q2/2015	Q2/2014
Sales	€ mill.	28.7	30.7	16.8	18.5
EBITDA	€ mill.	2.3	1.0	2.8	0.7
EBIT	€ mill.	0.0	(1.5)	1.7	(0.6)
EBIT margin	%	0.1	(4.9)	9.8	(3.0)
ROCE[1,2]	%	0.1	(2.7)	5.5	(1.9)
Value added[1,2]	€ mill.	(5.9)	(7.1)	(1.3)	(3.4)

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

EBIT at the same level as previous year

EBIT for the Lifecycle Solutions division in the first half of 2015 was even (previous year: €(1.5) million). Adjusted for one-time items, EBIT in the first six months of 2014 amounted to €0.5 million. In line with this development, the EBIT margin of the division in the first six months of 2015 was 0.1 percent after a comparable 1.6 percent in the prior year period.



Sales, EBIT and ROCE in the Lifecycle Solutions division

ROCE for the Lifecycle Solutions division in the first half of 2015 totaled 0.1 percent (previous year: (2.7) percent). Value added in the Lifecycle Solutions division was negative but improved from (7.1) percent in the first six months of 2014 to (5.9) percent in the current reporting period.

Explanation of financial position

Working capital and capital employed above prior year

Average working capital in the Lifecycle Solutions division in the first half year was €8.8 million as compared to €6.6 million in the previous year. Working capital intensity in the current reporting period increased to 15.4 percent (previous year: 10.8 percent). As a result of the increase in fixed assets in the first six months of 2015 and due to the higher working capital, the average capital employed at the division increased slightly to €118.3 million. In the prior year period it was €112.1 million.

Lifecycle Solutions

		6/30/2015/ H1/2015	12/31/2014/ FY 2014	6/30/2014/ H1/2014
Average working capital	€ mill.	8.8	9.1	6.6
Average working capital intensity*	%	15.4	13.1	10.8
Closing fixed assets	€ mill.	109.7	106.6	105.8
Closing capital employed	€ mill.	121.1	114.9	120.2
Average capital employed	€ mill.	118.3	114.9	112.1

*Annualized

Business development Transportation

Results of operations

Transportation division with substantial sales growth in the first half of 2015: +28.3 percent

In the first six months, the Transportation division generated sales revenues of €284.4 million. This resulted in an increase of 28.3 percent as compared to the prior year figure of €221.6 million. In the second quarter, sales of €156.4 million exceeded the prior year figure of €106.3 million by 47.1 percent. The reason for the strong increase in the first half of 2015 was the positive sales development in the Rail Vehicles and Electrical Systems business units.

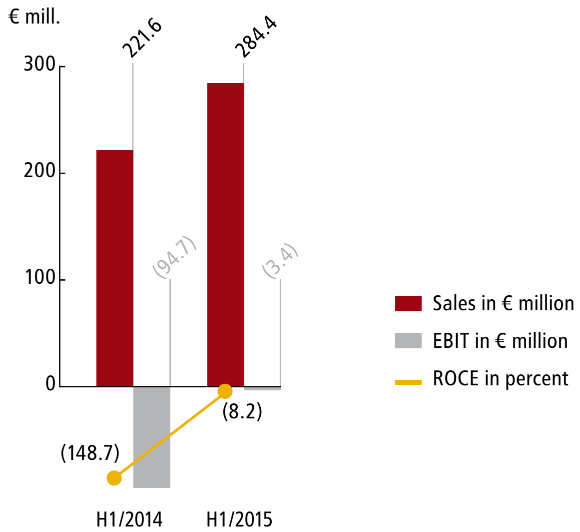
Orders received below prior year figure due to project postponements

Orders received in the Transportation division in the first half of the year of €96.9 million was below the level of the previous year of €219.6 million. The decrease, however, is mainly attributable to lower orders received due to project postponements in the business units. In the second quarter of 2015, the division generated new orders with a value of €65.8 million (previous year: €27.8 million). At the beginning of July 2015, two new orders were won by Vossloh Electrical Systems and Vossloh Rail Vehicles which together total approximately €50 million. Vossloh Rail Vehicles won an order from the United Kingdom and, together with Vossloh Electrical Systems, won a follow-up order from the city of Chemnitz for Citylink hybrid light rail vehicles. As of June 30, 2015, the order backlog for the division reached a level of €1,062.5 million and was thus below the very high level of the previous year of €1,209.1 million.

Transportation

		H1/2015	H1/2014	Q2/2015	Q2/2014
Sales	€ mill.	284.4	221.6	156.4	106.3
EBITDA	€ mill.	5.5	(62.3)	6.6	(62.0)
EBIT	€ mill.	(3.4)	(94.7)	2.1	(90.0)
EBIT margin	%	(1.2)	(42.7)	1.4	(84.7)
ROCE[1,2]	%	(8.2)	(148.7)	9.7	(275.4)
Value added[1,2]	€ mill.	(7.6)	(101.1)	(0.1)	(93.3)

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



Sales, EBIT and ROCE Transportation division

In the Locomotives business unit, a slightly weaker level of sales was achieved with €45.5 million as compared to the previous year (€47.8 million). In the second quarter, sales in the division were €24.4 million as compared to €15.5 million in the prior year quarter.

Orders received in the Locomotives business unit in the first half of 2015 were €31.4 million (previous year: €56.7 million). In the second quarter of 2015, new orders totaled €18.5 million, compared to €4.4 million in the prior year. Overall, orders received in the first six months of 2015 remained below the planning. As of June 30, order backlog for the Locomotives business unit was €78.5 million (previous year: €105.1 million).

The Rail Vehicles business unit achieved sales of €128.8 million in the first six months months of 2015. This corresponds to an increase of 29.2 percent as compared to the prior year figure of €99.7 million. In the second quarter of 2015, sales were €68.8 million (previous year: €59.5 million). Both the business with the high-performance EURO 4000 locomotives and light rail vehicles contributed to this positive sales development.

Due to naturally strong fluctuations in the project business, orders received in the Rail Vehicles business unit in the first half of 2015 totaling €17.2 million were significantly below the prior year figure of €51.9 million. In the second quarter of 2015, orders received at Vossloh Rail Vehicles were €16.1 million (previous year: €11.0 million). In line with this development, order backlog for the business unit at the end of June 2015 was €514.1 million, below the prior year figure of €587.6 million.

Revenues of Vossloh Electrical Systems in the first six months of 2015 of €111.2 million significantly exceeded the prior year's amount of €76.1 million. In the second quarter, sales nearly doubled to €64.1 million after €32.7 million in the previous year. The bus segment made a major contribution to the positive sales development in the first half of 2015.

In the Electrical Systems business unit, too, there was a weaker development of orders received in the first half of 2015 in comparison to the previous year. Orders received for the business unit of €48.6 million were in total 55.1 percent below the prior year figure of €108.4 million. Orders received in the prior year period included significant new orders for trams for the Austrian city of Gmunden as well as trolleybuses for the US-American cities of Seattle and San Francisco from the first quarter of 2014. In the second quarter of 2015, orders received in the Electrical Systems business unit totaled €31.2 million (previous year: €13.1 million). Order backlog at Vossloh Electrical Systems on June 30, 2015 amounted to €488.8 million (previous year: €536.6 million).

EBIT of €(3.4) million significantly improved compared to previous year

After the first six months of 2015, EBIT in the Transportation division improved to €(3.4) million. In the prior year it was €(94.7) million due to the high non-recurring expenses. Adjusted for one-time items mentioned, EBIT in the first six months of 2014 amounted to €(18.1) million. The EBIT margin for the Transportation division in the first half of the current financial year was (1.2) percent after a comparable (8.2) percent in the previous year.

The Transportation division also achieved significant improvements over the previous year in terms of ROCE and value added. In the first six months of 2015, ROCE was (8.2) percent (previous year: (148.7) percent). The value added in the division increased in the reporting period to €(7.6) million (previous year: €(101.1) million). Value added in the Rail Vehicles business unit in the current reporting period was €9.2 million (previous year: €6.9 million). Vossloh Locomotives, on the other hand, recorded a value added of €(9.3) million (previous year: €(71.8) million). Value added at Vossloh Electrical Systems was also negative in the first half of 2015 at €(6.8) million (previous year: €(31.9) million).

Explanation of financial position

Massive decrease in capital employed

The average working capital for the Transportation division changed little in the first six months of the current financial year with €(79.3) million as compared to the prior year figure of €(77.7) million. The average working capital intensity in the reporting period amounted to (14.0) percent (previous year: (17.5) percent).

The average capital employed decreased significantly in the first six months of 2015 to €83.6 million. In the prior year period it was €127.4 million. The reasons for the drop as compared to the previous year period were mainly the impairments carried out in the previous year as of June 30 on capitalized development costs and on the net market value of prototypes at the Kiel location.

Transportation

		6/30/2015/ H1/2015	12/31/2014/ FY 2014	6/30/2014/ H1/2014
Average working capital	€ mill.	(79.3)	(68.0)	(77.7)
Average working capital intensity*	%	(14.0)	(14.9)	(17.5)
Closing fixed assets	€ mill.	162.7	163.2	166.0
Closing capital employed	€ mill.	99.2	80.2	101.5
Average capital employed	€ mill.	83.6	116.0	127.4

*Annualized

Capital expenditures

In the first six months of 2015, the Vossloh Group made capital expenditures totaling €20.4 million, which was €12.8 million less than the level of the previous year (€33.2 million). The lower volumes of capital expenditure in all divisions was partly attributable to the completion of investment projects in the previous periods. The focus of investment in the first six months of 2015 was in the Transportation and Lifecycle Solutions divisions.

Capital expenditure in all divisions below last year's figure due to lower investment volumes

Investments in intangible assets and property, plant and equipment

€ million	H1/2015	H1/2014	Q2/2015	Q2/2014
Core Components	4.8	8.4	2.8	3.1
Customized Modules	3.4	8.5	1.8	4.3
Lifecycle Solutions	4.8	6.4	2.3	0.6
Transportation	6.9	9.8	4.0	5.6
Vossloh AG/Consolidation	0.5	0.1	0.5	0.1
Total	**20.4**	**33.2**	**11.4**	**13.7**

In the Core Components division, the investment volume of €4.8 million has been significantly reduced. The new production facilities in the USA generated high expenses last year. The division is currently investing in a logistics center near Werdohl, Germany. In the Customized Modules division, capital expenditure totaled €3.4 million and was also significantly below the previous year's figure of €8.5 million. The large-scale project of a new forge is almost complete and thus incurred only minor expenditure. In addition, investments were made in a joint venture in the prior year period. Capital expenditure in Lifecycle Solutions totaled €4.8 million, also significantly below the previous year's figure of €6.4 million. Investment activities of this division continued to be focused on the capacity expansion for the high-speed grinding trains and the development of a milling train.

In the Transportation division, capital expenditure totaled €6.9 million (previous year: €9.8 million). Of that total, €1.3 million (previous year: €2.8 million) was accounted for by the Locomotives business unit and was primarily invested in the completion of the new locomotive family. Investment volumes in Vossloh Rail vehicles amounted to €4.0 million in the first six months of 2015, above the previous year's figure of €3.8 million. Alongside further developments to the new locomotive models, capital expenditure was also significantly invested in the expansion of capacities in Valencia. In the Electrical Systems business unit, capital expenditure totaled €1.4 million (previous year: €3.2 million).

Research & development

A large proportion of the Vossloh Group's research and development work is tied to specific contracts. Specific requirements from various customers in different regions of the world especially affect activities in the Transportation division. Thus, the expenses incurred are reported as cost of sales rather than R&D expenses. Taking this into consideration, comparatively low R&D expenses are reported by the Vossloh Group, even though the amount of development work involved in specific projects is much higher.

The R&D expenses of the Vossloh Group totaled €6.9 million in the first six months of 2015 and were thus €0.8 million lower than the first six months of the previous year. The downturn primarily related to the Transportation division.

In the Customized Modules division, research and development expenses in the first six months of 2015 amounted to €1.8 million just like in the previous year. R&D expenses in the Core Components division totaled €1.5 million (previous year €1.3 million) slightly above the previous year. In contrast, research and development expenses in the Lifecycle Solutions division increased in the first six months of 2015 to a total of €0.7 million compared to €0.3 million in the same period of 2014.

The majority of the total R&D expenses in the first six months of 2015 were attributable to the Transportation division in the amount of €2.9 million. However, the R&D volume was substantially lower than the previous year's figure of €4.3 million. This affected the Electrical Systems business unit. The development expenses of €1.9 million were considerably below the prior year's period (previous year: €3.4 million). In the Rail Vehicles business unit, R&D expenses rose from €0.9 million in the first six months of the previous year to €1.2 million in the current reporting period. Compared to the first six months of 2014, no R&D expenses were made by the Locomotives business unit in the first six months of 2015.

In addition to the research and development costs recognized in expenses, in the first six months of 2015 development work was capitalized in the amount of €4.3 million (previous year: €4.7 million). Of that total, €4.0 million was attributable to the Transportation division (previous year: €3.9 million). In addition, €0.1 million (previous year: €0.1 million) of the own work capitalized was for development projects in the Customized Modules division and €0.2 million (previous year: €0.7 million) in the Lifecycle Solutions division.

Employees

At June 30, 2015, the Vossloh Group had a worldwide workforce of 5,787 employees (June 30, 2014: 5,792 employees). The number of employees changed only slightly from the figure on the previous year's balance sheet date. Compared to December 31, 2014 (5,781 employees), no significant change has been observed.

5,787 employees at the end of June 2015

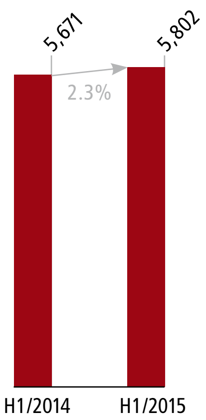
The Lifecycle Solutions division recorded the largest workforce growth during the past 12 months with the planned expansion of the service range. At June 30, 2015, the number of employees increased by 34 to 386 (June 30, 2014: 352 employees). In the Customized Modules division, the workforce increased by 26 to 2,584 employees in comparison to the previous year (2,558 employees). In contrast, the Core Components division workforce was reduced by 32 to 612 employees compared to June 30, 2014 (644 employees).

Employees	Reporting date		Average	
	6/30/2015	6/30/2014	H1/2015	H1/2014
Core Components	612	644	623	629
Customized Modules	2,584	2,558	2,585	2,548
Lifecycle Solutions	386	352	377	333
Transportation	2,149	2,185	2,162	2,112
Vossloh AG	56	53	55	49
Total	**5,787**	**5,792**	**5,802**	**5,671**

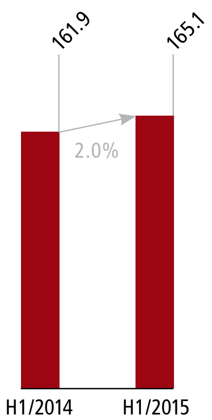
The Transportation division recorded a lower number of employees compared to June 30, 2014 (2,185 employees). The number of employees was reduced by a total of 36 persons to 2,149. In this connection, the workforce of the Electrical Systems business unit decreased by 55 to 824 employees (previous year: 879 employees). Vossloh Locomotives employed 13 less individuals at June 30, 2015 compared to the same date in the previous year while the Rail vehicles business unit increased to 910 employees at the end of the first six months of 2015 (previous year: 878).

At June 30, 2015, the Vossloh Group had 3,944 employees outside Germany (previous year: 3,929 employees). The number of employees in Germany dropped to 1,843 individuals as of the 2015 half-year reporting date (June 30, 2014: 1,863 employees). The share of employees working in foreign countries amounted to 68.2 percent of the period end in 2015.

Share of employees outside of Germany at 68.2 percent



Group workforce on average



Personnel expenses in € million

Forecast, opportunities and risks

The main risks and opportunities impacting on the Vossloh Group's further development are depicted in the group management report for fiscal 2014. In connection with the ongoing systematic recording and control of risks, which is carried out by the Group's risk management, there continue to be no identifiable risks that individually or taken together could threaten the Group's continued existence.

In submitting the Annual Report for 2014 on March 26, 2015, Vossloh AG published a detailed forecast for financial year 2015 (see the 2014 Annual Report from page 117). According to current knowledge and including current information on the development of the market and industry and after the first half year, Vossloh continues to expect to grow its consolidated revenues by between 3 percent and 4 percent for 2015. This means that company's forecast growth is once again significantly higher than the growth expectations for the rail technology market. The anticipated growth will be driven by the Transportation division. All three business units in this division are expected to make a positive contribution to sales growth. The Group anticipates lower sales in the Core Components division in 2015 as compared to the previous year. According to current knowledge, the division will not be able to compensate for the anticipated downturn in sales in China with higher revenues in other regions. The Customized Modules division with the Switch Systems business unit anticipates essentially unchanged sales growth over the course of the full year. Lifecycle Solutions is also forecast to continue its positive sales growth from the previous years in 2015. A significant upturn in sales and EBIT is expected here in the second half of 2015. The order backlog of the Vossloh Group in the amount of approximately €1.66 billion as of June 30, 2015 supports this assumption.

The EBIT margin and value added in the Core Components division will be lower than in 2014 as a result of perceptibly lower sales in higher margin regions in 2015. By contrast, Customized Modules and Lifecycle Solutions anticipate an improvement in profitability and significantly higher value added. However, from the current perspective, the value added in the two divisions will remain negative. Vossloh expects its transportation division to achieve a positive EBIT and a slightly negative value added. Also as compared to the adjusted EBIT from 2014, a clear improvement in the Group EBIT margin to 3 percent to 4 percent is anticipated for 2015. However, existing projects with relatively low margins will also have a negative impact on earnings quality in the coming years.

Due to ongoing measures for the restructuring and repositioning of the group, as well as the planned intensifying of expenditures to accelerate innovation, the EBIT margin in 2016 is likely to remain under the EBIT target margin set for 2017. On the basis of the current portfolio structure, this is expected to be between 5.0 and 6.0 percent in 2017. In a future portfolio structure without the Transportation division, higher profitability is to be expected.

Condensed interim financial statements of the Vossloh Group as of June 30, 2015

Income statement for the 6 (H1) and 3 months (Q2) ended June 30, 2015

€ mill.	H1/2015	H1/2014	Q2/2015	Q2/2014
Net sales	694.7	626.0	374.9	331.8
Cost of sales	(585.2)	(571.0)	(311.6)	(329.6)
General administrative and selling expenses	(96.8)	(106.6)	(49.2)	(62.2)
Research and development expenses	(6.9)	(7.7)	(3.6)	(3.9)
Other operating result	11.8	(77.7)	6.2	(79.5)
Operating result	**17.6**	**(137.0)**	**16.7**	**(143.4)**
Investment result from associated companies	1.3	(7.4)	1.3	(7.5)
Other financial income	0.1	0.1	0.0	0.0
Other financial expenses	0.0	(1.1)	0.0	(1.0)
Earnings before interest and taxes (EBIT)	**19.0**	**(145.4)**	**18.0**	**(151.9)**
Interest income	0.7	1.4	0.3	0.5
Interest expense	(6.9)	(19.1)	(4.1)	(14.2)
Earnings before income taxes (EBT)	**12.8**	**(163.1)**	**14.2**	**(165.6)**
Income taxes	(8.0)	12.1	(8.4)	13.0
Net income/loss	**4.8**	**(151.0)**	**5.8**	**(152.6)**
thereof attributable to shareholders of Vossloh AG	**1.6**	**(155.9)**	**4.2**	**(155.4)**
thereof attributable to non-controlling interests	3.2	4.9	1.6	2.8
Earnings per share (EpS)				
Basic/diluted EpS (€)	0.12	(12.31)	0.31	(12.27)

Statement of comprehensive income for H1 and Q2/2015

€ mill.	H1/2015	H1/2014	Q2/2015	Q2/2014
Net income/loss	**4.8**	**(151.0)**	**5.8**	**(152.6)**
Changes in fair value of hedging instruments (cash flow hedges)	(4.0)	(0.7)	2.2	(3.2)
Currency translation differences	10.3	1.2	1.2	1.9
Changes in fair value of available-for-sale securities	0.0	0.0	0.0	0.0
Income taxes	1.3	0.2	(0.7)	1.1
Amounts that will potentially be transferred into profit or loss in future periods	**7.6**	**0.7**	**2.7**	**(0.2)**
Actuarial gains/losses on employee benefits	0.0	0.0	0.0	0.0
Income taxes	0.0	0.0	0.0	0.0
Amounts that will not be transferred into profit or loss in future periods	**0.0**	**0.0**	**0.0**	**0.0**
Total income and expenses recognized directly in equity	**7.6**	**0.7**	**2.7**	**(0.2)**
Comprehensive income	**12.4**	**(150.3)**	**8.5**	**(152.8)**
thereof attributable to shareholders of Vossloh AG	7.7	(155.0)	7.7	(155.7)
thereof attributable to non-controlling interests	4.7	4.7	0.8	2.9

Cash flow statement for the 6 months (H1) ended June 30, 2015

€ mill.	H1/2015	H1/2014
Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	19.0	(145.4)
Amortization/depreciation/write-downs (less write-ups) of noncurrent assets	22.4	105.1
Change in noncurrent provisions	(9.8)	25.9
Gross cash flow	**31.6**	**(14.4)**
Noncash change in shares in associated companies	(1.3)	7.4
Other noncash income/expenses, net	(1.4)	15.7
Net loss/(gain) on the disposal of intangible assets and property, plant and equipment	0.0	(0.1)
Income taxes paid	(7.7)	(9.9)
Change in working capital	(59.5)	(51.3)
Changes in other assets/liabilities, net	20.3	(18.2)
Cash flow from operating activities	**(18.0)**	**(70.8)**
Cash flow from investing activities		
Investments in intangible assets and property, plant and equipment	(18.6)	(30.8)
Cash-effective changes in investments in associated companies	(1.8)	(2.4)
Free cash flow*	**(38.4)**	**(104.0)**
Investments in noncurrent financial instruments	(0.3)	(3.2)
Proceeds from the disposal of intangible assets and property, plant and equipment	0.5	0.2
Disbursements/proceeds from the purchase/sale of short-term securities	(0.1)	2.2
Proceeds from disposals of noncurrent financial instruments	0.5	0.4
Disbursements for the acquisition of or advance payments for consolidated companies/operations	(6.5)	0.0
Cash flow from investing activities	**(26.3)**	**(33.6)**
Cash flow from financing activities		
Change in treasury shares	0.0	89.8
Disbursements to shareholders and non-controlling interests	0.0	(6.7)
Net financing from short-term loans	(142.8)	113.2
Net financing from medium-/long-term loans	195.8	(86.9)
Interest received	0.8	1.3
Interest paid	(6.3)	(19.3)
Cash flow from financing activities	**47.5**	**91.4**
Net inflow/outflow of cash and cash equivalents	3.2	(13.0)
Change in cash and cash equivalents from the first-time consolidation of companies	0.0	0.5
Exchange rate effects	1.8	0.0
Opening cash and cash equivalents	**58.5**	**53.3**
Closing cash and cash equivalents	**63.5**	**40.8**

*Free cash flow comprises cash flow from operating activities, investments in intangible assets and property, plant and equipment as well as proceeds and disbursements in connection with associated companies consolidated at equity.

Balance sheet

Assets in € mill.	6/30/2015	12/31/2014	6/30/2014
Intangible assets	343.8	338.3	338.4
Property, plant and equipment	228.4	228.1	222.4
Investment properties	4.7	4.5	4.2
Investments in associated companies	35.7	33.2	37.8
Other noncurrent financial instruments	15.9	15.5	13.7
Other noncurrent assets	3.0	3.1	3.8
Deferred tax assets	38.4	37.2	62.9
Total noncurrent assets	**669.9**	**659.9**	**683.2**
Inventories	430.3	422.9	415.6
Trade receivables	277.9	261.6	249.4
Receivables from construction contracts	138.4	103.2	113.0
Income tax assets	10.5	10.8	5.5
Other current assets	73.0	80.9	68.4
Short-term securities	0.7	0.5	0.5
Cash and cash equivalents	63.5	58.5	40.8
Total current assets	**994.3**	**938.4**	**893.2**
Total assets	**1,664.2**	**1,598.3**	**1,576.4**

Equity and liabilities in € mill.	6/30/2015	12/31/2014	6/30/2014
Capital stock	37.8	37.8	37.8
Additional paid-in capital	30.9	30.9	30.4
Retained earnings	262.0	265.3	326.4
Accumulated other comprehensive income	6.9	(4.1)	(4.6)
Equity excluding non-controlling interests	**337.6**	**329.9**	**390.0**
Non-controlling interests	24.4	19.7	23.2
Total equity	**362.0**	**349.6**	**413.2**
Pension provisions	29.1	28.7	22.8
Other noncurrent provisions	62.0	72.2	72.4
Noncurrent financial liabilities	245.6	49.8	50.0
Noncurrent trade payables	0.3	0.6	0.0
Other noncurrent liabilities	2.4	4.3	4.5
Deferred tax liabilities	3.9	4.4	24.9
Total noncurrent liabilities	**343.3**	**160.0**	**174.6**
Other current provisions	149.0	171.8	146.1
Current financial liabilities	137.6	281.2	258.5
Current trade payables	203.6	199.0	170.0
Current liabilities from construction contracts	280.7	290.1	291.2
Income tax liabilities	15.0	14.3	8.7
Other current liabilities	173.0	132.3	114.1
Total current liabilities	**958.9**	**1,088.7**	**988.6**
Total equity and liabilities	**1,664.2**	**1,598.3**	**1,576.4**

Statement of changes in equity

€ mill.	Capital stock	Additional paid-in capital	Treasury shares	Retained earnings	Accumulated OCI	Equity excluding NCI	Non-controlling interests (NCI)	Total equity
Balance at 12/31/2013	**37.8**	**42.6**	**(102.0)**	**490.7**	**(6.6)**	**462.5**	**18.6**	**481.1**
Transfer to retained earnings				(1.1)	1.1	0.0		0.0
Changes in the scope of consolidation				(0.6)		(0.6)		(0.6)
Net income/loss				(155.9)		(155.9)	4.9	(151.0)
Income and expense directly recognized in equity net of tax					0.9	0.9	(0.2)	0.7
Dividends paid				(6.7)		(6.7)	(0.1)	(6.8)
Treasury shares sold		(12.2)	102.0			89.8		89.8
Balance at 6/30/2014	**37.8**	**30.4**	**0.0**	**326.4**	**(4.6)**	**390.0**	**23.2**	**413.2**
Transfer to retained earnings				(0.1)	0.1	0.0		0.0
Changes in the scope of consolidation		0.5		(3.0)		(2.5)		(2.5)
Net income/loss				(58.0)		(58.0)	3.3	(54.7)
Income and expense directly recognized in equity net of tax					0.4	0.4	1.6	2.0
Dividends paid						0.0	(8.4)	(8.4)
Balance at 12/31/2014	**37.8**	**30.9**	**0.0**	**265.3**	**(4.1)**	**329.9**	**19.7**	**349.6**
Transfer to retained earnings				(4.9)	4.9	0.0		0.0
Net income/loss				1.6		1.6	3.2	4.8
Income and expense directly recognized in equity net of tax					6.1	6.1	1.5	7.6
Balance at 6/30/2015	**37.8**	**30.9**	**0.0**	**262.0**	**6.9**	**337.6**	**24.4**	**362.0**

Explanatory notes

Corporate background

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

Accounting policies

The interim financial report as of June 30, 2015 has been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU.

Amendments to the following standards after the adoption of the "Annual Improvements IFRSs 2011-2013 Cycle" were applied for the first time:
- IFRS 3: Business Combinations
- IFRS 13: Fair Value Measurement as well as
- IAS 40: Investment Property.

In addition, IFRIC 21 – Levies was applied for the first time.

The first-time application did not have any impact on the consolidated interim financial statements as of June 30, 2015.

With the exception of these first-time applications, the recognition and measurement methods applied in preparing the interim financial statements are consistent with those applied in the consolidated financial statements as of December 31, 2014, taking into consideration the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and the German Accounting Standard (GAS) 16 "Interim Reporting". Preparing the interim consolidated financial statements requires management to make certain assumptions and estimates. Because of this, differences between the amounts shown in the interim financial statements and the actual amounts can result.

For German companies, income taxes have been calculated by applying a rate of 31.9 percent while for foreign subsidiaries, the applicable local tax rates are used.

Consolidation group

The consolidation group has not been changed compared to the December 31, 2014 balance sheet date.

Consequently, including Vossloh AG, 23 German and 41 foreign companies were consolidated fully in the interim financial statements as of June 30, 2015. Two investments in German associated companies and seven investments in foreign associated companies were accounted for at equity.

Equity

Since the consolidated financial statements as of December 31, 2014, Vossloh AG's capital stock has remained unchanged.

Compared to the previous year's reporting date, capital stock was unchanged and amounted to €37,825,168.86, divided into 13,325,290 shares. All of them were outstanding throughout the entire first half of 2015, so that the average number of shares outstanding equals this amount. In the first half of the previous year, there was an average of 12,668,637 shares outstanding.

		H1/2015	H1/2014
Weighted average number of common shares	Shares	13,325,290	13,325,290
Weighted number of acquired treasury shares	Shares	0	(656,653)
Weighted average of shares outstanding – basic/diluted –	Shares	13,325,290	12,668,637
Net income/loss attributable to Vossloh AG shareholders	€ mill.	1.6	(155.9)
Basic/diluted earnings per share	€	**0.12**	**(12.31)**

Earnings per share (EpS)

The following table presents summarized information for all nine companies accounted for at equity:

Additional information on investments in associated companies

Information regarding investments in associated companies

€ mill.	H1/2015	H1/2014	Q2/2015	Q2/2014
Profit or loss from continuing operations	0.4	0.0	(0.5)	(0.4)
Total income and expenses recognized directly in equity	2.6	0.5	1.1	(0.1)
Comprehensive income	**3.0**	**0.5**	**0.6**	**(0.5)**

Additional information on financial instruments

The following table provides information on the amount of assets and liabilities measured at fair value and the allocation of the fair values to the three levels of the fair value hierarchy, which results from the available information used in the valuation techniques applied. If the market price for an asset or liability is directly observable in the market, the fair value is assigned to the first level of the fair value hierarchy (e.g. for listed securities). Fair values for derivatives, for example, are determined on the basis of market data such as currency rates or yield curves using a valuation technique. These types of fair values are assigned to Level 2. Fair values are assigned to Level 3 whose determination is not performed using a valuation model based on observable market data, but instead, for example, must be extrapolated from market data.

Assignment of levels of the fair value hierarchy

	Level 1: Input of quoted prices		Level 2: Input of observable market data		Level 3: No input of observable market data	
€ mill.	6/30/2015	12/31/2014	6/30/2015	12/31/2014	6/30/2015	12/31/2014
Financial assets at fair value						
Held to maturity			0.0	0.4		
Available for sale			1.0	0.8		
Derivatives in hedging relationships			0.8	0.9		
Total	**0.0**	**0.0**	**1.8**	**2.1**	**0.0**	**0.0**
Financial liability measured at fair value						
Derivatives in hedging relationships			19.2	12.3		
Total	**0.0**	**0.0**	**19.2**	**12.3**	**0.0**	**0.0**

The carrying amounts of financial instruments, the assignment based on measurement category and the required disclosures on fair value according to IAS 39 and their measurement sources according to IFRS 7 are presented in the following tables. The derivatives in hedging relationships are included, although they do not belong to any measurement category of IAS 39.

Carrying amounts, measurement categories and fair values as of June 30, 2015

€ mill.	Carrying amount according to balance sheet 6/30/2015	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair values at 6/30/2015
Trade receivables	**277.9**				
Loans and receivables	277.9	277.9			277.9
Securities	**0.7**				
Held to maturity	0.1	0.1			0.1
Available for sale	0.6		0.6		0.6
Other financial instruments and other assets	**91.9**				
Loans and receivables	48.4	48.4			48.4
Held to maturity	0.4	0.4			0.4
Available for sale	1.0	0.6	0.4		1.0
Derivatives in hedging relationships (not a category according to IAS 39.9)	0.8		0.7	0.1	0.8
IAS 39 not applicable	41.3				–
Total financial assets	**370.5**	**327.4**	**1.7**	**0.1**	**329.2**
Financial liabilities	**383.2**				
Loans and receivables	383.2	383.2			383.2
Trade payables	**203.9**				
Loans and receivables	203.9	203.9			203.9
Other liabilities	**175.4**				
Loans and receivables	101.9	101.9			101.9
Derivatives in hedging relationships (not a category according to IAS 39.9)	19.2		10.6	8.6	19.2
IAS 39 not applicable	54.3				–
Total financial liabilities	**762.5**	**689.0**	**10.6**	**8.6**	**708.2**

Cash and cash equivalents are not listed in the above table, since these financial instruments do not fall within the measurement categories of IAS 39.9.

Summary by measurement categories of IAS 39

€ mill.	Carrying amount according to balance sheet 6/30/2015	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair values at 6/30/2015
Financial assets					
Loans and receivables	326.3	326.3			326.3
Held to maturity	0.5	0.5			0.5
Available for sale	1.6	0.6	1.0		1.6
Total financial assets	**328.4**	**327.4**	**1.0**	**0.0**	**328.4**
Financial liabilities					
Measurement at amortized cost	689.0	689.0			689.0
Total financial liabilities	**689.0**	**689.0**	**0.0**	**0.0**	**689.0**

Carrying amounts, measurement categories and fair values as of December 31, 2014

€ mill.	Carrying amount according to balance sheet 12/31/2014	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair values at 12/31/2014
Trade receivables	**261.6**				
Loans and receivables	261.6	261.6			261.6
Securities	**0.5**				
Held to maturity	0.1	0.1			0.1
Available for sale	0.4		0.4		0.4
Other financial instruments and other assets	**99.5**				
Loans and receivables	50.5	50.5			50.5
Held to maturity	0.4		0.4		0.4
Available for sale	1.0	0.6	0.4		1.0
Derivatives in hedging relationships (not a category according to IAS 39.9)	0.9		0.3	0.6	0.9
IAS 39 not applicable	46.7				-
Total financial assets	**361.6**	**312.8**	**1.5**	**0.6**	**314.9**
Financial liabilities	**331.0**				
Loans and receivables	331.0	331.0			331.0
Trade payables	**199.6**				
Loans and receivables	199.6	199.6			199.6
Other liabilities	**136.6**				
Loans and receivables	104.8	104.8			104.8
Derivatives in hedging relationships (not a category according to IAS 39.9)	12.3		6.3	6.0	12.3
IAS 39 not applicable	19.5				–
Total financial liabilities	**667.2**	**635.4**	**6.3**	**6.0**	**647.7**

Cash and cash equivalents are not listed in the above table, since these financial instruments do not fall within the measurement categories of IAS 39.9.

Summary by measurement categories of IAS 39

€ mill.	Carrying amount according to balance sheet 12/31/2014	Measurement according to IAS 39			
		(Amortized) cost	Fair value through OCI	Fair value through profit or loss	Fair values at 12/31/2014
Financial assets					
Loans and receivables	312.1	312.1	0.0		312.1
Held to maturity	0.5	0.1	0.4		0.5
Available for sale	1.4	0.6	0.8		1.4
Total financial assets	**314.0**	**312.8**	**1.2**	**0.0**	**314.0**
Financial liabilities					
Measurement at amortized cost	635.4	635.4			635.4
Total financial liabilities	**635.4**	**635.4**	**0.0**	**0.0**	**635.4**

Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents within the Vossloh Group. Cash pertains to checks, cash on hand and in bank. Cash equivalents comprise any financial instruments with an initial term of maximum three months and readily convertible into cash.

The cash flow statement is prepared in conformity with IAS 7 and breaks down changes in cash and cash equivalents into the cash flows from, and outflows for, operating, investing and financing activities. The cash flow from operating activities is determined according to the indirect method.

Segment information

The primary format for segment reporting is defined by Vossloh's internal organizational and reporting structures, which are based on the products and services offered by the Vossloh Group's business units. In accordance with IFRS 8, segment reporting encompasses not only the divisions but also separately presents their business units.

As already presented in the Annual Report 2014 and as a consequence of the new corporate strategy that was unveiled at the beginning of December 2014, segment reporting will comprise the four divisions Core Components with the business unit Fastening Systems, Customized Modules with the business unit Switch Systems, Lifecycle Solutions with the business unit Rail Services, and Transportation with the three business units Locomotives, Rail Vehicles and Electrical Systems.

Vossloh Fastening Systems, the only business unit in the Core Components division to date, is a leading manufacturer of rail fastening systems. The product lineup includes fasteners for every application: from light-rail, extending through heavy-haul, to high-speed lines.

Vossloh Switch Systems, the only business unit in the Customized Modules division to date, is one of the world's leading rail switch manufacturers. The business unit equips rail networks with switches, as well as with the related control and monitoring systems, which it also installs and maintains. Here, also, the lineup extends from light-rail to high-speed applications.

Vossloh Rail Services, the only business unit in the Lifecycle Solutions division to date, 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.

The Transportation division includes the rail vehicle and vehicle system/component operations plus the related services. The division comprises following business units: Locomotives, Rail Vehicles and Electrical Systems. This division is strategically no longer part of the Group's core business.

For nearly 100 years, the diesel locomotives developed and produced in the Locomotives business unit have set new benchmarks in terms of technological standards, economy, flexibility, and eco-friendliness. In addition, comprehensive services are offered, particularly for maintenance and repair of locomotives.

At the Valencia location, the Rail Vehicles business unit develops and produces innovative diesel-electric locomotives and light rail vehicles. The services on offer also include maintenance.

The Electrical Systems business unit develops and produces key electrical components and systems for public transport vehicles and locomotives. The business unit is among the world's leading suppliers of electrical equipment for trams as well trolleybuses and hybrid buses. Besides furnishing complete systems, the unit supplies air conditioners for rail vehicles, individual components, subassemblies, revamping work, servicing and maintenance.

The consolidation includes the elimination of intersegment transactions. This pertains primarily to the offsetting of intragroup income and expenses, the elimination of intragroup income from dividends and the offsetting of intragroup receivables and payables. The Consolidation item at the highest Group level includes the required eliminations from business transactions between companies from different divisions. In addition, a separate column serves to present the holding companies not allocated to any segment as well as Vossloh AG as the Group's management and financial holding, in order to provide reconciliation to the consolidated figures for the entire Group.

The accounting methods of all segments are identical and conform to the EU-endorsed IFRS. Intersegment business is transacted on an arm's length basis.

A reconciliation of the segment result "value added" of the entire Group to the earnings before interest and taxes (EBIT) presented in the consolidated income statement is shown below:

Reconciliation of value added to EBIT

€ mill.	H1/2015	H1/2014	Q2/2015	Q2/2014
Value added	(19.4)	(187.8)	(1.7)	(173.2)
Cost of capital employed	38.4	42.4	19.7	21.3
EBIT	**19.0**	**(145.4)**	**18.0**	**(151.9)**

Related parties

The consolidated companies of the Vossloh Group regularly transact normal business with unconsolidated Vossloh subsidiaries, joint ventures, and associated companies of the Vossloh Group. In addition, transactions were carried out with companies of the Knorr-Bremse group, which are to be considered related-party entities via the Chairman of Vossloh's Supervisory Board, Heinz Hermann Thiele. All transactions with these companies are carried out on an arm's length basis. The table below presents the income/expenses and receivables/payables which are recognized in the consolidated financial statements and originate primarily from related-party transactions with unconsolidated subsidiaries.

€ mill.	H1/ 2015 or 6/30/2015	H1/ 2014 or 6/30/2014
Purchase or sale of finished or unfinished goods		
Sales revenue	9.1	2.3
Cost of materials	31.6	6.5
Trade receivables	73.2	50.0
Trade payables	6.4	3.0
Purchase or sale of other assets		
Receivables from the sale of other assets	0.0	0.0
Liabilities	0.9	0.9
Services rendered or received		
Income from services rendered	1.8	0.0
Expenses for services received	2.0	2.2
Financing		
Interest income from loans granted	0.1	0.0
Receivables on loans issued	6.9	7.4
Liabilities on financial loans received	0.1	0.0
Provision of guarantees and collateral		
Provision of guarantees	8.6	6.6
Provision of other collateral	0.0	1.3

Contingent liabilities

In comparison to December 31, 2014, contingent liabilities increased by €0.5 million to €12.1 million. Contingent liabilities result in the amount of €10.3 million from guarantees and in the amount of €1.8 million from provision of securities for third-party liabilities.

Events after the balance sheet date

With effect from July 1, 2015, two transactions were completed which relate to subsidiaries in Finland: Firstly, by means of an asset deal, switch plants in Finland were acquired; in return, 40 percent of the shares in Vossloh Cogifer Finland Oy, Teijo/Finland as well as additional liquid funds were transferred to the seller. Secondly, 60 percent of the shares were acquired in a company in which the same seller had contributed a welding plant. The payments made in return for the shares and for the assumed assets/liabilities were already transferred immediately prior to the closing date and have therefore already been reported as an advance payment for consolidated companies/operations in the cash flow statement under cash flow from investing activities. While the switch plants acquired in the first transaction will be allocated to the Switch Systems business unit as additional capacity for the already existing subsidiary, the new subsidiary which includes the welding plant will be allocated to the Rail Services business unit. As a result, capacities in the Scandinavian market or, more specifically, the Finnish market have been significantly increased in order to take advantage of the relevant market opportunities. Both activities will be integrated into the Group in the third quarter; inclusion in the consolidation group will be undertaken with effect from July 1. The necessary information will be provided in the interim financial report as of September 30, 2015.

Segment information by division/business unit

		Core Components (Fastening Systems)	Customized Modules (Switch Systems)	Lifecycle Solutions (Rail Services)	Locomotives
Value added					
H1/2015	€ mill.	7.6	(5.7)	(5.9)	(9.3)
H1/2014	€ mill.	31.5	(87.9)	(7.1)	(71.8)
Q2/2015	€ mill.	4.4	(0.8)	(1.3)	(3.5)
Q2/2014	€ mill.	8.8	(81.2)	(3.4)	(65.9)
Total assets					
6/30/2015	€ mill.	226.8	628.5	179.2	111.0
6/30/2014	€ mill.	223.3	573.4	160.9	126.9
Liabilities					
6/30/2015	€ mill.	130.1	333.6	162.7	81.4
6/30/2014	€ mill.	118.6	286.1	145.1	120.3
External sales revenue					
H1/2015	€ mill.	126.0	252.5	26.5	44.7
H1/2014	€ mill.	152.0	220.6	30.2	46.7
Q2/2015	€ mill.	62.3	137.1	16.1	24.4
Q2/2014	€ mill.	82.7	123.8	18.1	14.8
Intersegment sales revenue					
H1/2015	€ mill.	7.0	0.6	2.2	0.8
H1/2014	€ mill.	3.0	0.3	0.5	1.1
Q2/2015	€ mill.	4.5	0.1	0.7	0.0
Q2/2014	€ mill.	1.4	0.1	0.4	0.7
Interest income					
H1/2015	€ mill.	0.1	0.2	0.0	0.4
H1/2014	€ mill.	0.0	0.1	0.0	0.4
Q2/2015	€ mill.	0.1	0.1	0.0	0.2
Q2/2014	€ mill.	0.0	0.0	0.0	0.2
Interest expense					
H1/2015	€ mill.	(0.7)	(2.0)	(1.6)	(1.4)
H1/2014	€ mill.	(1.1)	(1.6)	(1.1)	(1.4)
Q2/2015	€ mill.	(0.4)	(1.2)	(0.8)	(0.8)
Q2/2014	€ mill.	(0.6)	(0.8)	(0.6)	(0.7)
Amortization/depreciation					
H1/2015	€ mill.	4.6	6.3	2.2	2.1
H1/2014	€ mill.	3.0	5.8	2.4	2.6
Q2/2015	€ mill.	2.3	3.1	1.2	1.1
Q2/2014	€ mill.	1.5	2.9	1.2	1.4
Impairment losses from intangible assets and property, plant and equipment					
H1/2015	€ mill.	–	–	–	–
H1/2014	€ mill.	1.0	60.0	0.1	21.2
Q2/2015	€ mill.	–	–	–	–
Q2/2014	€ mill.	1.0	60.0	0.1	21.2
Investments in noncurrent assets					
H1/2015	€ mill.	4.8	3.4	4.8	1.3
H1/2014	€ mill.	8.4	8.5	6.4	2.8
Q2/2015	€ mill.	2.8	1.8	2.3	0.7
Q2/2014	€ mill.	3.1	4.3	0.6	1.5
Average headcount					
H1/2015	Number	623	2,585	377	423
H1/2014	Number	629	2,548	333	436

	Rail Vehicles	Electrical Systems	Consolidation	Transportation	Holding companies	Consolidation	Group
	9.2	(6.8)	(0.7)	**(7.6)**	14.8	(22.6)	**(19.4)**
	6.9	(31.9)	(4.3)	**(101.1)**	(8.9)	(14.3)	**(187.8)**
	4.8	(1.1)	(0.3)	**(0.1)**	0.4	(4.3)	**(1.7)**
	4.3	(28.2)	(3.5)	**(93.3)**	(4.5)	0.4	**(173.2)**
	368.8	366.0	(13.6)	**832.2**	1,030.4	(1,232.9)	**1,664.2**
	381.1	327.9	(11.3)	**824.6**	1,000.8	(1,206.6)	**1,576.4**
	282.8	299.3	(16.7)	**646.8**	644.4	(615.2)	**1,302.4**
	282.6	267.2	(14.7)	**655.4**	564.2	(606.2)	**1,163.2**
	128.8	109.6	0.0	**283.1**	0.1	0.0	**688.2**
	99.7	74.9	0.0	**221.3**	0.1	0.0	**624.2**
	68.8	62.9	0.0	**156.1**	0.1	0.0	**371.7**
	59.5	31.9	0.0	**106.2**	0.1	0.0	**330.9**
	0.0	1.6	(1.1)	**1.3**	0.6	(5.2)	**6.5**
	0.0	1.2	(2.0)	**0.3**	0.5	(2.8)	**1.8**
	0.0	1.2	(0.9)	**0.3**	0.3	(2.7)	**3.2**
	0.0	0.8	(1.4)	**0.1**	0.3	(1.4)	**0.9**
	0.5	0.1	(0.1)	**0.9**	5.4	(5.9)	**0.7**
	0.8	0.1	0.0	**1.3**	4.5	(4.5)	**1.4**
	0.2	0.0	0.0	**0.4**	3.0	(3.3)	**0.3**
	0.5	0.1	0.0	**0.8**	2.1	(2.4)	**0.5**
	(0.2)	(2.0)	0.0	**(3.6)**	(5.3)	6.3	**(6.9)**
	(0.2)	(1.5)	0.0	**(3.1)**	(17.1)	4.9	**(19.1)**
	(0.1)	(1.0)	0.0	**(1.9)**	(3.2)	3.4	**(4.1)**
	(0.1)	(0.6)	0.0	**(1.4)**	(13.4)	2.6	**(14.2)**
	4.4	2.3	0.2	**9.0**	0.3	0.0	**22.4**
	4.8	1.9	0.0	**9.3**	0.3	0.0	**20.8**
	2.2	1.1	0.1	**4.5**	0.2	0.0	**11.3**
	2.4	1.0	0.0	**4.8**	0.2	0.0	**10.6**
	–	–	–	**–**	–	–	**–**
	0.0	0.0	1.9	**23.1**	0.1	0.0	**84.3**
	–	–	–	**–**	–	–	**–**
	0.0	0.0	1.9	**23.1**	0.0	0.0	**84.2**
	4.0	1.4	0.2	**6.9**	0.2	0.3	**20.4**
	3.8	3.2	0.0	**9.8**	0.1	0.0	**33.2**
	2.6	0.6	0.1	**4.0**	0.2	0.3	**11.4**
	2.3	1.8	0.0	**5.6**	0.2	(0.1)	**13.7**
	891	848	0	**2,162**	55	0	**5,802**
	823	853	0	**2,112**	49	0	**5,671**

Responsibility statement

"We confirm, to the best of our knowledge, that in accordance with the applicable accounting principles for the interim financial reporting, the Group interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year."

Werdohl, July 29, 2015

Vossloh AG
The Executive Board

Dr. h.c. Hans M. Schabert, Volker Schenk, Oliver Schuster

Review report of the independent auditor

To Vossloh Aktiengesellschaft

We have reviewed the condensed interim consolidated financial statements of Vossloh Aktiengesellschaft – comprising the income statement, statement of comprehensive income, cash flow statement, balance sheet, statement of changes in equity and selected explanatory notes – together with the interim group management report of Vossloh Aktiengesellschaft, for the period from January 1 to June 30, 2015 that are part of the semi annual according to § 37 w WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in 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 prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in 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 prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Düsseldorf, July 29, 2015

KPMG AG Wirtschaftsprüfungsgesellschaft

Rodemer	Jessen
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Financial calendar 2015

Publication of interim report	
as of September 30, 2015	October 29, 2015

Financial calendar 2016

Publication of financial information 2015	March 2016
Press conference	March 2016
Investors and analysts conference	March 2016
Annual General Meeting	May 2016

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Vossloh AG's boards

Executive Board	Dr. h.c. Hans M. Schabert (CEO)
	Volker Schenk
	Oliver Schuster
Supervisory Board	Heinz Hermann Thiele, former Chairman of Knorr-Bremse AG, Munich, Chairman
	Ulrich M. Harnacke, Tax Advisor and Auditor , Mönchengladbach, Vice Chairman
	Silvia Maisch, Electrical Mechanic, Monheim
	Dr.-Ing. Wolfgang Schlosser, Consultant and former Managing Director of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Puchheim
	Michael Ulrich, Machinist, Kiel
	Ursus Zinsli, Administrative Board and former Managing Director of Scheuchzer SA (Switzerland), Saint-Sulpice (Kanton Vaud, Switzerland)