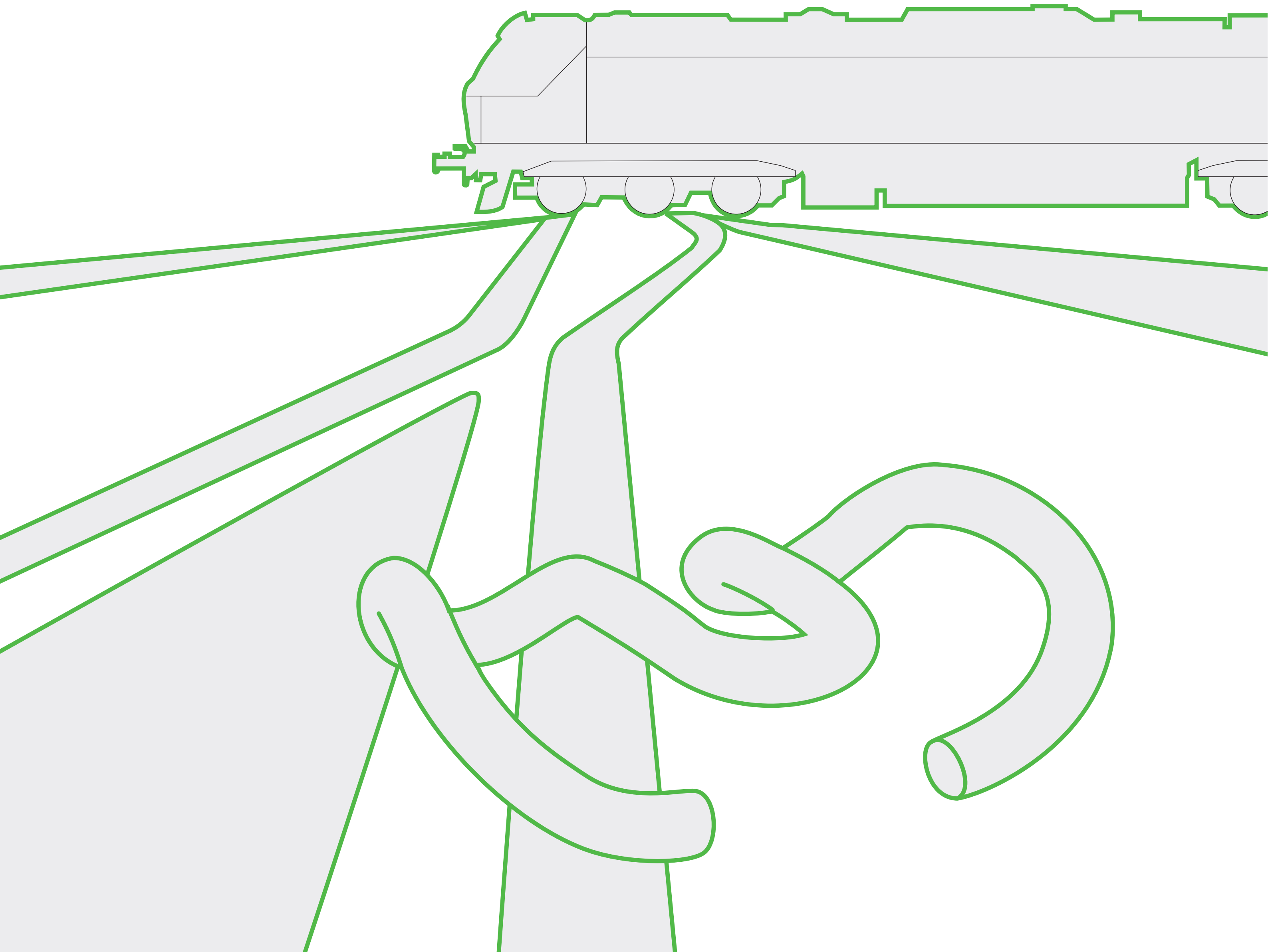
vossloh

Sustainable success

Interim report as of September 30, 2008



Group figures and indicators		3Q/2008	3Q/2007
Income statement data			
Net sales[2]	€ mill.	903.1	729.6
thereof Rail Infrastructure[2]	€ mill.	514.3	378.9
Motive Power&Components	€ mill.	388.5	350.6
EBIT[2]	€ mill.	106.0	75.1
Net interest expense[2]	€ mill.	(8.2)	(8.2)
EBT[2]	€ mill.	97.8	66.9
Group earnings (total)	€ mill.	115.3	45.9
Earnings per share	€	7.79	3.11
EBIT margin[2]	%	11.7	10.3
Pretax return on equity (ROE)[2]	%	24.3	22.2
Return on capital employed (ROCE)[2]	%	17.0	12.3
Balance sheet data			
Fixed assets[3]	€ mill.	432.6	493.7
capital expenditures	€ mill.	24.4	34.0
amortization/depreciation[1,2]	€ mill.	16.5	13.6
Working capital	€ mill.	400.3	318.9
Working capital intensity[2]	%	33.2	32.8
Capital employed	€ mill.	832.9	812.6
Total equity	€ mill.	536.2	401.1
thereof minority interests	€ mill.	15.6	10.0
Net financial assets/(debt)	€ mill.	3.3	(128.1)
Net leverage	%	(0.6)	32.0
Total assets	€ mill.	1,411.4	1,347.8
Equity ratio	%	38.0	29.8
Cash flow statement data			
Gross cash flow[4]	€ mill.	191.8	101.4
Cash flow from operating activities[4]	€ mill.	44.9	56.6
Cash flow from investing activities[4]	€ mill.	117.3	(100.4)
Cash flow from financing activities[4]	€ mill.	(32.7)	(3.8)
Change in cash & cash equivalents	€ mill.	129.5	(47.6)
Workforce			
Average headcount in the period		4,610	5,328
thereof Rail Infrastructure		2,652	3,561
thereof Infrastructure Services		–	1,366
Motive Power&Components		1,914	1,731
Vossloh AG		44	36
Payroll-to-value added ratio[2]	%	60.2	65.0
Personnel expenses[2]	€ mill.	162.8	143.0
Share data			
Stock price at September 30	€	73.04	75.70
Market capitalization at September 30	€ mill.	1,080.3	1,117.4

[1] Excl. noncurrent financial instruments
[2] Prior-year data restated to allow for the disclosure of the Infrastructure Services business unit as discontinued operation.
[3] Fixed assets = Intangible and tangible assets + investment properties + associated affiliates + other noncurrent financial instruments
[4] The 3Q/2008 data includes the cash flows of the Infrastructure Services BU.
Where required, figures annualized

Dear Stockholders:

Notwithstanding the worsening economic environment, Vossloh in Q3/2008 repeated the progress made during the first six months of the year. In the course of these first nine months (3Q), our group showed double-digit sales and EBIT growth rates—propelled by the ongoing very strong performances of our two divisions Rail Infrastructure and Motive Power&Components.

Year-on-year, 3-quarter sales by the Vossloh Group mounted 23.8 percent to €903.1 million. As in the preceding periods, 3Q EBIT advanced even more vigorously, to €106.0 million and hence by 41.1 percent versus 2007. Our key performance indicator, ROCE, increased to 17.0 percent versus the year-earlier 12.3 percent. In the same time span, the EBIT margin climbed from 10.3 to 11.7 percent. As a consequence, both indicators were in excess of our benchmarks of 15 percent for ROCE and 10 percent for the EBIT margin. Likewise highly respectable is the order backlog as of September 30, 2008, which at €1,198.6 million is only slightly short of the high level of the preceding year. We again moved in closer on our target of lifting non-European sales to 30 percent. Whereas in 3Q/2007, the proportion had only been 21.7 percent, during the period under review it has risen to 28.1 percent.

No longer included in the reported figures is Vossloh Infrastructure Services (VIS), a business unit whose disposal we finalized as planned in September 2008, with the consequence that our net financial debt has now turned around into a net financial asset. Especially in times of general credit restrictions imposed by the banks, this cash influx strengthens our financial muscle substantially. Unfettered by debt market constraints, we can thus afford even major acquisitions. This financial latitude we intend to exploit, in particular, by expanding our product portfolio.

Apart from this strategic goal of growth also through M&As, we will be using some of the funds accruing from the VIS disposal for a stock repurchase program that envisages the bugback of up to 10 percent of the capital stock. The program will be concluded by April 15, 2009; it is a reflection of our conviction that Vossloh stock is a most inviting investment.

The disposal of VIS results in a book gain of around €43 million for the past quarter. From today's vantage point, this will lead to an EpS rise of around €2.88 versus the original forecast but a one-off effect confined to fiscal 2008.

The successes scored over the past nine months emphasize the excellence of our business model as reflected by the response to our presence in September at InnoTrans, the international trade fair on transport technology. Our fair stands attracted very many customers and industry decision-makers. Prominent among our product presentations were the new diesel-hydraulic G 6 and the EURO 4000, Europe’s most powerful diesel-electric locomotive. The EURO 4000, of which as many as 45 have been sold since 2006, is engineered for pan-European and cross-border haulage. Other visitor magnets were Vossloh Electrical Systems' hybrid drive for urban buses and Vossloh Fastening Systems’ heavy-haul rail fasteners.

The keen interest being shown in rail infrastructure is more than merely a subjective impression. A recent study published by the Association of the European Rail Industry (UNIFE) together with Roland Berger predicts for the next nine years an annual growth rate of 2.5 to 3 percent within the accessible global market.

In the turbulent times experienced over the past nine months we have demonstrated our ability to dependably move ahead at a repeatedly high pace. Given the business trend to date, we can even level up the figures expected for 2008. The UNIFE study predictions, the solid order backlog, our financial muscle and the talks we have held with customers at InnoTrans are all convincing arguments that, even beyond this time-frame, we will be able to successfully maintain our course of value-driven growth.

Kind regards,

Werner Andree
CEO

Vossloh's corporate structure

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

Vossloh AG	
Rail Infrastructure	Motive Power&Components
Vossloh Fastening Systems Vossloh Switch Systems	Vossloh Locomotives Vossloh Electrical Systems

Rail Infrastructure division

This division bundles our rail infrastructure products and services.

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

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

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

Motive Power&Components division

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

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

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

Vossloh stock

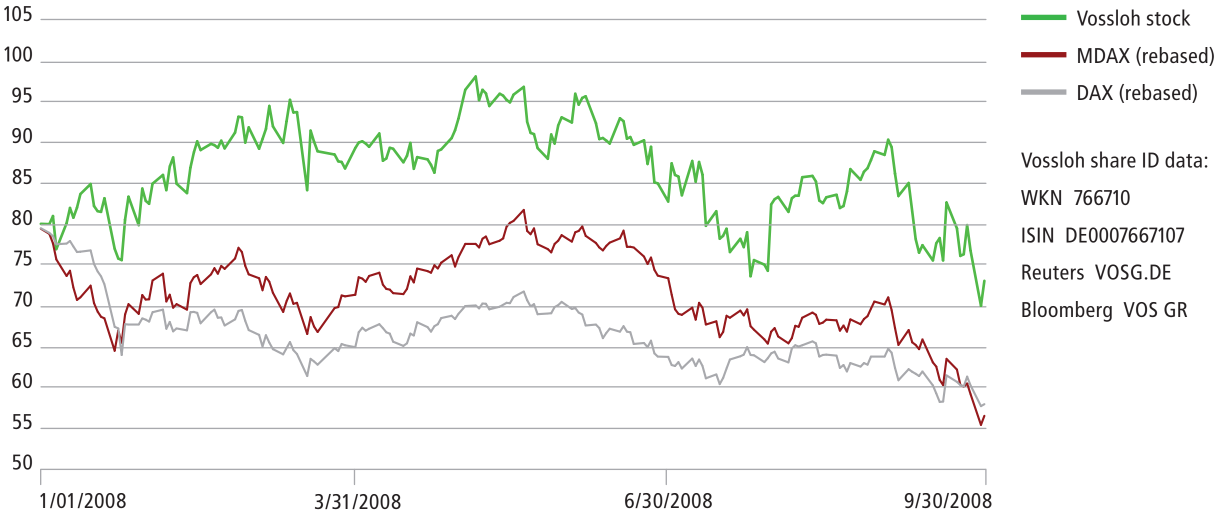
Triggered by the finance sector crisis, the international stock markets suffered severe losses in the first nine months of 2008. Following the sharp downturn right at the start of the year, most indexes on balance then failed to show any major changes for the period up to end-May. With rising uncertainty prevailing in the financial markets and growing fears of recession, prices plunged worldwide starting from June, the trend accelerating when the survival of several major banks was at stake in September. The plunge was accompanied by exceptional price volatility of both individual stocks and entire indexes. By the end of Q3/2008, the most important indexes had tumbled to the levels of 2005 and 2006.

Finance crisis causes dramatic international stock market collapse

The DAX which had closed at 8,067 in December 2007, shed as much as 20+ percent in the first half of 2008 and then, just as other international stock markets, plummeted even steeper in the third quarter. It closed September 30 at 5,831, a 9-month loss of almost 28 percent.

After some time lag, the German mid-cap index MDAX, which includes Vossloh, encountered a similar fate. Having closed 2007 at 9,865, the losses suffered by the MDAX at the start of the year, had been a little less severe. In fact, at over 10,000, this index achieved its annual high to date in May. All the more dramatic in the following months, especially in September 2008, were the subsequent losses.
At the end of Q3, this index at around 6,957 was almost 30 percent short of the 2007 closing level.

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



Vossloh share ID data:

WKN 766710

ISIN DE0007667107

Reuters VOSG.DE

Bloomberg VOS GR

Vossloh much more resilient than DAX and MDAX

Within this troubled environment, Vossloh's stock demonstrated a lot more resilience than the comparable indexes. At the start of the period it had bucked the market trend and advanced, subsequently mounting to an annual high of €99.49 in the course of May 5, 2008. Vossloh stock was then unable to fully escape the subsequent market crash, especially in September, caused by the financial crisis, despite a temporary rally in August. Closing the third quarter at €73.04, Vossloh stock price, although short of the year-end level of 2007, suffered a relatively moderate loss of just under 9 percent.

The aggregate 3-quarter trading volume was 20.3 million shares, or a rise of 13 percent versus 3Q/2007. An average of 105,765 shares were traded per day.

At the end of September, altogether 20 analyst firms were regularly reviewing Vossloh stock. Price expectations ranged between €72.5 and €112, the stock price predicted as mean fair value amounting to around €93. Eleven analysts recommended "buy," six "hold," and three "sell." Once again, the long-term focus of the business model, the concentration on core capabilities in the rail technology sector and the reliable predictability of future business due to robust demand trends in the industry were factors that were viewed favorably.

Stock repurchase program launched

On October 15, 2008, Vossloh AG's Executive and Supervisory Boards published their resolution to repurchase from the stock market up to 1,479,582 shares as treasury stock, equivalent to ten percent of the Company's capital stock.
The repurchase program started October 16, 2008, and will be concluded by April 15, 2009. The stock repurchase is managed and carried out by a bank independently and uninfluenced by Vossloh AG. Legal basis for this program is the authorities conferred by the annual general meetings of May 31, 2007, and May 21, 2008.
The treasury stock may be used for any purposes authorized by the above-mentioned general meetings.

Vossloh stock details	
ISIN	DE0007667107
Traded at	Xetra, Düsseldorf, Frankfurt, Berlin-Bremen, Hannover, Hamburg, Stuttgart, Munich
Index	MDAX
Number of shares outstanding at 9/30/2008	14,791,046
Stock price (9/30/2008)	€73.04
3Q/2008 high/low	€99.49/€66.62
Reuters code	VOSG.DE
Bloomberg code	VOS GR

Interim management report

The Group's business trend

Introduction

Vossloh Infrastructure Services sold retroactively as of January 1, 2008

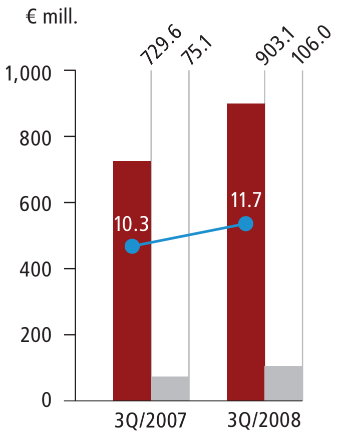
At June 30, 2008, the Vossloh Group executed the share sale and transfer agreement on the divestment of the Infrastructure Services (VIS) business unit. The deal was closed as scheduled on September 19, 2008, when the competent antitrust authorities approved the deal. VIS was disposed of retroactively as of January 1, 2008, and derecognized when the deal was closed. Consequently, the net (posttax) balance of all income and expenses of this business unit has been shown in a separate income statement line as *aftertax profit from discontinued operations*, for both the current and prior periods, as required by IFRS 5.

Results of operations

In the first three quarters (3Q) of fiscal 2008 and excluding the Infrastructure Services business unit, the Vossloh Group generated sales of €903.1 million, an increase of €173.5 million or 23.8 percent from €729.6 million a year ago. Q3/2008 sales alone reached €312.2 million, up €71.4 million or 29.7 percent from 2007.

3-quarter group sales boosted by around 24 percent

As in prior periods, both Rail Infrastructure and Motive Power&Components contributed to the 3Q rise with double-digit growth rates. The most important source of sales was Rail Infrastructure whose Fastening Systems business unit both in 3Q and Q3 reported the largest gains. Vossloh Switch Systems likewise made very good progress, mostly thanks to the M&As. In 2008, the US subsidiary Vossloh Track Material, Inc. and Cleveland Track Material, Inc. (both newly consolidated in Q2/2007) generated 9-month sales of altogether €63.0 million.



Vossloh Group: sales and EBIT

Sales in € million
EBIT in € million
EBIT margin in %

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

Vossloh Cogifer Australia Pty. Ltd., Sportek Maskinfabrik A/S in Denmark and Kloos Oving BV in the Netherlands, all belonging to Vossloh Switch Systems and newly consolidated as of January 1, 2008, reported combined sales of €27.7 million for the period.

Organically, too, the Vossloh Group showed vigorous sales: allowing for all the acquisition-related effects, revenue during the period rose 16.7 percent versus 3Q/2007. Adjusted for the M&A transactions, Q3 sales advanced 26.0 percent.

EBIT upgraded by 41+ percent

The Vossloh Group's 3Q EBIT for 2008 amounted to €106.0 million, up a solid €30.9 million or 41.1 percent from 2007, both divisions contributing. The 3Q EBIT margin rose from 10.3 to 11.7 percent, especially thanks to the Motive Power& Components division. The Group's third-quarter EBIT margin reached 12.7 percent in 2008, this substantial improvement over the year-earlier 9.6 percent being to the credit of both divisions.

Group EBIT margin roughly 12 percent, well above target

Book gain from divestment included in group earnings

Nine-month group earnings were easily double the year-earlier figure, soaring by €69.4 million, from €45.9 million to €115.3 million (up 151.2 percent). This was chiefly due to the €42.6 million capital gain from the sale of Infrastructure Services. Nonetheless, 3Q net income from continuing operations was also substantially boosted, jumping from €42.7 million in 2007 to €77.2 million in 2008. 3Q EpS climbed from €3.11 to €7.79 while EpS from continuing operations alone vaulted from €2.79 to €4.91.

Vossloh Group

		3Q/2008	3Q/2007	Q3/2008	Q3/2007
Sales	€ mill.	903.1	729.6	312.2	240.8
EBITDA	€ mill.	122.5	88.7	44.8	27.6
EBIT	€ mill.	106.0	75.1	39.8	23.1
EBIT margin	%	11.7	10.3	12.7	9.6
EBT	€ mill.	97.8	66.9	38.5	20.2
Group earnings	€ mill.	115.3	45.9	69.0	13.8

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

Group's order backlog nudging €1.2 billion

At September 30, 2008, order backlog at the Vossloh Group totaled €1,198.6 million, slipping slightly by €24.6 million or 2.0 percent from the high previous year's €1,223.2 million. Orders booked during the first nine months of 2008 added up to €975.5 million, up €311.3 million or 46.9 percent over the year-earlier €664.2 million. The companies newly consolidated in 2008 contributed €77.6 million; hence, organic growth reached €233.7 million or 35.2 percent.

As in prior periods, Vossloh during the first nine months of 2008 moved in closer toward its goal of 30-percent sales outside of Europe. Regions outside of Europe accounted for 28.1 percent of 3Q revenue, up from 21.7 percent. Non-European sales during 3Q/2008 rose altogether by 60.7 percent. Even excluding the newcomers (Vossloh Track Material, Inc.; Cleveland Track Material, Inc.; and Vossloh Cogifer Australia Pty. Ltd.), Vossloh managed to boost its non-European sales by 38.2 percent during this period.

Non-European sales share around 28 percent

It was especially in Asia, the Near & Middle East and in Oceania that growth rates were clearly steeper. In absolute figures, Asia contributed the largest share to total sales in these regions. Here, China was easily the prime source of revenue. Since the end of May 2008, shipments of rail fasteners have been stepped up for the construction of the Chinese high-speed lines.

Business in North and Central America during 3Q/2008 was again expanded. As in the first half of 2008, this was due to the sales generated by the US subsidiaries Vossloh Track Material, Inc. and Cleveland Track Material, Inc. During the period, these two companies accounted for more than one-half of sales in North and Central America.

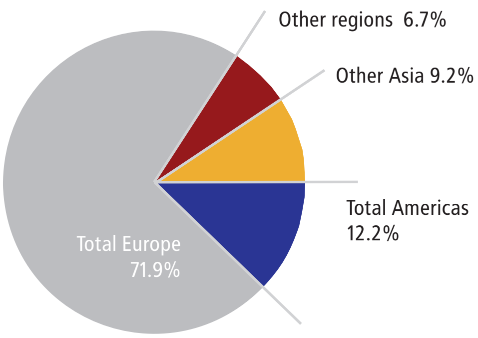
In Europe, 3Q sales advanced by 13.6 percent; excluding M&As, by 10.7 percent. Major sources of sales in Western Europe were the UK, and (albeit from a relatively lower base) the Netherlands, and Austria. Sales in Germany were slightly up; in France, on account of still muted demand especially on the part of the municipalities, they declined.

Whereas Eastern European sales in 3Q/2008 were slightly down, elsewhere in Southern and Northern Europe they rose. In Scandinavia, this was largely due to the acquiree, Sportek Maskinfabrik A/S in Denmark; in the southern parts of the continent, Italy and Portugal in particular reported appreciable gains.

Sales by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	3Q/2008		3Q/2007		Q3/2008		Q3/2007	
Germany	108.6	12.0	107.6	14.7	40.7	13.0	35.1	14.6
France	87.3	9.7	95.3	13.1	17.2	5.5	19.8	8.2
Other Western Europe	158.5	17.6	111.4	15.3	40.3	12.9	45.4	18.9
Northern Europe	60.7	6.7	47.6	6.5	19.7	6.3	15.5	6.4
Southern Europe	197.2	21.8	172.7	23.7	84.5	27.1	52.3	21.7
Eastern Europe	36.8	4.1	37.0	5.0	11.5	3.7	14.7	6.1
Total Europe	**649.1**	**71.9**	**571.6**	**78.3**	**213.9**	**68.5**	**182.8**	**75.9**
North & Central America	108.0	12.0	61.2	8.4	27.1	8.7	31.8	13.2
South America	2.2	0.2	33.2	4.5	0.5	0.2	6.1	2.5
Total Americas	**110.2**	**12.2**	**94.4**	**12.9**	**27.6**	**8.9**	**37.9**	**15.7**
Near & Middle East	25.2	2.8	5.5	0.8	10.1	3.2	1.8	0.8
Other Asia	83.5	9.2	37.3	5.1	48.5	15.5	9.5	3.9
Africa	23.4	2.6	16.6	2.3	7.5	2.4	7.2	3.0
Oceania	11.7	1.3	4.2	0.6	4.6	1.5	1.6	0.7
Total	**903.1**	**100.0**	**729.6**	**100.0**	**312.2**	**100.0**	**240.8**	**100.0**

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



Sales by region 3Q/2008

Asset and capital structure, financial position

As of September 30, 2008, the Vossloh Group's total assets amounted to €1,411.4 million and therefore exceeded the year-end 2007 level of €1,326.8 million by €84.6 million and the September 30, 2007 total of €1,347.8 million by €63.6 million. However, given the retroactive economical effect of the divestment of Vossloh Infrastructure Services (VIS) as of January 1, 2008, any comparison of the balance sheet as of September 30, 2008, with prior periods is biased.

Equity ratio at 38 percent

The total of cash and cash equivalents as of September 30, 2008, was boosted by the purchase price payments for divestee VIS. Moreover, total assets swelled at the close of the 3Q period as the Group stocked up on inventories and Vossloh Cogifer Australia, Sportek Maskinfabrik and Kloos Oving were added to the consolidation group. On the right side of the balance sheet, it is the significant rise in equity that is worth special mention; the Vossloh Group's equity ratio at September 30, 2008, was 38.0 percent.

By the close of 3Q/2008, the Group's working capital mounted to €400.3 million, hence up by €87.5 million from year-end 2007 and €81.4 million from the level at September 30, 2007. Working capital was primarily upsized by higher inventories and trade receivables. The acquirees (Vossloh Cogifer Australia, Sportek Maskinfabrik, and Kloos Oving), newly consolidated as of January 1, 2008, accounted for some €9 million of the Group's working capital. At 33.2 percent, working capital intensity as of September 30, 2008, had inched up from the year-earlier 32.8 percent.

Vossloh Group

		9/30/2008	12/31/2007	9/30/2007
Total assets	€ mill.	1,411.4	1,326.8	1,347.8
Total equity	€ mill.	536.2	434.0	401.1
Equity ratio	%	38.0	32.7	29.8
Working capital	€ mill.	400.3	312.8	318.9
Working capital intensity[1,2]	%	33.2	30.8	32.8
Fixed assets	€ mill.	432.6	503.4	493.7
Capital employed	€ mill.	832.9	816.2	812.6
ROCE[1,2]	%	17.0	13.6	12.3
ROE[1,2]	%	24.3	23.0	22.2
Net financial assets/(debt)	€ mill.	3.3	(124.9)	(128.1)
Net leverage	%	(0.6)	28.8	32.0

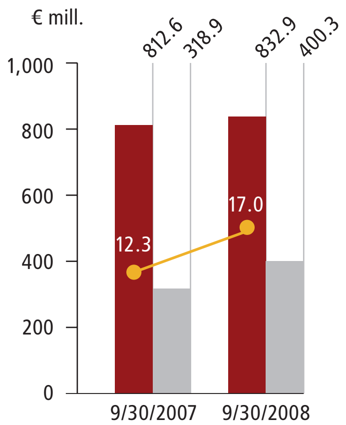
[1] Annualized
[2] Prior-year comparatives adjusted for the Infrastructure Services business unit's contributions

Vossloh's capital employed (CE) amounted to €832.9 million as of September 30, 2008, hence up from €816.2 million (year-end) and €812.6 million (September 30) in 2007 as a result of the higher working capital. The CE rise notwithstanding, the (annualized) 3Q ROCE—the Vossloh Group's key controlling parameter—shot up from 12.3 percent in 2007 to 17.0 in 2008.

9-month ROCE up to 17 percent

The Vossloh Group reported net financial assets of €3.3 million as of September 30, 2008, which compares for 2007 with a net financial debt of €124.9 million (year-end) and €128.1 million (September 30). As of September 30, 2008, financial assets of €231.6 million contrasted with financial debts of €228.3 million.

Net financial debt down to nil at September 30



Vossloh Group:
CE, WC and ROCE trends

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

Rail Infrastructure business

Organic 3Q sales growth at 22 percent

Three-quarter sales by Rail Infrastructure totaled €514.3 million, well in excess of the year-earlier €378.9 million (up €135.4 million or 35.7 percent). A third-quarter comparison shows an even sharper rise; in 2007 Rail Infrastructure had reported 3Q sales of €133.1 million while this year it was €190.8 million or a 43.4-percent increase of €57.7 million. Excluding M&As, like-for-like 3Q/2008 sales by this division advanced 22.0 percent. Both business units contributed.

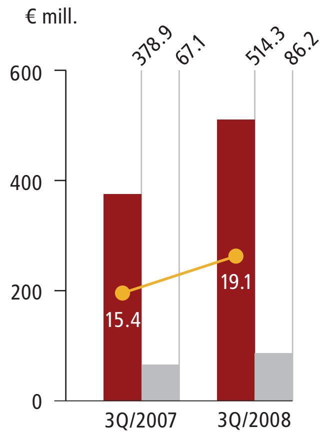
EBIT margin slightly down to about 17 percent

In a year-on-year comparison, the division's 3Q EBIT in 2008 was upgraded by €19.1 million or 28.5 percent. The EBIT margin came to a still solid 16.8 percent (down from the year-earlier 17.7 percent).

Rail Infrastructure

		3Q/2008	3Q/2007	Q3/2008	Q3/2007
Sales	€ mill.	514.3	378.9	190.8	133.1
EBITDA	€ mill.	94.1	73.3	35.8	26.0
EBIT	€ mill.	86.2	67.1	33.4	23.8
EBIT margin	%	16.8	17.7	17.5	17.9

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



Rail Infrastructure: sales, EBIT and ROCE

Sales in € million
EBIT in € million
ROCE in %

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

In 3Q/2008, the Fastening Systems business unit reported sales of €171.2 million, an addition of €49.2 million or 40.3 percent. Largely contributing toward this increase were the shipments of rail fastening systems for the Chinese market since the end of May 2008.

3Q order intake by Vossloh Fastening Systems rose slightly over the year-earlier €141.0 million to €142.8 million. At September 30, 2008, order backlog totaled €104.7 million, well short of the very high year-earlier €204.7 million, which had included the megaorders for China which are now steadily being shipped out.

Vossloh Switch Systems reported sales of €343.9 million (up €79.2 million or 29.9 percent from €264.7 million) for the period. Most of the incremental sales were contributed by the acquirees, €63.0 million being generated by the two US subsidiaries, Vossloh Track Material, Inc. and Cleveland Track Material, Inc. The subsidiaries Vossloh Cogifer Australia, Sportek Maskinfabrik and Kloos Oving, initially consolidated as of January 1, 2008, reported 3Q sales of €27.7 million. Vossloh Switch Systems' organic growth was also very robust, totaling 10.3 percent during the first nine months.

September 30 order backlog at Vossloh Switch Systems up to €311 million

Order intake by Vossloh Switch Systems amounted to €416.6 million. Compared with the year-earlier €264.4 million, this is a steep surge. Order backlog as of September 30, 2008, at Vossloh Switch Systems was another sharp increase from €230.5 million to €311.0 million, including the newly consolidated subsidiaries' €50 million. Vossloh Switch Systems is presently registering keen demand for its products in northern Europe and the Maghreb states. The business unit also won a sizable order from Malaysia in the third quarter. Despite the appreciably weaker overall economy, order backlog at September 30, 2008, in the United States was at the year-earlier level.

Following antitrust approval, the Vossloh Group closed the sale of the Infrastructure Services business unit on September 19, 2008, according to schedule. The corresponding sale and transfer agreement had been signed on June 30, 2008, with retroactive effect as of January 1, 2008. The fixed total price paid for all the shares in this business unit and its subsidiaries amounted to €150 million. In addition, the new owner Eurovia S.A., took over the €35 million financial liabilities of VIS.

Rail Infrastructure

		9/30/2008	12/31/2007	9/30/2007
Working capital	€ mill.	303.9	236.7	238.6
Working capital intensity[1,2]	%	44.3	43.4	47.2
Fixed assets	€ mill.	297.5	369.7	344.0
Capital employed	€ mill.	601.4	606.4	582.6
ROCE[1,2]	%	19.1	16.5	15.4

[1] Annualized
[2] Prior-year comparatives adjusted for the Infrastructure Services business unit's contributions

3Q ROCE significantly improved to around 19 percent

Rail Infrastructure's working capital as of September 30, 2008, swelled to €303.9 million (from €236.7 million at year-end 2007 and €238.6 million at September 30, 2007), mainly due to selectively stocked-up inventories in response to rising commodity prices in 2008 and to the higher trade receivables. Despite the advance in capital employed, the division's 9-month ROCE climbed considerably, from 15.4 percent a year ago to 19.1 in 2008.

Motive Power&Components business

The Motive Power&Components division maintained its solid performance. At €388.5 million, 3Q sales were up by €37.9 million or 10.8 percent versus the year-earlier €350.6 million. In Q3/2008 alone, Motive Power&Components raised revenue by €13.5 million or 12.5 percent to €121.3 million (up from €107.8 million). The growth was fueled by both business units.

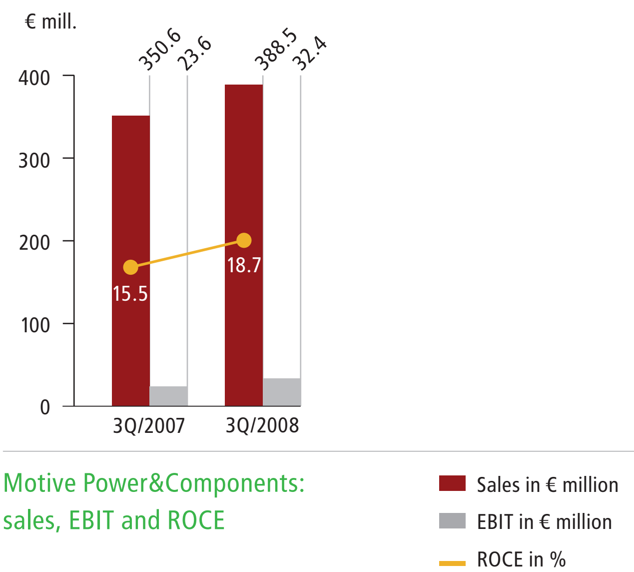
The division's EBIT for 3Q/2008 amounted to €32.4 million, a significant rise of €8.8 million or 37.3 percent (up from €23.6 million). Accordingly, the EBIT margin climbed from 6.7 to 8.3 percent, thanks to both business units.

9-month sales up some 11 percent, EBIT margin considerably upgraded

Motive Power&Components

		3Q/2008	3Q/2007	Q3/2008	Q3/2007
Sales	€ mill.	388.5	350.6	121.3	107.8
EBITDA	€ mill.	40.4	30.3	13.5	8.8
EBIT	€ mill.	32.4	23.6	11.0	6.8
EBIT margin	%	8.3	6.7	9.1	6.3

Three-quarter sales by Vossloh Locomotives reached €287.5 million, an increase of €25.6 million or 9.8 percent from the year-earlier €261.9 million. Both locations, Valencia and Kiel, share about equally in this gain.



Motive Power&Components: sales, EBIT and ROCE

Vossloh España generated 3Q sales of €159.3 million in 2008 (up from €148.0 million). Largely contributing toward this strong sales performance were once again shipments of suburban trains and the ongoing processing of orders for the EURO 4000 megalocomotive. Kiel, the home of the new triple-axle industrial and shunting locomotive G 6 which made its debut at InnoTrans, lifted its 9-month sales from €114.3 million to €125.9 million. For the period January through September, altogether 41 locomotives were shipped out, the G 1000 and G 1206 accounting for high shares of sales. In all, Kiel has altogether easily more than 20 different customers from industry and the logistics sector.

Around €558 million order backlog at Vossloh Locomotives

3Q order intake at Locomotives added up to €303.2 million, at 43.8 percent far above the year-earlier €210.8 million. At September 30, 2008, order backlog amounted to €558.2 million, short of the September 30, 2007 total of €605.3 million. At the end of September 2008, the Kiel plant had a backlog of altogether 58 locomotives, enough to keep it busy for a good 12 months. Over the months to come, the location expects the first orders for the newly developed industrial locomotive G 6 in view of the excited response to the prototype at its premiere at the InnoTrans industry fair. At the end of September, the Valencia location had orders covering a production period of over 20 months.

In the first nine months of 2008, the Electrical Systems business unit generated sales of €101.1 million, a gain of €12.4 million or 14.0 percent versus the year-earlier €88.7 million. Now that the first 39 articulated buses have been delivered to Vancouver, the months ahead will be devoted to sizeable shipments of trams for Porto and the municipality of Dortmund.

Vossloh Electrical Systems reporting order backlog of some €225 million

During the period, Vossloh Electrical Systems more than doubled its order intake, 3Q/2008 amounting to €113.5 million versus the year-earlier €55.9 million. Order backlog, which a year ago had been a very high €184.0 million, again rose to €224.7 million at September 30, 2008. In Q3/2008, the business unit booked sizeable orders from the municipalities of Lausanne and Neuerburg for new articulated trolleybuses.

Motive Power&Components

		9/30/2008	12/31/2007	9/30/2007
Working capital	€ mill.	104.1	76.1	80.7
Working capital intensity[1]	%	20.1	16.2	17.3
Fixed assets	€ mill.	126.6	122.6	121.5
Capital employed	€ mill.	230.7	198.7	202.2
ROCE[1]	%	18.7	15.4	15.5

[1] Annualized

Excellent ROCE of about 19 percent

Motive Power&Components' ROCE for the period amounted to 18.7 percent and thus outstripped the year-earlier 15.5 percent despite the increase in working capital and capital employed. The appreciable gain in working capital during the period was mainly due to the rise in inventories, but also to shrinking trade payables.

Capital expenditures

Of the 3Q/2008 capital expenditures, €6.1 million went toward intangible and €18.3 million into tangible assets. In all, capital outlays by the Vossloh Group at €24.4 million were €9.6 million or 28.2 percent short of the year-earlier level.

The decline was solely due to the Fastening Systems business unit which in 3Q/2007 had spent €15.6 million mainly for setting up the production location in China. During 3Q/2008, the business unit spent a mere €1.3 million.

Additions to tangible/intangible assets

€ mill.	3Q/2008	3Q/2007	Q3/2008	Q3/2007
Rail Infrastructure	11.9	25.2	3.7	10.2
Motive Power&Components	11.7	8.6	3.3	2.4
Vossloh AG	0.8	0.2	0.5	0.0
Total	**24.4**	**34.0**	**7.5**	**12.6**

Capex focus on Motive Power&Components

The expenditures by the Rail Infrastructure division comprise the €3.2 million at Vossloh Infrastructure Services (still included for the period up to June 30, 2008); the 3Q/2007 outlays by this divestee had added up to €6.5 million.

Three-quarter capital spending at Vossloh Switch Systems rose from €3.1 million in 2007 to €7.5 million in 2008. The business unit again spent most of the money on procuring new machinery for the Reichshoffen location in France.

At the Motive Power&Components division, capital spending climbed €3.1 million or 36.0 percent. The Locomotives business unit again invested in the development of the triple-axle diesel-hydraulic G 6 and in its diesel-electric locomotives; expenditures at Vossloh Electrical Systems amounted to €1.9 million, mainly for expanding production facilities by building a new assembly shop at the Düsseldorf location.

Research & development

3Q/2008 R&D expenses amounted to €6.6 million (up from €4.9 million), the year-earlier figures again excluding the Infrastructure Services business unit. In addition to the directly expensed development expenditures, the Group capitalized for 3Q/2008 development costs of €5.2 million (up from €3.5 million) in accordance with IAS 38. In all, the Vossloh Group thus raised its R&D outlays by €3.4 million or almost 40.5 percent.

The lion's share of R&D expenditures during the past nine months was accounted for by Vossloh Locomotives at €6.9 million (up from €4.3 million). A major item was and still is the new G 6 triple-axle center-cab locomotive presented at the InnoTrans trade fair in September 2008. Powered by a 650-kW engine, this most powerful diesel-hydraulic locomotive in its class, develops a tractive force of up to 220 kN and a maximum speed of 80 km/h. It fulfills all the current German and international standards regarding exhaust emission, noise abatement, software and fire protection and is prefitted for adaptation to future norms and standards.

Kiel's newly developed G 6 locomotive debuted at InnoTrans; Valencia's EURO 4000 meeting all ETCS requirements for ERTMS corridors

Other development work concerned the diesel-electric heavy-duty locomotives and improvements to various locomotive components. First presented two years ago, the EURO 4000 from our Valencia location, is Europe's most powerful heavy-haul locomotive and meanwhile has all the preconditions for accepting ETCS for the future ERTMS corridors besides being readily adaptable to any European rail system. This locomotive has already been homologated for operation in Spain and presently additional, in some cases largely completed, homologation procedures are underway for Germany, the Netherlands, Belgium, Portugal, Sweden, Norway, France, and Poland. For cross-border operation, the EURO 4000 can be fitted with three and in some cases even four national safety systems.

The Electrical Systems business unit again invested in enhancing hybrid bus technology. Focal points over the past nine months were, in particular, the development of specific hybrid bus components for urban and trolleybuses such as energy storage and drive units. In all, R&D costs by this business unit during the past nine months rose from €1.9 million to €2.4 million.

R&D efforts at Vossloh Switch Systems were directed at the ongoing development of high-speed switches, on the one hand, as well as heavy-haul switch systems and new signaling devices and systems, on the other. An example of these products is SURVAIG NG, an innovation showcased at InnoTrans. This is a remote-diagnosis system to assist in the maintenance of high-speed switches. Adaptive, the monitoring system registers and analyzes such factors as the actuating performance of the switch motor, power consumption, track vibration and ambient temperature. It thus plays a major role in enhancing safety and lowering maintenance input and lifecycle costs.

Workforce

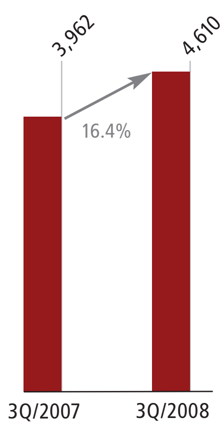
At September 30, 2008, the Vossloh Group employed a workforce of 4,650, which is 6.1 percent or 268 more than at December 31, 2007, and 9.1 percent or 389 more than a year ago. All workforce figures exclude the employees of divestee Vossloh Infrastructure Services (VIS).

Headcount up in Germany and abroad

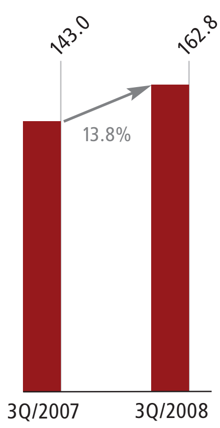
The Rail Infrastructure division's workforce mounted by 6.9 percent or 173 compared with December 31, 2007. The major share of this gain (146) was due to the first-time consolidation of Vossloh Cogifer Australia Pty. Ltd., Sportek Maskinfabrik A/S, and Kloos Oving BV. From the September 30, 2007 level, the headcount grew by 241 or 10 percent.

At the Motive Power&Components division, the workforce climbed by 87 employees or 4.7 percent from December 31, 2007, and 144 or 8.0 percent from September 30, 2007. The increase is largely due to expansion at the Valencia location of Vossloh Locomotives.

At 3,385 (approx. 73 percent) the vast majority of the employees were working outside Germany at September 30, 2008; the number inside Germany was 1,265 or around 27 percent.



Average headcount (Group)



Personnel expenses in € million

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

The 3Q average headcount of 3,962 rose to 4,610 within the Group, up by 648 or around 16 percent. Personnel expenses in the same period climbed €19.8 million or 13.8 percent to €162.8 million. Consequently, personnel expenses per capita (rounded) during the period fell 2.2 percent from €36,100 to €35,300. Sales per capita (rounded) climbed from €184,200 to €195,900.

Year-on-year, the ratio of payroll to value added in 3Q/2008 improved by 4.8 percentage points to 60.2 percent.

Headcount at

	9/30/2008	12/31/2007	9/30/2007
Rail Infrastructure	2,663	2,490	2,422
Motive Power&Components	1,938	1,851	1,794
Vossloh AG	49	41	45
Total	**4,650**	**4,382**	**4,261**
Pro forma			
Vossloh Infrastructure Services	–	1,590	1,613
Total	**4,650**	**5,972**	**5,874**

Prospects, risks and rewards

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

The sharp rise in commodity prices during the period was offset in particular by the steel price-hit Switch Systems and Fastening Systems units through upscaled inventories and a partial downloading of price increases onto customers. According to present insight, commodity price increases do not threaten the results budgeted for 2008 even though their impact will still be felt in Q4/2008 despite the presently falling prices.

Financial market turmoil and its repercussions on the economy as such redefine bases for business trend estimates

In Q3/2008, the international financial crisis, its far-reaching consequences for the capital markets and the extensive public-sector rescue packages of many nations, in their nature hitherto unique, together give rise to totally new conditions for the future economic situation. These events, whose ramifications are not presently assessable even by experts, make it more difficult to estimate future business developments at Vossloh above and beyond the current order backlog.

The strong performance shown by the Vossloh Group in 3Q/2008 surpasses our expectations; we therefore level up our forecast for 2008: The Vossloh Group predicts for all of fiscal 2008 sales in the region of €1.17 billion and an EBIT of around €135 million. ROCE, our key operating indicator, is set to reach around 18 percent. As to group earnings, we are now looking to around €131 million and an EpS of €8.85 (excluding any stock repurchase effects), a major factor being the gain of €42.6 million from the sale of Vossloh Infrastructure Services. This is a one-off effect of €2.88 on EpS confined to 2008.

Vossloh levels up forecasts for 2008 and endorses its assumptions for 2009

Given the worsening of the financial crisis and the related economic uncertainties, the present assumptions for the Vossloh Group might prove hard to sustain beyond H1/2009. Nonetheless, for 2009 we do perceive opportunities to achieve the targets planned to date, i.e., to further improve sales and EBIT by the Group. We still have abundant orders on hand.

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

Income statement for the periods (3Q/Q3) ended September 30, 2008

€ mill.	3Q/2008	3Q/2007	Q3/2008	Q3/2007
Net sales	903.1	729.6	312.2	240.8
Cost of sales	(704.0)	(568.7)	(240.7)	(186.8)
General administrative and selling expenses	(94.6)	(83.4)	(34.0)	(30.6)
R&D expenses	(6.6)	(4.9)	(2.0)	(1.7)
Other operating income/expenses, net	7.0	1.3	3.7	0.8
Operating result	**104.9**	**73.9**	**39.2**	**22.5**
Net P/L from investees carried at equity	0.6	0.8	0.1	0.2
Other financial results	0.5	0.4	0.5	0.4
EBIT	**106.0**	**75.1**	**39.8**	**23.1**
Net interest expense	(8.2)	(8.2)	(1.3)	(2.9)
EBT	**97.8**	**66.9**	**38.5**	**20.2**
Income taxes	(20.6)	(24.2)	(4.4)	(7.9)
Net income from continuing operations	**77.2**	**42.7**	**34.1**	**12.3**
Minority interests	(4.5)	(1.5)	(3.0)	(0.5)
Posttax profit from discontinued operations	42.6	4.7	37.9	2.0
Group earnings	**115.3**	**45.9**	**69.0**	**13.8**
Undiluted earnings per share (€)	**7.79**	**3.11**	**4.66**	**0.93**
thereof from continuing operations	4.91	2.79	2.10	0.80
thereof from discontinued operations	2.88	0.32	2.56	0.13
Fully diluted earnings per share (€)	**7.79**	**3.11**	**4.66**	**0.93**
thereof from continuing operations	4.91	2.79	2.10	0.80
thereof from discontinued operations	2.88	0.32	2.56	0.13

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

Cash flow statement for the 9 months (3Q) ended September 30, 2008

€ mill.	3Q/2008	3Q/2007
Cash flow from operating activities		
EBIT	106.0	78.0
Posttax result from discontinued operations	42.6	4.7
Amortization/depreciation/write-down (less write-up) of noncurrent assets	22.3	19.9
Change in noncurrent accruals	20.9	(1.2)
Gross cash flow	**191.8**	**101.4**
Net result from statement at equity (if noncash)	0.0	0.0
Other noncash income/expenses, net	8.0	6.4
Net book gain or loss from fixed-asset disposal	(44.6)	0.0
Cash outflow for short-term securities purchased	(12.9)	(5.6)
Cash outflow for income taxes	(31.6)	(7.6)
Change in working capital	(121.4)	(102.2)
Change in current accruals	63.9	43.6
Changes in other assets/liabilities, net	(8.3)	20.6
Net cash provided by operating activities	**44.9**	**56.6**
Cash flow from investing activities		
Cash outflow for additions to intangibles/tangibles	(24.2)	(34.0)
Cash outflow for investments in noncurrent financial instruments	0.0	(0.3)
Cash inflow from the disposal of intangibles/tangibles	3.3	0.9
Cash inflow from the disposal of noncurrent financial instruments	3.1	0.0
Cash inflow from the divestment of consolidated subsidiaries	151.5	5.3
Cash outflow for the acquisition of consolidated subsidiaries	(16.4)	(72.3)
Net cash provided by/(used in) investing activities	**117.3**	**(100.4)**
Cash flow from financing activities		
Change in treasury stock	(0.4)	(2.8)
Cash inflow from transfers to equity	0.0	2.3
Cash outflow to stockholders and minority interest holders	(26.4)	(20.0)
Net finance from short-term loans	10.7	25.9
Net finance from medium-/long-term loans	(8.6)	(2.9)
Cash inflow from interest	3.8	4.2
Cash outflow for interest	(11.8)	(10.5)
Net cash used in financing activities	**(32.7)**	**(3.8)**
Net inflow/(outflow) of cash and cash equivalents	129.5	(47.6)
Change in cash and cash equivalents from initial consolidation	2.5	0.0
Opening cash and cash equivalents	71.3	140.1
Closing cash and cash equivalents	203.3	92.5
thereof included in the balance sheet as *cash and cash equivalents*	203.3	92.5
thereof included in *assets of discontinued operations*	–	–

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

Balance sheet: Assets

€ mill.	9/30/2008	12/31/2007	9/30/2007
Total noncurrent assets	**467.0**	**533.8**	**528.3**
Intangible assets	313.9	352.2	355.5
Tangible assets	106.9	139.4	126.2
Investment properties	4.8	4.0	4.3
Investments carried at equity	0.8	0.8	1.0
Other noncurrent financial instruments	18.7	10.8	7.4
Other noncurrent assets	0.4	0.5	0.3
Deferred tax assets	21.5	26.1	33.6
Total current assets	**944.4**	**793.0**	**819.5**
Inventories	315.8	237.2	216.9
Trade receivables	350.2	396.6	423.8
Income tax assets	14.1	6.0	4.6
Sundry current assets	32.7	50.7	47.3
Short-term securities	28.3	31.2	34.4
Cash and cash equivalents	203.3	71.3	92.5
	1,411.4	**1,326.8**	**1,347.8**

Balance sheet: Equity & liabilities

€ mill.	9/30/2008	12/31/2007	9/30/2007
Total equity	**536.2**	**434.0**	**401.1**
Capital stock	37.8	37.8	37.8
Additional paid-in capital	42.7	42.7	42.6
Treasury stock	(0.4)	–	(2.8)
Reserves retained from earnings	315.0	268.7	268.9
Undistributed group profit	0.1	0.0	0.0
Group earnings	115.3	71.4	45.9
Accumulated other comprehensive income	10.1	1.3	(1.3)
Stockholders' equity	**520.6**	**421.9**	**391.1**
Minority interests	15.6	12.1	10.0
Total noncurrent liabilities and accruals	**291.8**	**291.5**	**287.5**
Pension accruals	8.4	11.5	12.1
Other noncurrent accruals	58.6	37.0	33.6
Noncurrent financial debts	168.3	182.7	176.4
Other noncurrent liabilities	37.7	42.2	37.8
Deferred tax liabilities	18.8	18.1	27.6
Total current liabilities and accruals	**583.4**	**601.3**	**659.2**
Current tax accruals	13.8	13.8	10.2
Other current accruals	160.6	133.9	131.4
Current financial debts	60.0	44.7	78.6
Trade payables	215.8	271.9	260.3
Income tax liabilities	10.2	12.7	21.0
Sundry current liabilities	123.0	124.3	157.7
	1,411.4	**1,326.8**	**1,347.8**

Statement of changes in equity

€ mill.	Capital stock	Additional paid-in capital	Treasury stock
Balance at 12/31/2006	**37.7**	**40.4**	**–**
Stockholder-unrelated changes in equity			
Carryforward to new account			
Transfer to reserves retained from earnings			
Change due to derecognition			
Change due to initial consolidation			
Net income from 3Q/2007			
Accumulated OCI			
currency translation differences			
statement at fair value of financial instruments			
revaluation acc. to IFRS 3:59			
Comprehensive income			
Minority interests			
Stockholder-related changes in equity			
Dividend payout			
Treasury stock			(2.8)
Capital increases from SOPs	0.1	2.2	
Balance at 9/30/2007	**37.8**	**42.6**	**(2.8)**
Stockholder-unrelated changes in equity			
Change due to initial consolidation			
Net income for Q4/2007			
Accumulated OCI			
currency translation differences			
statement at fair value of financial instruments			
Comprehensive income			
Minority interests			
Stockholder-related changes in equity			
Treasury stock			2.8
Capital increases			
from SOPs	0.0	0.1	
other			
Balance at 12/31/2007	**37.8**	**42.7**	**–**
Stockholder-unrelated changes in equity			
Carryforward to new account			
Transfer to reserves retained from earnings			
Change due to initial consolidation			
Net income for 3Q/2008			
Accumulated OCI			
currency translation differences			
statement at fair value of financial instruments			
Comprehensive income			
Minority interests			
Stockholder-related changes in equity			
Dividend payout			
Treasury stock			(0.4)
Capital increases from SOPs		0.0	
Balance at 9/30/2008	**37.8**	**42.7**	**(0.4)**

Reserves retained from earnings	Undistributed group profit	Group earnings	Accumulated OCI	Stockholders' equity	Minority interests	Total
268.0	**0.1**	**20.3**	**(4.7)**	**361.8**	**9.3**	**371.1**
	20.3	(20.3)		0.0		0.0
0.7	(0.7)			0.0		0.0
				0.0	(1.2)	(1.2)
	(0.5)			(0.5)	1.0	0.5
		45.9			1.5	
			(0.7)		0.2	
			4.1			
			0.2			
		45.9	**3.6**	**49.5**		**49.5**
					1.7	**1.7**
	(19.2)			(19.2)	(0.8)	(20.0)
				(2.8)		(2.8)
				2.3		2.3
268.7	**0.0**	**45.9**	**(1.1)**	**391.1**	**10.0**	**401.1**
				0.0	0.3	0.3
		25.5			1.2	
			(0.7)		0.1	
			3.1			
		25.5	**2.4**	**27.9**		**27.9**
					1.3	**1.3**
				2.8		2.8
				0.1		0.1
				0.0	0.5	0.5
268.7	**0.0**	**71.4**	**1.3**	**421.9**	**12.1**	**434.0**
	71.4	(71.4)		0.0		0.0
46.1	(46.1)			0.0		0.0
0.2				0.2		0.2
		115.3			4.5	
			2.0		0.3	
			6.8			
		115.3	**8.8**	**124.1**		**124.1**
					4.8	**4.8**
	(25.2)			(25.2)	(1.3)	(26.5)
				(0.4)		(0.4)
				0.0		0.0
315.0	**0.1**	**115.3**	**10.1**	**520.6**	**15.6**	**536.2**

Explanatory notes

Introduction

The interim financial report as of September 30, 2008, has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Reporting*, as well as with the requirements of German Accounting Standard (GAS) No. 16 issued by the German Accounting Standards Committee (GASC).

Accounting principles

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

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

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

Consolidation group

Since December 31, 2007, four companies have been added to the consolidation group. In the wake of the Infrastructure Services business unit's disposal, nine companies were derecognized another one had been back in Q1.

Consequently, 44 domestic and foreign subsidiaries were consolidated fully as of September 30, 2008.

In the first 9 months 2008, the following companies were newly consolidated:

Vossloh Cogifer Australia Pty. Ltd., Sydney, Australia, has been included in the consolidated financial statements since January 1, 2008, after acquiring by asset deal of November 19, 2007, the rail switch operations from Thompsons Kelly & Lewis Pty. Ltd. (TKL), a subsidiary wholly owned by Flowserve Corporation, Castlemaine, Victoria, Australia. The purchase price paid in 2007 under the asset deal (closed December 14, 2007) amounted to $A 14.1 million (€8.3 million). In connection with the above acquisition, Vossloh Pty. Ltd., Castle Hill, Australia, a subsidiary wholly owned by Vossloh AG, has been fully consolidated since January 1, 2008, too. The subsidiary's key assets are the Vossloh Group's Australian investments.

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

The purchase price of €7.8 million contrasted with the following assets and liabilities:

€ mill.	Pre-combination book value	Adjustments	Fair values at initial consolidation date
Intangible assets	0.0	0.9	0.9
Current receivables, inventories, cash and cash equivalents	2.9	0.0	2.9
Current liabilities and accruals	(1.5)	0.0	(1.5)
Deferred tax liabilities	0.0	(0.2)	(0.2)
Net assets acquired	**1.4**	**0.7**	**2.1**
Purchase price			7.8
Purchase incidentals			0.0
Total cost			**7.8**
Residual goodwill			**5.7**

Since its acquisition, Sportek Maskinfabrik A/S has contributed sales of €9.9 million and an EBIT of €1.6 million to the Group's.

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

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

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

Since its acquisition, Kloos Oving BV has contributed sales of €6.5 million and an EBIT of €0.3 million to the Group's.

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

Discontinued operations

The posttax profit from discontinued operations is derived as follows:

€ mill.	3Q/2008	3Q/2007	Q3/2008	Q3/2007
Net sales	158.9	155.8	38.6	59.4
Cost of sales	(138.6)	(141.3)	(34.1)	(52.2)
Selling and general administrative expenses	(17.6)	(16.0)	(4.5)	(6.1)
R&D expenses	–	–	–	–
Other income/expenses, net	6.2	9.0	0.9	2.3
Operating result	**8.9**	**7.5**	**0.9**	**3.4**
Other financial results	0.0	0.1	0.0	0.0
EBIT	**8.9**	**7.6**	**0.9**	**3.4**
Net interest expense	(0.9)	(0.4)	(0.3)	(0.4)
EBT	**8.0**	**7.2**	**0.6**	**3.0**
Income taxes	(3.1)	(2.5)	(0.4)	(1.0)
Net income of discontinued operations	**4.9**	**4.7**	**0.2**	**2.0**
Gain from the disposal of discontinued operations	42.0	0.0	42.0	0.0
Income taxes on the capital gain	(4.3)	0.0	(4.3)	0.0
Net gain from disposal	**37.7**	**0.0**	**37.7**	**0.0**
Posttax profit from discontinued operations	**42.6**	**4.7**	**37.9**	**2.0**

The *net gain from the disposal* of the discontinued Infrastructure Services operation does not include the divestee's *net income* as shown above. Since the VIS Group was sold with retroactive economic effect as of January 1, 2008, this net income accrues to the acquirer. From a substance-over-form viewpoint and assuming the business unit had been disposed of at January 1, 2008, the *net gain from VIS disposal* corresponds to the total *posttax profit from discontinued operations*.

The Infrastructure Services business unit generated the following cash flows:

Cash flows of discontinued operations

€ mill.	3Q/2008	3Q/2007
Cash flow from operating activities	**2.2**	**28.8**
Cash flow from investing activities	**(5.3)**	**(39.4)**
Cash flow from financing activities	**0.0**	**11.0**
Net cash (outflow)/inflow	(3.1)	0.4
Opening cash and cash equivalents	**6.4**	**3.6**
Closing cash and cash equivalents	**3.3**	**4.0**

Earnings per share

		3Q/ 2008	3Q/ 2007
Weighted average number of shares		14,799,886	14,763,962
Repurchased shares (weighted)		(4800)	–
Weighted average number of shares outstanding		14,795,086	14,763,962
Dilutive shares from stock options under the ESOP/LTIP		46	177
Fully diluted weighted average number of shares issued		14,795,132	14,764,139
Group earnings	€ mill.	115.3	45.9
Undiluted (basic) EpS	**€**	**7.79**	**3.11**
thereof from continuing operations	€	4.91	2.79
thereof from discontinued operations	€	2.88	0.32
Fully diluted EpS	**€**	**7.79**	**3.11**
thereof from continuing operations	€	4.91	2.79
thereof from discontinued operations	€	2.88	0.32

Cash flow statement

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

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

Segment information

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

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

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

The former Infrastructure Services business unit (which is disclosed separately as discontinued operation) used to build trackage for mainline and local lines, which it also serviced and maintained.

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

Related-party transactions

The consolidated companies of the Vossloh Group regularly transact normal business with unconsolidated subsidiaries, joint ventures/consortiums, and associated affiliates. All transactions of these companies *inter se* conform to the arm's length principle. The income statement includes sales transacted, and other income derived from business, with unconsolidated subsidiaries at €8.7 million and with joint ventures at €2.6 million, as well as expenses (mainly for materials and merchandise purchased) at €0.7 million (unconsolidated subsidiaries) and €3.0 million (joint ventures), respectively.

The balance sheet includes receivables of €5.2 million and €0.1 million as accounts due from or to unconsolidated subsidiaries, respectively. Transactions in 3Q/2008 with related individuals were altogether insignificant.

Contingent liabilities

In comparison to December 31, 2007, the Group's contingent liabilities rose €0.5 million to €10.0 million; this total includes guaranties for €6.4 million, as well as contingent liabilities from the collateralization of third-party debts of €3.6 million.

Segment information

		Rail Infrastructure	Motive Power & Components	Discontinued operations Infrastructure Services	Intermediate holding company/ consolidation	Rail Technology (RT)	H.O./ consolidation	Group
Net external sales								
3Q/2008	€ mill.	514.3	388.5	–	0.0	902.8	0.3	903.1
3Q/2007	€ mill.	378.9	350.6	–	(0.1)	729.4	0.2	729.6
Q3/2008	€ mill.	190.8	121.3	–	0.1	312.2	0.0	312.2
Q3/2007	€ mill.	133.1	107.8	–	(0.1)	240.8	0.0	240.8
Amortiz. /deprec. /write-down[1]								
3Q/2008	€ mill.	7.9	8.0	–	0.0	15.9	0.6	16.5
3Q/2007	€ mill.	6.2	6.7	–	0.0	12.9	0.7	13.6
Q3/2008	€ mill.	2.4	2.5	–	(0.1)	4.8	0.2	5.0
Q3/2007	€ mill.	2.2	2.0	–	0.1	4.3	0.2	4.5
EBIT								
3Q/2008	€ mill.	86.2	32.4	–	0.0	118.6	(12.6)	106.0
3Q/2007	€ mill.	67.1	23.6	–	(0.4)	90.3	(15.2)	75.1
Q3/2008	€ mill.	33.4	11.0	–	0.0	44.4	(4.6)	39.8
Q3/2007	€ mill.	23.8	6.8	–	0.1	30.7	(7.6)	23.1
Net interest result								
3Q/2008	€ mill.	(10.5)	1.4	–	0.0	(9.1)	(0.9)	(8.2)
3Q/2007	€ mill.	(7.0)	(1.4)	–	(6.7)	(15.1)	6.9	(8.2)
Q3/2008	€ mill.	(3.6)	2.1	–	0.0	(1.5)	0.2	(1.3)
Q3/2007	€ mill.	(2.8)	(0.2)	–	(0.5)	(3.5)	0.6	(2.9)
EBT								
3Q/2008	€ mill.	75.7	33.8	–	0.0	109.5	(11.7)	97.8
3Q/2007	€ mill.	60.1	22.2	–	(7.1)	75.2	(8.3)	66.9
Q3/2008	€ mill.	29.8	13.1	–	0.0	42.9	(4.4)	38.5
Q3/2007	€ mill.	21.0	6.6	–	0.4	27.2	(7.0)	20.2
Net income/(loss)[2]								
3Q/2008	€ mill.	53.7	25.4	42.6	32.4	154.1	(38.8)	115.3
3Q/2007	€ mill.	37.5	16.9	4.7	(6.7)	52.4	(6.5)	45.9
Q3/2008	€ mill.	27.0	9.6	37.9	32.5	107.0	(38.0)	69.0
Q3/2007	€ mill.	10.6	6.8	2.0	(0.1)	19.3	(5.5)	13.8
Capex for tangible assets								
3Q/2008	€ mill.	11.9	11.7	–	0.0	23.6	0.8	24.4
3Q/2007	€ mill.	25.2	8.6	–	0.0	33.8	0.2	34.0
Q3/2008	€ mill.	3.7	3.3	–	0.0	7.0	0.5	7.5
Q3/2007	€ mill.	10.2	2.4	–	0.0	12.6	0.0	12.6
Capital employed								
9/30/2008	€ mill.	601.4	230.7	–	0.0	832.1	0.8	832.9
12/31/2007	€ mill.	606.4	198.7	–	0.0	805.1	7.5	812.6
Total assets								
9/30/2008	€ mill.	751.5	509.8	–	(0.1)	1,261.2	150.2	1,411.4
12/31/2007	€ mill.	830.8	465.3	–	(0.3)	1,295.8	31.0	1,326.8
Average headcount								
3Q/2008		2,652	1,914	–	–	4,566	44	4,610
3Q/2007		3,561	1,731	–	–	5,292	36	5,328

[1] Excl. write-down of noncurrent financial instruments, [2] Before profit/loss transfer
Prior-year income statement comparatives adjusted for the discontinued Infrastructure Services operation's contributions

Financial diary 2008

DVFA analysts conference	December 4, 2008

Financial diary 2009

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

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Vossloh AG's board

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	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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