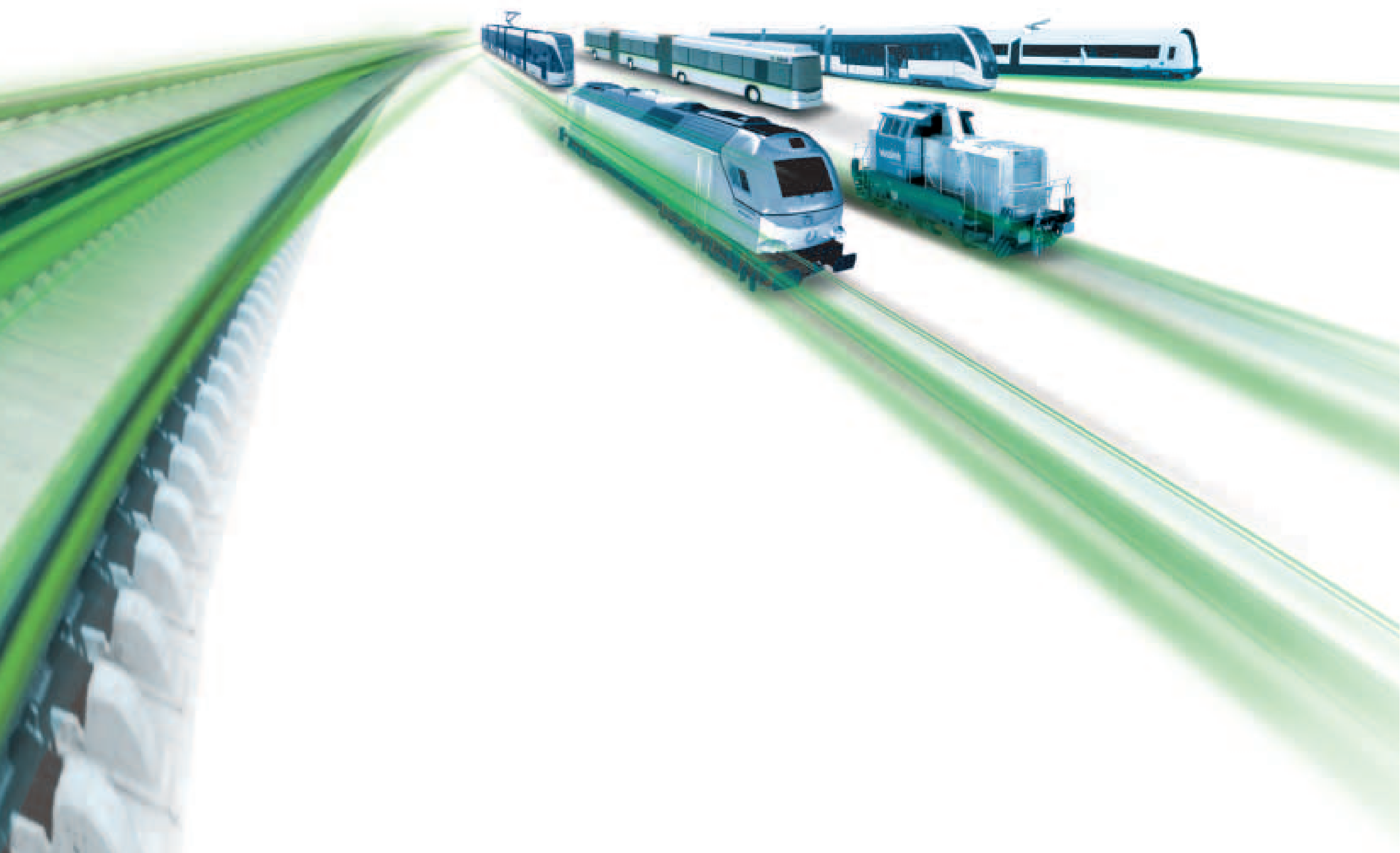
vossloh

Solid value. Sound prospects.

Interim report as of March 31, 2010



Group figures and indicators		Q1/2010	Q1/2009
Income statement data			
Net sales	€ mill.	295.4	288.9
thereof Rail Infrastructure	€ mill.	177.6	152.1
Transportation	€ mill.	117.7	136.6
EBIT	€ mill.	35.4	30.5
Net interest expense	€ mill.	(2.9)	(1.3)
EBT	€ mill.	32.5	29.2
Group earnings (total)	€ mill.	22.8	20.3
Earnings per share (EpS)	€	1.71	1.49
EBIT margin	%	12.0	10.6
Pretax return on equity (ROE)	%	24.8	24.9
Return on capital employed (ROCE)[1]	%	16.4	19.5
Value added[1]	€ mill.	11.6	13.3
Balance sheet data			
Fixed assets[2] (as of March 31)	€ mill.	560.7	435.2
capital expenditures	€ mill.	10.7	7.0
amortization/depreciation	€ mill.	8.4	6.1
Working capital (as of March 31)	€ mill.	305.6	213.2
Working capital intensity[3]	%	25.9	18.5
Capital employed (as of March 31)	€ mill.	866.3	648.5
Total equity (as of March 31)	€ mill.	525.8	468.6
thereof minority interests (as of March 31)	€ mill.	26.4	16.9
Net financial debt (as of March 31)	€ mill.	196.5	50.8
Net leverage	%	37.4	10.8
Total assets (as of March 31)	€ mill.	1,413.3	1,319.1
Equity ratio	%	37.2	35.5
Cash flow statement data			
Gross cash flow	€ mill.	41.0	38.2
Cash flow from operating activities	€ mill.	(26.4)	(27.7)
Cash flow from investing activities	€ mill.	(94.5)	(6.9)
Cash flow from financing activities	€ mill.	41.4	(36.4)
Change in cash & cash equivalents	€ mill.	(78.0)	(71.0)
Workforce			
Average headcount in the period		4,980	4,684
Rail Infrastructure		3,101	2,687
Transportation		1,832	1,946
Vossloh AG		47	51
Payroll intensity	%	62.7	64.4
Personnel expenses	€ mill.	61.1	56.7
Share data			
Stock price at March 31	€	79.06	79.89
Market capitalization at March 31	€ mill.	1,053.1	1,063.8

[1] Based on average capital employed
[2] Fixed assets = Intangible and tangible assets + investment properties + shares in associated affiliates + other noncurrent financial instruments
[3] Based on working capital as of March 31
Where required, figures annualized.

Dear Stockholders:

Despite delays due to poor weather impinging on a number of rail infrastructure projects, Vossloh AG has got off to a good start in the first quarter of fiscal 2010.

Our Q1 sales amounted to €295.4 million, up 2.2 percent from €288.9 million in 2009. This growth is attributable to the first-time consolidation since January 2010 of the Rail Services business unit. Excluding this addition, sales would have inched down. EBIT and EBIT margin both made good progress during the period, the former advancing 16.2 percent to €35.4 million, the latter at 12.0 percent outperforming the year-earlier 10.6. Although ROCE fell to 16.4 percent, mainly due to the aforementioned first-time consolidation of Vossloh Rail Services, it was still above our corporate benchmark of 15 percent.

Vossloh Fastening Systems and Vossloh Electrical Systems both showed a good Q1 performance, sales by these two business units rising at double-digit rates. Switch and rail services business suffered from the harsh winter whose effects were especially noticeable in January and February while in March, business more or less returned to normal. Sales of diesel locomotives were, as expected, down during the period. However, an end to the soft demand in this segment seems to be in sight, with the cargo haulage industry's spending on the recovery.

With the acquisition of the new Rail Services business unit as of January 1, 2010, Vossloh is now in a position to offer highly specialized services for the rails themselves. The sale and transfer agreement, closed in February 2010, covers seven German locations specializing, in particular, in complex solutions for rail welding and logistics as well as preventive maintenance. We are pleased at this strategically advantageous, profitable extension to and enrichment of our rail infrastructure operations.

The outlook is good for the Vossloh Group. For all of 2010, we expect sales to grow by 11 to 15 percent and thus arrive at €1.3+ billion. EBIT should advance by 5 to 7 percent to reach €145+ million. For 2011, we are looking to a sales growth of at least 2.5 percent and an EBIT of around €150 million.

It is our goal to continue to grow value and allow you, our stockholders, to commensurately share in the success of our company. For 2009, it is again proposed to distribute a record annual dividend of €2.00 per eligible share of stock. On the basis of our budget for 2010, you can see that Vossloh intends to show further profitable growth at a high level. We would be happy if you accompanied us on our journey.

Kind regards,

Werner Andree
CEO

The Vossloh Group's corporate structure

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

New names within existing corporate structure

To make the type of activities more obvious, the Vossloh Group updated some of its division and business unit names at the close of 2009/2010:

Vossloh AG

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

Rail Infrastructure division

This division provides products and services for rail infrastructure and now includes, besides its Fastening Systems and Switch Systems business units, Rail Services as a third business unit.

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

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

Since January 1, 2010, Vossloh Rail Services has been a member of the Vossloh Group and offers wide-ranging rail-related services including complex logistics and welding work as well as preventive maintenance for the rails.

Transportation division
(formerly *Motive Power&Components*)

The second division, Motive Power&Components, has been renamed Transportation and covers the operations concerned with rail vehicles and vehicle systems/components including the related services. The division has two business units: Transportation Systems (formerly *Locomotives*) and Electrical Systems.

The Locomotives (now Transportation Systems) business unit, whose portfolio includes both locomotives and (sub)urban trains, is Europe's leading manufacturer of diesel locomotives while in addition supplying comprehensive services.

Within the business unit, the Kiel location, which only builds locomotives, keeps the name of Vossloh Locomotives. The Valencia location, which also manufactures local transport vehicles, is now called Vossloh Rail Vehicles.

Unchanged, the Transportation division also includes the Electrical Systems business unit. Vossloh Electrical Systems develops and manufactures key electrical components and systems for local transport vehicles. It is the world's foremost supplier of electrical equipment for (trolley)buses and, since 2008, has also offered hybrid traction for installation in conventional buses.

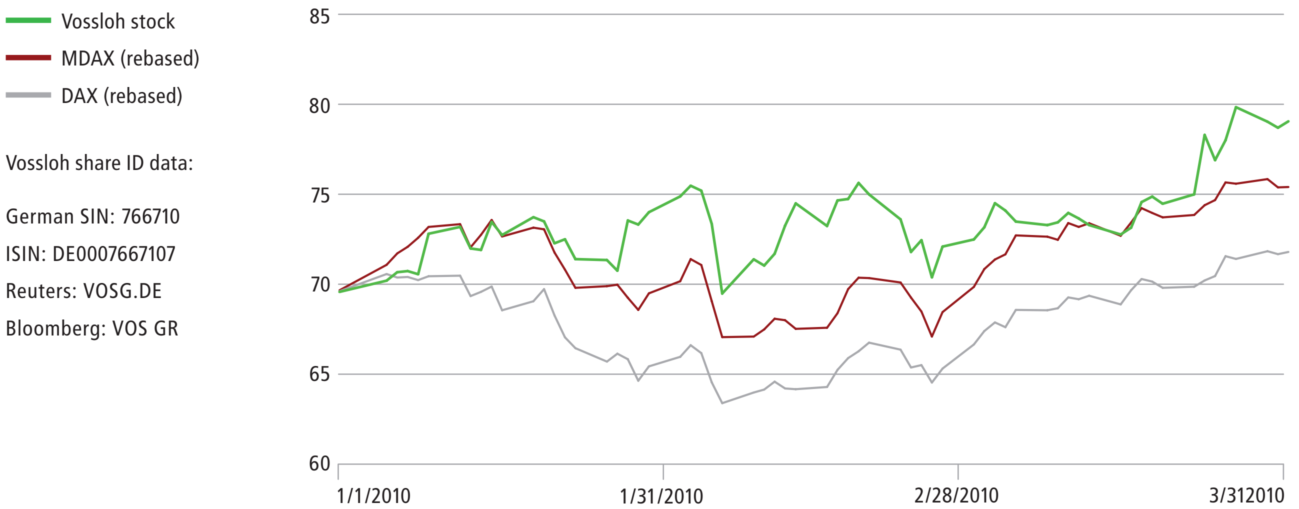
Vossloh stock

Rallying after a weak start

The international stock markets started 2010 in a frail condition. Uncertainty regarding Greece's national debt and the associated concern about the eurozone's stability, placed most international indexes under pressure in early January. Then, in March, prices rallied and markets closed Q1 with quarter-on-quarter gains.

Germany's key index, the DAX, also had a weak start into the year and by February 5 had dropped to its year-to-date low of 5,433 points. As the period progressed, it recovered and on March 30 had marginally exceeded 6,200, its quarterly high. Closing the period at 6,154, the gain was around 3 percent. The MDAX, which includes Vossloh stock, fared similarly to the DAX. On February 8, it fell to its year-to-date low of 7,120, then recovering in the weeks that followed to rise to its quarterly high of 8,252 by March 30. Closing the quarter at 8,143 on March 31, the MDAX showed an increase of around 8 percent, thus easily outperforming the DAX.

Vossloh stock price trend from January 1 to March 31, 2010



Vossloh share ID data:

German SIN: 766710
ISIN: DE0007667107
Reuters: VOSG.DE
Bloomberg: VOS GR

Vossloh stock outperforms DAX and MDAX, climbing almost 14 percent

Starting to slightly outperform the DAX and MDAX already in mid-January, Vossloh's stock price then fell briefly on February 5 to its year-to-date low of €68.32. In the weeks that followed, it rallied to reach a quarterly high of €80.06 on March 29, closing the quarter at €79.06. With a growth of almost 14 percent during Q1/2010, its performance was clearly superior to both the DAX and MDAX.

Vossloh stock's aggregate trading volume in Q1/2010 advanced 21.2 percent to 5.0 million shares (up from almost 4.2 million). An average 79,900 shares were traded daily; this compares with 66,000 in January to March 2009.

In Q1/2010, altogether 23 financial analysts were continuously monitoring Vossloh's stock performance. Following the presentation in late March 2010 of the 2009 financial information and the upscaled forecasts for 2010 and 2011, only three equity researchers recommended "sell," while seven were in favor of "hold," and 13 opted for "buy." The price target averaged €82, the bandwidth ranging from €68 to €98. Most analysts viewed Vossloh as a solid equity with promising prospects. The market for rail infrastructure is unanimously seen as attractive, one that is considered offering Vossloh, in particular, international growth opportunities.

Proposed dividend at prior year's record level

Vossloh AG's Executive and Supervisory Boards will propose to the annual general meeting on May 19, 2010, a dividend of €2.00 per eligible share of stock for fiscal 2009. This dividend payout is equivalent to 30.3 percent of group earnings. The previous year's dividend had also been at this record level, plus a one-time superdividend of €1.00 from the gain on the Vossloh Infrastructure Services divestment.

For further details on Vossloh stock (including dates, publications, and Creditor Relations information) see the Investors section at www.vossloh.com

Vossloh stock details	
ISIN	DE0007667107
Traded at	Xetra, Düsseldorf, Frankfurt, Berlin-Bremen, Hannover, Hamburg, Stuttgart, Munich
Index	MDAX
Number of shares outstanding at 3/31/2010	13,319,690
Stock price (3/31/2010)	€79.06
Q1/2010 high/low	€80.06/€68.32
Reuters code	VOSG.DE
Bloomberg code	VOS GR

Interim group management report

The Group's business trend

Rail Services business unit newly consolidated as from January 1, 2010

On December 14, 2009, Vossloh had signed a sale and transfer agreement covering rail services companies of the Stahlberg-Roensch Group as well as LOG Logistikgesellschaft Gleisbau mbH and ISB Instandhaltungssysteme Bahn GmbH of the Contrack Group. Following the due diligence and the go-ahead from its Supervisory Board and the antitrust authorities, Vossloh formally closed the transfer agreement on February 5, 2010.

These acquirees have been included since January 1, 2010, in Vossloh's consolidated financial statements; the segment report now comprises the Rail Services business unit as well.

Disclosing an absolute performance indicator: VA a key yardstick for the Vossloh Group

Ever since submitting the interim report on the first quarter of 2009, Vossloh has met the IFRS 8 criteria by aligning the Group's external and internal segment reporting system and bases, thus again improving on depth and structure of external reports. True to its strategy of value-focused growth, Vossloh primarily works toward earning a premium on top of the return (cost of capital) claimed by investors and lenders. This premium equals the difference between ROCE (return on capital employed) and WACC (weighted average cost of equity and debt) as a relative indicator and, when multiplied by average capital employed (CE), the (pretax) value added (VA) in a period is an absolute indicator which Vossloh discloses in the analysis of its results of operations.

Besides the pretax VA used for internal controlling purposes, also the posttax value added is communicated in external reports at group and division levels, based on the current WACC—7.1 percent for Q1/2010—in order to disclose the actual value trend of relevance to stockholders.

Results of operations

Group sales growth thanks to newly consolidated Vossloh Rail Services

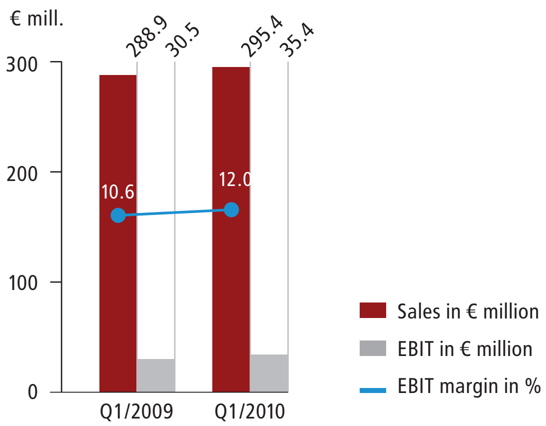
First-quarter (Q1) sales by the Vossloh Group amounted to €295.4 million, an increase of €6.5 million or 2.2 percent compared with the year-earlier €288.9 million. The new Rail Services business unit—since January 1, 2010, included among the consolidated companies—contributed €13.7 million. Excluding this consolidation effect, purely organic sales slipped year-on-year by €7.2 million or 2.5 percent.

Sales boost at Fastening Systems and Electrical Systems

The lion's share was again inputted by Rail Infrastructure whose sales at €177.6 million were 16.8 percent up from €152.1 million. Organically, the division likewise progressed: excluding its new Rail Services business unit, sales climbed by €11.8 million or 7.8 percent due to surging sales at Vossloh Fastening Systems. At Vossloh Switch Systems, poor weather depressed Q1 sales slightly.

As expected, sales at Transportation Systems down, poor weather marring Switch Systems and Rail Services business

The Transportation division (previously *Motive Power&Components*) reported a downturn during the period: sales dropped 13.8 percent, from €136.6 million to €117.7 million. Added sales by Vossloh Electrical Systems failed to offset the losses at Vossloh Transportation Systems (previously *Locomotives*). This business unit suffered in particular from shrinking sales at its Kiel location as a consequence of the unchanged sluggish order intake from this market segment.



Vossloh Group: sales and EBIT

Despite the first-time inclusion of Vossloh Rail Services, the Group's functional expenses showed an only moderate rise and in some cases even shrank. For instance, the lower cost of materials trimmed cost of sales by €1.8 million or 0.8 percent from €227.3 million to €225.5 million, thus improving the absolute gross margin by €8.2 million or 13.4 percent to €69.8 million.

Group EBIT hike by 16.2 percent, Q1/2010 EBIT margin at 12.0 percent

The Vossloh Group's Q1/2010 EBIT amounted to €35.4 million, year-on-year up by €4.9 million or 16.2 percent from €30.5 million. The EBIT margin for the first quarter 2010 climbed to 12.0 percent, from 10.6 a year ago. Rail Infrastructure reported a higher EBIT and EBIT margin, whereas Transportation, though showing a slightly lower EBIT, nonetheless bettered its EBIT margin as this division's sales crept down.

Three-month group earnings came in 2010 to €22.8 million (up €2.5 million or 12.5 percent). Q1 earnings per share rose year-on-year from €1.49 to €1.71, not only thanks to higher group earnings but also the downscaled total of shares outstanding after the treasury stock repurchases in 2008 and 2009.

Group VA down to €11.6 million; posttax VA at €9.4 million

Essentially since capital employed was boosted by the newly consolidated Rail Services business unit, the Vossloh Group's annualized ROCE for the first quarter 2010 shrank from 19.5 to 16.4 percent, its value added (VA) dropping from €13.3 million to €11.6 million (a year-on-year reduction of €1.7 million or 12.8 percent). Based on the current WACC, posttax value added came to €9.4 million.

Vossloh Group

		Q1/2010	Q1/2009
Sales	€ mill.	295.4	288.9
EBITDA	€ mill.	43.8	36.6
EBIT	€ mill.	35.4	30.5
EBIT margin	%	12.0	10.6
EBT	€ mill.	32.5	29.2
Group earnings	€ mill.	22.8	20.3
ROCE [1, 2]	%	16.4	19.5
Value added [1, 2]	€ mill.	11.6	13.3

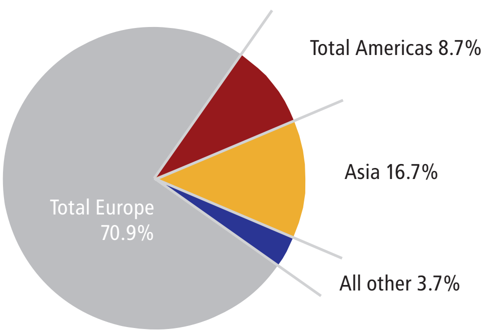
[1] Annualized
[2] Based on average capital employed

The Vossloh Group's order backlog and order intake were both down. The former slipped by €118.3 million or 10.1 percent to €1,058.1 million as of March 31 (year-on-year down from €1,176.4 million). Q1 order intake added up to €261.2 million, €77.9 million or 23.0 percent below the year-earlier €339.1 million. This year's order intake included for the first time the new Rail Services business unit (orders of €29.0 million). The previous year's Q1 order intake had mirrored a megacontract for metropolitan trains awarded to the Valencia location.

Non-European sales share around 29 percent

Q1/2010 sales in Europe totaled €209.5 million, down 3.3 percent. Europe's share of total sales fell likewise and accounted for 70.9 percent (down from 75.0). In contrast, non-European sales were well above the year-earlier level, rising by 18.8 percent in the months January through March 2010. Accordingly, the non-European shares as a proportion of total group revenue advanced from 25.0 to 29.1 percent for Q1/2010.

The steepest European sales growth reported by the Vossloh Group during the period was generated in Western Europe including Germany and France. German sales rose sharply, substantially thanks to the first-time consolidation as from January 2010 of the added Rail Services business unit, whose operations center on Germany. In France and elsewhere in Western Europe, in contrast, Q1 revenue receded, with falling sales in Great Britain impacting in particular.



Geographical breakdown of Q1/2010 sales

Business in Southern and Eastern European countries also shrank, especially as a consequence of the downswing in Portugal, Poland, and Bulgaria. In Northern Europe, in contrast, Q1 sales outgrew the year-earlier level, with business in Norway very brisk.

Outside of Europe, Asia was once again the chief source of Q1 sales for the Vossloh Group. Rising revenue was reported in China; business in Kazakhstan and the Near & Middle East progressed well, too.

The markets in North and Central America which in the past fiscal year had severely suffered from the economic and financial crisis, reported rebounding first-quarter sales year-on-year. In the USA, business rallied to some extent. In Australia, too, Q1 sales rose. In contrast, Q1 sales in South America and Africa were below the 2009 level.

Sales by region

	€ mill.	%	€ mill.	%
	Q1/2010		Q1/2009	
Germany	47.7	16.1	31.3	10.8
France	35.0	11.8	41.7	14.4
Other Western Europe	31.8	10.8	46.2	16.0
Northern Europe	26.0	8.8	16.4	5.7
Southern Europe	63.2	21.4	74.2	25.7
Eastern Europe	5.8	2.0	6.8	2.4
Total Europe	**209.5**	**70.9**	**216.6**	**75.0**
North & Central America	25.8	8.7	22.5	7.8
South America	0.1	0.0	3.8	1.3
Total Americas	**25.9**	**8.7**	**26.3**	**9.1**
Near & Middle East	4.0	1.4	2.8	1.0
Other Asia	45.2	15.3	33.2	11.5
Total Asia	**49.2**	**16.7**	**36.0**	**12.5**
Africa	4.7	1.6	6.4	2.2
Australia	6.1	2.1	3.6	1.2
Total	**295.4**	**100.0**	**288.9**	**100.0**

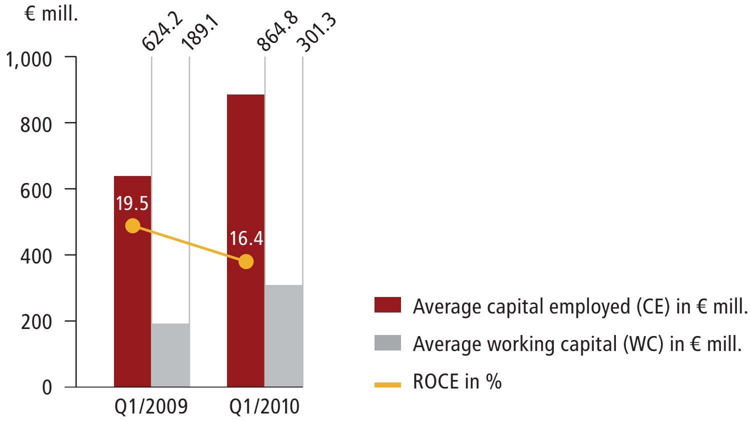
Asset and capital structure, financial position

At March 31, 2010, the Vossloh Group's total assets amounted to €1,413.3 million and were thus above both the year-end 2009 level (by €74.9 million or 5.6 percent) and year-earlier magnitude (by €94.2 million or 7.1 percent), primarily due to the acquisition of the new Rail Services business unit for a price of—for the time being—€89.7 million including direct incidentals.

As of Q1-end 2010, the Vossloh Group's equity totaled €525.8 million, an increase of €33.2 million or 6.7 percent from December 31, 2009, and also—despite the €44.7 million dividend payout—a €57.2 million or 12.2-percent rise from March 31, 2009. As of the end of the first quarter 2010, the equity ratio was 37.2 percent (up from 36.8 at year-end 2009 and 35.5 at Q1-end 2009).

Equity ratio at 37.2 percent as of March 31, 2010

In Q1/2010, the Group's working capital averaged €301.3 million, hence up €112.2 million, primarily due to higher trade receivables and significantly lower trade payables. The (annualized) Q1/2010 working capital intensity jumped year-on-year, from 16.4 to 25.5 percent.



Vossloh Group: CE, WC and ROCE trends

Capital employed jumping

Both Vossloh's average and closing capital employed grew year-on-year in the wake of the above-mentioned working capital rise and, after the first-time consolidation of Vossloh Rail Services, swelling fixed assets. Capital employed at the close of Q1/2010 mounted €217.8 million or 33.6 percent to €866.3 million, the 3-month average being €864.8 million in 2010 (up 38.5 percent or €240.6 million).

Vossloh Group

		3/31/2010	12/31/2009	3/31/2009
Total assets	€ mill.	1,413.3	1,338.4	1,319.1
Total equity	€ mill.	525.8	492.6	468.6
Equity ratio	%	37.2	36.8	35.5
Average working capital	€ mill.	301.3	231.7	189.1
Working capital intensity*	%	25.5	19.7	16.4
Fixed assets	€ mill.	560.7	458.2	435.2
Closing capital employed	€ mill.	866.3	703.2	648.5
Average capital employed	€ mill.	864.8	674.0	624.2
Return on equity (ROE)*	%	24.8	26.1	24.9
Net financial debt	€ mill.	196.5	70.2	50.8
Net leverage	%	37.4	14.3	10.8

*Annualized

Net financial debt surging upon cash outflow for Rail Services

Mainly due to the cash outflow in Q1/2010 for the Vossloh Rail Services purchase price, the Vossloh Group reported net financial debt of €196.5 million as of March 31, 2010, compared with €70.2 million (as of December 31, 2009) and €50.8 million (March 31, 2009). At Q1-end 2010, cash and cash equivalents (including short-term securities) of €80.1 million contrasted with financial debts of €276.6 million.

Rail Infrastructure business

The Rail Infrastructure division encompasses, as up to now, the Fastening Systems and Switch Systems business units. Newly acquired Rail Services was consolidated as from January 1, 2010, and forms a third and new business unit.

Results of operations

Q1 sales by Rail Infrastructure totaled €177.6 million, up €25.5 million or 16.8 percent over the year-earlier €152.1 million. The new Rail Services business unit contributed sales of €13.7 million to this amount. Organically, too, the division grew during the period: excluding the newcomer, sales advanced year-on-year by €11.8 million or 7.8 percent. A determining factor was the very good performance by Vossloh Fastening Systems; Vossloh Switch Systems, in contrast, suffered a marginal decline in revenue.

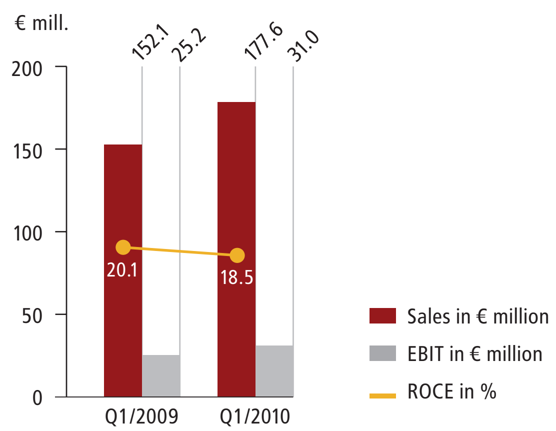
New Rail Services business unit contributing sales of €13.7 million

Q1/2010 sales by the Fastening Systems business unit added up to €71.0 million, a clear increase of €15.0 million or 26.8 percent from the year-earlier €56.0 million. Sharing in this gain were the megacontract placed in June 2009 for the supply of rail fasteners to be installed on the Chinese high-speed line Beijing–Shanghai and rising sales in a number of traditional markets of Western Europe and the Near & Middle East.

Fastening Systems sales growing 26.8 percent

Order intake at Vossloh Fastening Systems more than doubled from €44.1 million to €95.2 million, largely due to the contract awarded by Libya for rail fastening systems worth a total €36.9 million.

Fastening Systems order intake more than doubling



Rail Infrastructure: sales, EBIT and ROCE

Sizable orders were also received from Kazakhstan and for the metro in Bangalore. The business unit's order backlog expanded, too, surging from €60.3 million at March 31, 2009, to €178.2 million at the close of the period. In addition to the above-mentioned order from Libya, the contract awarded from China in June 2009 contributed to the tall backlog.

Switch Systems sales inching down due to poor weather

Revenue at Vossloh Switch Systems was marginally down, slipping by €3.4 million or 3.5 percent to €93.1 million (down from €96.5 million), chiefly due to weather-prompted call-off delays. In the past fiscal year, Vossloh Switch Systems had been affected in particular by weaker sales in North America, especially caused by the decline in cargo haulage in the wake of the economic and financial crisis. Business in this region returned to normal during the period.

Switch Systems order backlog at March 31, 2010, slightly up from a year ago

Orders booked by Vossloh Switch Systems in Q1 rose year-on-year by 26.8 percent from €105.7 million to €134.0 million. Order backlog at the end of Q1/2010 showed a moderate improvement, creeping up from €295.5 million to €308.0 million.

The cold winter impacted on sales at the new Rail Services business unit whose Q1 revenue amounted to €13.7 million. Orders booked during the period totaled €29.0 million, including the €15.9 million backlog added upon first-time consolidation; orders on hand at the close of March 2010 totaled €15.3 million.

Rail Infrastructure

		Q1/2010	Q1/2009
Sales	€ mill.	177.6	152.1
EBITDA	€ mill.	36.1	28.0
EBIT	€ mill.	31.0	25.2
EBIT margin	%	17.4	16.6
ROCE[1, 2]	%	18.5	20.1
Value added[1, 2]	€ mill.	12.6	11.4

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

The Rail Infrastructure division reported a sharp improvement in Q1 EBIT which rose €5.8 million or 23.0 percent to €31.0 million (up from €25.2 million).
The EBIT margin also advanced in the period, to 17.4 percent (from 16.6 percent).

Rail Infrastructure's ROCE sank from 20.1 to 18.5 percent, largely due to the first-time consolidation of the Rail Services business unit and the associated rise in capital employed. The Q1 value added by the division was, nonetheless, above the year-earlier level, ascending by €1.2 million or 10.5 percent to €12.6 million (up from €11.4 million). Based on the current WACC, the division added value of €9.8 million after taxes.

Rail Infrastructure division adding higher value despite swelling capital employed

Value added by Vossloh Fastening Systems in Q1 totaled €15.0 million, up €2.7 million or 22.0 percent. In contrast, value added at Vossloh Switch Systems was a red €1.7 million, down by €0.8 million. At Vossloh Rail Services, the corresponding figure for the period was a red €0.7 million.

Asset and capital structure

Rail Infrastructure

		Q1/2010	FY 2009	Q1/2009
Average working capital	€ mill.	261.1	220.3	202.1
Working capital intensity*	%	36.8	31.9	33.2
Closing fixed assets	€ mill.	411.2	310.6	298.8
Closing capital employed	€ mill.	674.9	520.8	512.3
Average capital employed	€ mill.	667.9	522.2	502.2

*Annualized

The Rail Infrastructure division’s Q1 average working capital rose year-on-year clearly from €202.1 million to €261.1 million, basically due to bulging trade receivables. Working capital intensity likewise worsened in Q1, from 33.2 to 36.8 percent.

Capital employed on average and at quarter-end was above the year-earlier level. At March 31, 2010, it amounted to €674.9 million (up from €512.3 million). Q1 average capital employed climbed year-on-year from €502.2 million to €667.9 million. Reasons for this growth were not only the higher working capital but also the increased fixed assets as a consequence of the first-time consolidation of Vossloh Rail Services.

First-time consolidation of Rail Services raising capital employed

Transportation business

Results of operations

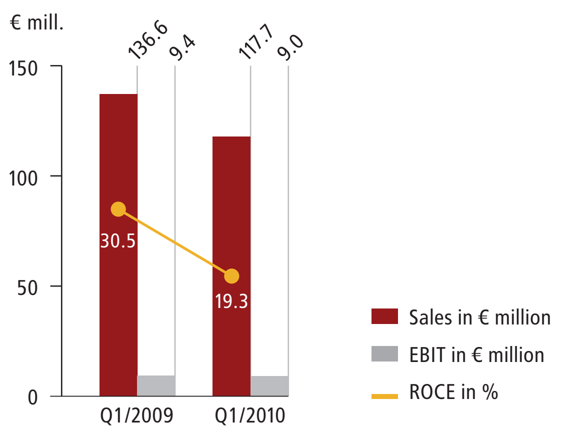
Q1/2010 sales by Transportation (previously the Motive Power&Components division) added up to €117.7 million, down by €18.9 million or 13.8 percent from the year-earlier €136.6 million. The decline was due to poorer sales at the Transportation Systems (previously Locomotives) business unit; Vossloh Electrical Systems reported a rise in revenue.

Revenue from locomotives business shrinking, as expected

Q1 sales at Vossloh Transportation Systems totaled €76.6 million, which was €24.4 million or 24.2 percent short of the year-earlier €101.0 million. Both locations, Valencia and (especially) Kiel, shared in this decline.

Sales at Valencia-based Vossloh Rail Vehicles (including its maintenance business) slipped in Q1 to €63.9 million (down from €71.2 million). Whereas maintenance business grew strongly, Q1 revenue from the sale of locomotives, components and light rail vehicles receded, from €69.6 million to €61.1 million. At Kiel, Q1 sales plunged from €29.9 million to €12.9 million.

Due to the cancellation of a contract, order intake by Vossloh Transportation Systems came to a negative €13.0 million, thus plummeting from the year-earlier €172.2 million. The year-earlier figure had included an order from Valencia for 22 metro trains.



Transportation: sales, EBIT and ROCE

Q2/2010 will show a significant improvement in order intake by Vossloh Transportation Systems including an order booked by Kiel in April 2010 for 18 diesel locomotives, model G 6, to be delivered to Verkehrsbetriebe Peine-Salzgitter.

Q2 order intake at Kiel predicted to improve

Orders on hand at Vossloh Transportation Systems were likewise lower, dropping to €358.5 million as of March 31, 2010 (down from €602.5 million).

Q1 revenue at Vossloh Electrical Systems added up to €41.1 million, an increase of €5.5 million or 15.4 percent over the year-earlier €35.6 million.

Electrical Systems generating 15.4 percent added sales

Q1/2010 order intake at Vossloh Electrical Systems totaled €17.0 million (slightly down from the year-earlier €17.5 million). The business unit's order backlog at March 31, 2010, shrank year-on-year from €218.1 million to €198.0 million.

Transportation

		Q1/2010	Q1/2009
Sales	€ mill.	117.7	136.6
EBITDA	€ mill.	12.0	12.4
EBIT	€ mill.	9.0	9.4
EBIT margin	%	7.6	6.9
ROCE[1, 2]	%	19.3	30.5
Value added[1, 2]	€ mill.	3.9	6.0

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

The Transportation division's EBIT for the period totaled €9.0 million, 4.3 percent or €0.4 million short of the year-earlier €9.4 million. The 3-month EBIT margin mounted from 6.9 to 7.6 percent.

Transportation division's EBIT below year-earlier level

The division's ROCE and VA were short of the year-earlier figures; the former fell from 30.5 to 19.3 percent and the latter from €6.0 million to €3.9 million. Applying the current WACC brings the division's posttax value added to €3.0 million.

Appreciably less value added in Q1: €3.9 million pretax and €3.0 million posttax

VA at both business units declined. At Vossloh Transportation Systems, it fell by €1.9 million to a red 0.3 million. At Vossloh Electrical Systems, the Q1 figure was €4.1 million, or €0.3 million (6.8 percent) short of the 2009 level.

Asset and capital structure

Transportation

		Q1/2010	FY 2009	Q1/2009
Average working capital	€ mill.	48.0	18.1	(5.1)
Working capital intensity*	%	10.2	3.7	(0.9)
Closing fixed assets	€ mill.	140.1	136.6	129.5
Closing capital employed	€ mill.	193.4	177.5	136.0
Average capital employed	€ mill.	186.6	150.8	123.5

*Annualized

The Transportation division’s working capital for the period surged from a red €5.1 million to €48.0 million, chiefly due to the lower trade payables. Working capital intensity for the period amounted to 10.2 percent; this compares with a red 0.9 percent for Q1/2009.

Working capital buildup driving up capital employed

At the end of Q1/2010 capital employed had risen year-on-year from €136.0 million to €193.4 million. Average capital employed likewise advanced in Q1, from €123.5 million to €186.6 million. The main reason was the increase in working capital.

Capital expenditures

Three-month capital outlays added up to €10.7 million, a sharp rise of €3.7 million or 53.3 percent. Most of the funds were spent by the Transportation division, whose €6.5 million represented an increase of 41.0 percent over Q1/2009.

Capital expenditures at the Rail Infrastructure division also increased, by 69.5 percent or €1.6 million to €3.9 million.

Additions to tangible/intangible assets

€ million	Q1/2010	Q1/2009
Rail Infrastructure	3.9	2.3
Transportation	6.5	4.6
Vossloh AG	0.3	0.1
Total	**10.7**	**7.0**

Capex continuing to focus on development of new locomotive types

Most of the capex at the Transportation division was incurred by Vossloh Transportation Systems, including €5.5 million for the development of new types of locomotives. The lion's share of the Rail Infrastructure division's capex went to Vossloh Switch Systems (€1.9 million) and included a series of revamping measures at the locations. The new Rail Services business unit invested €0.3 million in Q1/2010.

Research & development

The Vossloh Group's Q1/2010 R&D expenses amounted to €3.2 million (year-on-year up €0.8 million or 33.3 percent).

In the period, the Transportation division once again accounted for the major share at €1.9 million for R&D (up from €1.6 million). Q1 R&D expenses at Vossloh Electrical Systems added up to €1.1 million, at Vossloh Transportation Systems to €0.8 million.

Rail Infrastructure's R&D costs amounted to €1.3 million in Q1 (up from €0.8 million) of which Vossloh Switch Systems accounted for €0.6 million, Vossloh Fastening Systems for €0.4 million, and the new Rail Services business unit for €0.3 million.

In addition to the directly expensed development expenditures, Vossloh capitalized Q1 development costs of €4.0 million (up from €2.2 million) in accordance with IAS 38.

These capitalized development costs were again solely incurred at Vossloh Transportation Systems.

Workforce

At the end of March 2010, the Vossloh Group employed a workforce of 4,958, which was 250 or 5.3 percent more than at December 31, 2009, and 269 or 5.7 percent above the headcount at March 31, 2009. The increase was due to the new Rail Services business unit which at the end of March 2010 employed 305 persons.

At March 31, 2010, the Rail Infrastructure division reported a workforce of 3,104, up 347 or 12.6 percent over year-end 2009. Compared with a year ago, the headcount was up by 416 or 15.5 percent, chiefly due to the acquisition of Vossloh Rail Services.

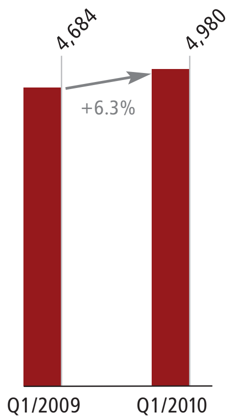
New business unit adding to group headcount

At the close of Q1/2010, the number of employees at the Transportation division totaled 1,807, a decline of 95 or 5.0 percent over year-end 2009. Year-on-year, the decrease was 145 or 7.4 percent.

Headcount at

	3/31/2010	3/31/2009
Rail Infrastructure	3,104	2,688
Transportation	1,807	1,952
Vossloh AG	47	49
Total	**4,958**	**4,689**

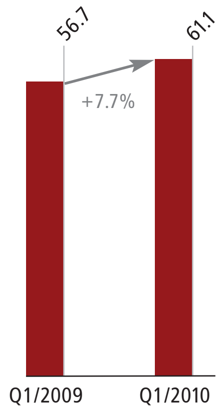
At March 31, 2010, the number of employees in Germany added up to 1,623 or 32.7 percent of the total workforce (up from 27.4 percent). The rise is again attributable to the new Rail Services business unit whose locations are all in Germany.



Average headcount (Group)

Q1 personnel expenses per capita (based on an average workforce of 4,980) climbed in 2010 to k€12.3 (up 1.3 percent from k€12.1). Sales per capita during the period slipped from k€61.7 to k€59.3 (down 3.9 percent).

The ratio of payroll to value created (*a.k.a.* payroll intensity) in Q1 improved from 64.4 to 62.7 percent.



Personnel expenses
in € million

Prospects, risks and rewards

The main risks and rewards impacting on the Vossloh Group's further development are depicted in the group management report 2009. Within the framework of ongoing risk monitoring and control through our risk management system no risks are identifiable which either individually, combined or in their aggregate might threaten the Group's very survival as a going concern (unchanged).

Favorable outlook for 2010 and 2011 endorsed

Following the consummated purchase of the new Rail Services business unit and in view of this year's business situation we had revised our budget figures and announced them on March 25, 2010, on the occasion of the presentation of the annual accounts for 2009. This assessment of Vossloh's progress in 2010 can be reaffirmed from today's vantage point. The forecast is, moreover, supported by a resurgence in order intake at the Kiel location in the second quarter of 2010.

For all of 2010 we therefore expect sales to rise by 11 to 15 percent and reach over €1.3 billion. EBIT should climb 5 to 7 percent to over €145 million. According to present forecasts, ROCE will slip to around 17 percent, mainly due to the first-time consolidation of Vossloh Rail Services. The EBIT margin will, from today's viewpoint, range between 11 and 11.5 percent for 2010. EpS is set to reach €6.50 to €7.00. For 2011, we still expect a sales growth of at least 2.5 percent and an EBIT of around €150 million.

Condensed interim financial statements of the Vossloh Group as of March 31, 2010

Income statement for the 3 months (Q1) ended March 31, 2010

€ million	Q1/2010	Q1/2009
Net sales	295.4	288.9
Cost of sales	(225.5)	(227.3)
General administrative and selling expenses	(33.8)	(30.3)
R&D expenses	(3.3)	(2.4)
Other operating income/expenses, net	2.4	1.8
Operating result	**35.2**	**30.7**
Net P/L from associated affiliates	0.2	(0.2)
Other financial income	0.0	0.0
Other financial expenses	0.0	0.0
EBIT	**35.4**	**30.5**
Interest income	2.5	3.8
Interest expense	(5.4)	(5.1)
EBT	**32.5**	**29.2**
Income taxes	(6.6)	(7.4)
Net income from continuing operations	**25.9**	**21.8**
Minority interests	(3.1)	(1.5)
Group earnings	**22.8**	**20.3**
Earnings per share (EpS)		
Undiluted earnings per share (€)	1.71	1.49
Fully diluted earnings per share (€)	1.71	1.49

Statement of comprehensive income for Q1/2010

€ million	Q1/2010	Q1/2009
Group earnings	22.8	20.3
Minority interests	3.1	1.5
Statement at fair value of derivatives in CFHs		
Change in OCI	2.0	(3.0)
Gains/losses recycled from OCI to income statement	0.0	0.0
Statement at fair value of securities available for sale		
Change in OCI	0.0	–
Currency translation differences		
Change in OCI	5.2	1.1
Deferred taxes		
on OCI changes	(0.6)	0.9
Gains/losses directly recognized in equity, net	**6.6**	**(1.0)**
Comprehensive income	**32.5**	**20.8**
thereof Vossloh AG stockholders	28.0	19.6
thereof minority interests	4.5	1.2

Cash flow statement for the 3 months (Q1) ended March 31, 2010

€ million	Q1/2010	Q1/2009
Cash flow from operating activities:		
EBIT	35.4	30.5
Amortization/depreciation/write-down (less write-up) of noncurrent assets	8.4	6.1
Change in noncurrent accruals	(2.8)	1.6
Gross cash flow	**41.0**	**38.2**
Noncash change in shares in associated affiliates	(0.2)	0.2
Other noncash income/expenses, net	8.3	(0.7)
Net book gain/loss from the disposal of intangibles/tangibles	0.0	0.0
Cash outflow for income taxes	(6.3)	(1.9)
Change in working capital	(55.6)	(62.6)
Changes in other assets/liabilities, net	(13.6)	(0.8)
Net cash used in operating activities	**(26.4)**	**(27.6)**
Cash flow from investing activities:		
Cash outflow for additions to intangibles/tangibles	(10.7)	(7.0)
Cash outflow for additions to noncurrent financial instruments	(1.6)	0.0
Cash inflow from the disposal of intangibles/tangibles	0.1	0.1
Cash outflow for short-term securities purchased/sold, net	(0.7)	(0.1)
Cash outflow for the acquisition of consolidated subsidiaries	(81.6)	–
Net cash used in investing activities	**(94.5)**	**(7.0)**
Cash flow from financing activities:		
Change in treasury stock	–	(43.7)
Cash inflow from transfers to equity	0.0	0.0
Cash outflow to stockholders and minority interest holders	–	(1.2)
Net finance from short-term loans	31.5	2.6
Net finance from medium-/long-term loans	4.8	1.7
Cash inflow from interest	7.9	6.6
Cash outflow for interest	(2.8)	(2.4)
Net cash provided by/(used in) financing activities	**41.4**	**(36.4)**
Net outflow of cash and cash equivalents	(79.5)	(71.0)
Change in cash and cash equivalents from initial consolidation	1.5	–
Opening cash and cash equivalents	**156.5**	**247.8**
Closing cash and cash equivalents	**78.5**	**176.8**

Year-on-year changes in cash flow allocation are explained in the notes to the cash flow statement on pages 38/39.

Balance sheet

Assets in € million	3/31/2010	12/31/2009	3/31/2009
Intangible assets	396.2	322.1	314.6
Tangible assets	148.3	121.6	110.6
Investment properties	4.6	4.5	4.9
Shares in associated affiliates	4.1	0.4	0.4
Other noncurrent financial instruments	7.8	9.6	9.4
Other noncurrent assets	0.6	0.8	0.3
Deferred tax assets	31.7	30.6	24.4
Total noncurrent assets	**593.3**	**489.6**	**464.6**
Inventories	354.3	342.0	348.0
Trade receivables	334.5	298.9	293.8
Income tax assets	8.0	3.8	6.4
Sundry current assets	43.1	46.8	29.3
Short-term securities	1.6	0.8	0.2
Cash and cash equivalents	78.5	156.5	176.8
Total current assets	**820.0**	**848.8**	**854.5**
Total assets	**1,413.3**	**1,338.4**	**1,319.1**

Equity & liabilities in € million	3/31/2010	12/31/2009	3/31/2009
Capital stock	37.8	37.8	37.8
Additional paid-in capital	42.7	42.7	42.7
Treasury stock	(106.2)	(106.2)	(106.4)
Reserves retained from earnings	410.5	410.5	315.4
Undistributed group profit	91.6	4.5	139.5
Group earnings	22.8	87.9	20.3
Accumulated other comprehensive income	0.2	(5.0)	2.4
Stockholders' equity	**499.4**	**472.2**	**451.7**
Minority interests	26.4	20.4	16.9
Total equity	**525.8**	**492.6**	**468.6**
Pension accruals	11.5	9.7	9.0
Noncurrent tax accruals	2.7	2.7	4.0
Other noncurrent accruals	80.6	83.7	64.6
Noncurrent financial debts	182.2	167.9	183.3
Other noncurrent liabilities	35.7	47.2	37.5
Deferred tax liabilities	32.6	24.3	22.5
Total noncurrent liabilities and accruals	**345.3**	**335.5**	**320.9**
Current tax accruals	7.2	3.8	6.3
Other current accruals	144.0	137.3	147.1
Current financial debts	94.4	59.6	44.4
Trade payables	201.9	229.9	235.8
Current income tax liabilities	5.9	5.3	7.3
Other current liabilities	88.8	74.4	88.7
Total current liabilities and accruals	**542.2**	**510.3**	**529.6**
Total equity and liabilities	**1,413.3**	**1,338.4**	**1,319.1**

Statement of changes in equity

€ million	Capital stock	Additional paid-in capital	Treasury stock	Reserves retained from earnings	Undistributed group profit	Group earnings	Accumulated OCI	Stockholders' equity	Minority interests	Total
Balance at 12/31/2008	**37.8**	**42.7**	**(62.7)**	**315.4**	**0.1**	**139.4**	**3.1**	**475.8**	**16.9**	**492.7**
Carryforward to new account					139.4	(139.4)		0.0		0.0
Comprehensive income						20.3	(0.7)	19.6	1.2	20.8
Dividend payout								0.0	(1.2)	(1.2)
Repurchase of treasury stock			(43.7)					(43.7)		(43.7)
Balance at 3/31/2009	**37.8**	**42.7**	**(106.4)**	**315.4**	**139.5**	**20.3**	**2.4**	**451.7**	**16.9**	**468.6**
Transfer to reserves retained from earnings				95.0	(95.0)			0.0		0.0
Changes in equity interests				(0.1)			(0.4)	(0.5)	1.4	0.9
Change due to initial consolidation				0.2				0.2		0.2
Comprehensive income						67.6	(7.0)	60.6	6.8	67.4
Capital increases from SOPs	0.0	0.0						0.0		0.0
Dividend payout					(40.0)			(40.0)	(4.7)	(44.7)
Repurchase of treasury stock			0.2					0.2		0.2
Balance at 12/31/2009	**37.8**	**42.7**	**(106.2)**	**410.5**	**4.5**	**87.9**	**(5.0)**	**472.2**	**20.4**	**492.6**
Carryforward to new account					87.9	(87.9)		0.0		0.0
Change due to initial consolidation					(0.8)			(0.8)	1.5	0.7
Comprehensive income						22.8	5.2	28.0	4.5	32.5
Capital increases from SOPs	0.0	0.0						0.0		0.0
Balance at 3/31/2010	**37.8**	**42.7**	**(106.2)**	**410.5**	**91.6**	**22.8**	**0.2**	**499.4**	**26.4**	**525.8**

Explanatory notes

Corporate background

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

Accounting principles

The interim financial report as of March 31, 2010, has been prepared in accordance with the International Financial Reporting Standards (IFRS) which are applicable in the European Union (EU).

The accounting and valuation principles adopted in interim reporting essentially conform with those used for the consolidated financial statements as of December 31, 2009, with due regard to International Accounting Standard (IAS) 34 *Interim Reporting* and German Accounting Standard (GAS) No. 16 *Interim Reporting*. IFRS 3 as endorsed by the EU in June 2009 was applied for the first time. Preparing interim financial reports requires management to make certain assumptions and estimates. Actual values may differ from those estimates and hence from the amounts disclosed in the interim report.

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

Consolidation group

The consolidation group has been substantially extended since December 31, 2009: On the one hand, all of the new Rail Services business unit's 18 companies have been newly included as of January 1, 2010, their formal acquisition date. 16 subsidiaries are fully consolidated, 2 companies carried at equity. For acquisition details, see the notes to the consolidated financial statements as of December 31, 2009.

The purchase price of €89.7 million for the shares acquired (including all direct incidentals) contrasted with the following assets and liabilities:

€ million	Pre-combination book values	Adjustments	Provis. fair values at initial consolidation date
Intangible assets	2.5	14.0	16.5
Tangible assets	14.2	8.7	22.9
Other noncurrent assets	4.0	0.4	4.4
Inventories	4.8	0.5	5.3
Current receivables	7.7	0.0	7.7
Cash & cash equivalents	7.2	–	7.2
Other current assets	1.7	0.0	1.7
Financial debts	(12.4)	(1.1)	(13.5)
Accruals	(4.8)	(0.4)	(5.2)
Trade payables	(0.8)	0.0	(0.8)
Other liabilities	(2.0)	(5.4)	(7.4)
Net assets acquired	**22.1**	**16.7**	**38.8**
Acquisition price			88.8
Residual goodwill			**50.0**

The allocation to assets and liabilities of the purchase price as shown in the above table is currently still not final since some of the fair market values could not yet be finally determined. The full purchase price was paid cash. Since their first-time consolidation, the operations acquired contributed €1.5 million to group earnings and €13.7 million to sales.

Another 2009 acquiree, Marlin, TX, USA, based Global Rail Systems, Inc., was newly consolidated as of January 1, 2010, too; for acquisition details, see the notes to the consolidated financial statements as of December 31, 2009.

The share deal's purchase price of €4.4 million (paid cash) contrasted with the following assets and liabilities:

€ million	Pre-combination book values	Adjustments	Provis. fair values at initial consolidation date
Intangible assets	–	3.4	3.4
Tangible and other noncurrent assets	0.5	–	0.5
Inventories, current receivables, other current assets	0.3	–	0.3
Cash and cash equivalents	1.6	–	1.6
Financial debts, accruals	(0.3)	–	(0.3)
Trade payables, other liabilities	(0.4)	(1.2)	(1.6)
Acquiree's net assets	**1.7**	**2.2**	**3.9**
Interest in net assets acquired	**1.0**	**1.4**	**2.4**
Acquisition price			4.4
Residual goodwill			**2.0**

Since its first-time consolidation as of January 1, 2010, acquiree Global Rail Systems contributed a red €0.3 million to group earnings and added €0.3 million to sales.

Consequently, including Vossloh AG, 29 German and 36 foreign companies were consolidated fully in the interim financial statements as of March 31, 2010. Moreover, two non-German companies were consolidated pro rata, three German associated affiliates being included at equity.

Equity

Since the consolidated financial statements 2009, the capital stock has been increased by 50 common shares in the wake of stock options exercised under the ESOP 2005. As of March 31, 2010, Vossloh AG's capital stock consequently amounted to €37,825,168.86, divided into 14,795,920 shares, of which 13,319,690 were then outstanding.

Earnings per share

		Q1/2010	Q1/2009
Weighted average number of common shares		14,795,871	14,991,663
Repurchased shares (weighted)		(1,476,230)	(1,415,497)
Weighted average number of shares outstanding		13,319,641	13,576,166
Dilutive shares from stock options under the ESOP/LTIP		24	37
Fully diluted weighted average number of shares outstanding		13,319,665	13,576,203
Group earnings	€ mill.	22.8	20.3
Undiluted (basic) EpS from continuing operations	€	**1.71**	**1.49**
Fully diluted EpS from continuing operations	€	**1.71**	**1.49**

Cash flow statement

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

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

Contrary to the Q1/2009 interim report but as already practiced in the consolidated financial statements 2009, the cash inflows from/(cash outflows for) short-term securities sold/(purchased) have been treated as part of investing activities, which is considered more appropriate as it highlights the very nature of the short-range investment of such cash. The prior-year data has been reclassified accordingly.

Segment information

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

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

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

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

The Rail Services business unit's activities include 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. The unit organizes and monitors just-in-time rail shipments to construction sites and ensures 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, and comprises the Transportation Systems and Electrical Systems business units.

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

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

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

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

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

Reconciliation of value added with EBIT

€ million	Q1/2010	Q1/2009
Value added	11.6	13.3
Cost of capital employed	23.8	17.2
EBIT	**35.4**	**30.5**

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

Related-party transactions

€ million	Q1/2010 or 3/31/2010	Q1/2009 or 3/31/2009
Sale/purchase of goods		
Net sales	1.6	0.5
Expenses	0.5	0.2
Trade receivables	5.1	2.8
Trade payables	0.6	1.2
Sale/purchase of other assets		
Receivables from the sale of other assets	0.5	1.0
Finance		
Interest income from loans granted	0.0	0.0
Interest expense for loans raised	0.0	0.0
Receivables under loans	1.2	0.7
Guaranties/collateral furnished		
Bonds/guaranties furnished	11.6	6.0
Other collateral furnished	1.3	1.3

In comparison to December 31, 2009, the Group's contingent liabilities inched up €0.5 million to €15.1 million; this total includes guaranties for €11.6 million, as well as contingent liabilities from the collateralization of third-party debts of €3.5 million.

Contingent liabilities

Segment information by business unit

		Fastening Systems	Switch Systems	Rail Services	Consolidation	Rail Infrastructure
Value added						
Q1/2010	€ mill.	15.0	(1.7)	(0.7)	0.0	12.6
Q1/2009	€ mill.	12.3	(0.9)	–	0.0	11.4
Total assets						
3/31/2010	€ mill.	189.9	397.7	116.3	199.6	903.5
3/31/2009	€ mill.	138.3	365.6	–	189.8	693.7
Liabilities						
3/31/2010	€ mill.	97.1	153.1	83.3	(0.1)	333.4
3/31/2009	€ mill.	52.8	151.0	–	3.7	207.5
Net external sales						
Q1/2010	€ mill.	69.5	93.0	13.7	0.0	176.2
Q1/2009	€ mill.	55.2	96.5	–	0.0	151.7
Intersegment transfers						
Q1/2010	€ mill.	1.6	0.0	0.0	(0.2)	1.4
Q1/2009	€ mill.	0.8	0.0	–	(0.4)	0.4
Interest income						
Q1/2010	€ mill.	0.0	0.1	0.0	0.0	0.1
Q1/2009	€ mill.	0.0	0.2	–	0.0	0.2
Interest expense						
Q1/2010	€ mill.	(0.6)	(0.8)	(0.3)	0.0	(1.7)
Q1/2009	€ mill.	(0.2)	(0.6)	–	(0.1)	(0.9)
Amortization/depreciation						
Q1/2010	€ mill.	0.8	2.3	2.1	0.0	5.2
Q1/2009	€ mill.	0.8	2.0	–	0.0	2.8
Additions to noncurrent assets						
Q1/2010	€ mill.	1.7	1.9	0.3	0.0	3.9
Q1/2009	€ mill.	0.8	1.5	–	0.0	2.3
Average headcount						
Q1/2010		466	2,333	302	0	3,101
Q1/2009		444	2,243	–	0	2,687

Transportation Systems	Electrical Systems	Consolidation	Transportation	Corporate HQ/first-tier consolidation	Group
(0.2)	4.1	0.0	3.9	(4.9)	11.6
1.6	4.4	0.0	6.0	(4.1)	13.3
389.2	167.6	(0.6)	556.2	(46.4)	1,413.3
386.1	158.6	0.0	544.7	80.7	1,319.1
161.0	55.1	(0.6)	215.5	59.2	608.1
176.0	59.2	0.1	235.3	152.2	595.0
76.6	40.9	0.0	117.5	0.1	293.8
101.0	35.5	0.0	136.5	0.2	288.4
0.0	0.2	0.0	0.2	0.0	1.6
0.0	0.1	0.0	0.1	0.0	0.5
2.4	0.0	0.0	2.4	0.0	2.5
2.8	0.4	0.1	3.3	0.3	3.8
(1.3)	(0.3)	0.0	(1.6)	(2.1)	(5.4)
(1.6)	(0.2)	0.0	(1.8)	(2.4)	(5.1)
2.3	0.6	0.1	3.0	0.2	8.4
2.5	0.5	0.0	3.0	0.3	6.1
5.5	1.0	0.0	6.5	0.3	10.7
3.6	1.0	0.0	4.6	0.1	7.0
1,206	626	0	1,832	47	4,980
1,385	561	0	1,946	51	4,684

Financial diary 2010

Annual general meeting	May 19, 2010
Dividend payout	May 20, 2010
Publication of interim reports:	
as of June 30	July 28, 2010
as of September 30	October 27, 2010
Investors and analysts conference	December 2, 2010

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Vossloh AG's boards

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

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