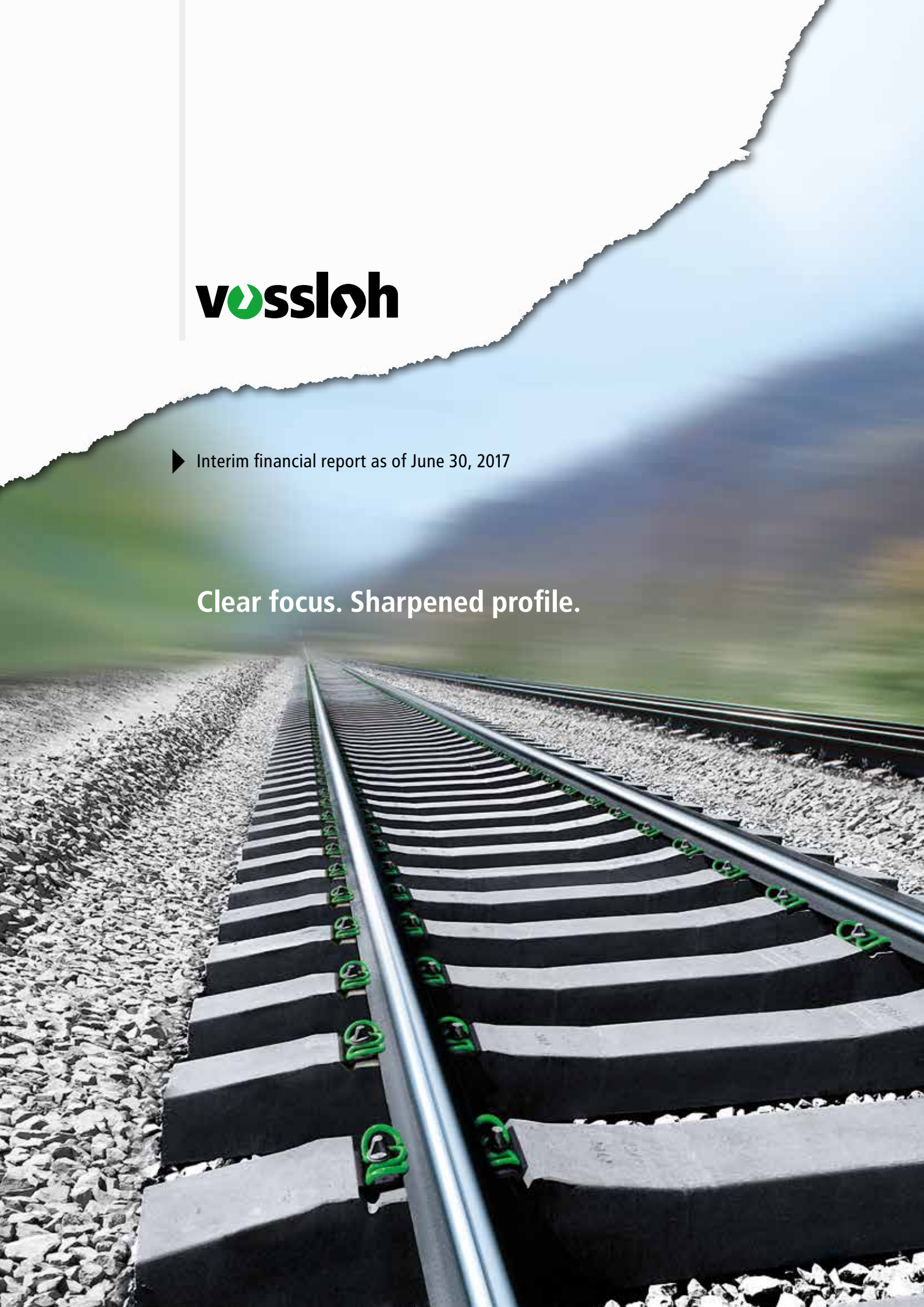




► Interim financial report as of June 30, 2017

Clear focus. Sharpened profile.



Key group figures		H1/2017	H1/2016*
Orders received	€ mill.	465.0	472.6
Order backlog	€ mill.	737.3	633.7
Income statement data			
Sales revenues	€ mill.	492.2	421.6
Core Components	€ mill.	174.8	106.1
Customized Modules	€ mill.	237.9	246.7
Lifecycle Solutions	€ mill.	42.8	39.7
Transportation	€ mill.	40.2	34.9
EBIT	€ mill.	26.6	19.4
EBIT margin	%	5.4	4.6
Net interest result	€ mill.	(6.3)	(6.0)
EBT	€ mill.	20.3	13.4
Net income	€ mill.	13.4	14.6
Earnings per share	€	0.56	0.92
Return on capital employed (ROCE) ¹	%	6.2	5.4
Value added ¹	€ mill.	(5.3)	(12.7)
Balance sheet data			
Fixed assets ²	€ mill.	592.6	478.4
Capital expenditures	€ mill.	15.6	10.7
Depreciation/amortization	€ mill.	20.8	15.9
Closing working capital ³	€ mill.	279.1	226.6
Closing capital employed	€ mill.	871.7	705.1
Equity	€ mill.	559.2	560.8
Non-controlling interests	€ mill.	21.3	18.3
Net financial debt	€ mill.	233.2	135.2
Total assets	€ mill.	1,241.4	1,444.0
Equity ratio	%	45.0	38.8
Cash flow statement data			
Gross cash flow	€ mill.	49.8	46.1
Cash flow from operating activities	€ mill.	(45.8)	(23.7)
Cash flow from investing activities	€ mill.	(89.6)	(14.0)
Cash flow from financing activities	€ mill.	5.0	95.6
Free cash flow	€ mill.	(61.8)	(35.7)
Employees			
Average headcount during the period	Number	4,308	4,104
Core Components	Number	859	633
Customized Modules	Number	2,525	2,558
Lifecycle Solutions	Number	464	456
Transportation	Number	399	401
Vossloh AG	Number	61	56
Personnel expenses	€ mill.	123.4	112.6
Share data			
Share price as of June 30	€	56.28	55.56
Market capitalization as of June 30	€ mill.	898.6	887.2

¹ Based on average capital employed

² Fixed assets = intangible assets plus property, plant and equipment plus investment properties plus investments in companies accounted for using the equity method plus other non-current financial instruments

³ Trade receivables (including receivables from long-term construction contracts) plus inventories minus trade payables (including payables from long-term construction contracts) minus prepayments received minus other current provisions (adjusted for items not attributable to operating business)

* Previous year's figures presented on a comparable basis, see page 10

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Dear Shareholders,

Vossloh is on track, but we still have a way to go in order to successfully complete the transformation begun in 2014. Short and to the point, this is the picture of your Company that I can convey to you with the presentation of the 2017 interim report. My name is Andreas Busemann, and on April 1, 2017, I took over as Chief Executive Officer of Vossloh AG from Dr. h.c. Hans M. Schabert. First of all, I would like to introduce myself to you briefly.

I have spent all stages of my almost 30-year career in the international railroad industry. I earned a degree in aerospace engineering, have held various leadership positions inside and outside Germany and recently worked for three divisions of the Deutsche Bahn: infrastructure, long-distance traffic and freight transport. I started my career at Siemens in traffic engineering. Already back then, my areas of responsibility included modern IT and high-performance automation technology for the monitoring and control of railroad traffic.

After some four months on the job, I already feel quite at home at Vossloh, where I have found a very good foundation for the pending challenges. I bring to Vossloh the perspective of an important customer as well as the experience that I was able to gain at another leading industry supplier of rail technology. After the last three years of repositioning, Vossloh occupies a strong market position for rail infrastructure components and services. Accelerated, profitable growth are on my and our agenda for the next few years.

Vossloh's business performed well in the first half of 2017. Group sales increased by 16.7 percent to €492.2 million. For the first time, sales from our new business in the USA, Vossloh Tie Technologies, are included. First half year's sales from the new acquisition amounted to €43.0 million, which fulfilled our expectations. With 25.3 percent higher sales, the Fastening Systems business unit delivered significantly better revenues than in the first six months of last year. Sales in the Customized Modules division are slightly below the previous year's level for project-related reasons. By contrast, the Lifecycle Solutions division achieved approximately 8 percent higher sales. We also generated higher sales in the Transportation division, which no longer belongs to our core business.

Our earnings before interest and taxes (EBIT) rose in the first half of 2017 by 37.1 percent to €26.6 million. As a result, the EBIT margin of the Vossloh Group was 5.4 percent in the first six months of 2017; in the comparable period of 2016, it was 4.6 percent. The earnings and margin improvement achieved in the current fiscal year is attributable to the very good business performance of the Core Components division. As a result of high deliveries for a major new construction project in China, the Fastening Systems business unit was able to make strong contributions to sales and earnings. However, they will not be repeated to this extent in the second half of the year. Compared to the previous year, higher profitability was achieved in the Core Components division, including the new Tie Technologies business unit. This business unit is less profitable than Vossloh Fastening Systems, as expected, which is due to the ongoing weakness of the U.S. market, but also higher depreciation and amortization from the remeasurement of intangible and tangible assets.

Therefore, the projected trends that you have been provided with – the prospect for the full year of 2017 of weakened profitability in the Core Components division, due to the initial inclusion of Vossloh Tie Technologies in the scope of consolidation; a slight margin improvement for Customized Modules; stable margins in Lifecycle Solutions; and further recovery for Transportation – remain intact. Consequently, we can also confirm the basic economic parameters that we have set for the current year: Particularly through the consolidation of Vossloh Tie Technologies, we expect to elevate consolidated sales to a figure between €1.0 billion and €1.1 billion, and we will be able to improve the profitability to between 5.5 percent and 6.0 percent.

In parallel, we are forging ahead with the sale of the Transportation division and are constantly monitoring the market to further expand our position in the area of rail infrastructure through targeted acquisitions. With respect to the financing of Vossloh, we took a very important step forward shortly after the year's midpoint. We successfully placed a Schuldschein loan valued at €250 million, which was very positively received by the capital markets. This ensures attractive conditions for us in the coming years, and through staggered terms we have optimized the maturity structure of the debt financing.

Our ambition and goal are to actively promote the development of railroad traffic from the perspective of, and in the interests of, our customers. Only if we keep the value creation for the customer in mind, which we offer with our products and services, we will make additional progress in our goal of contributing sustainable positive value added. Our business model must make customer loyalty the paramount priority. At the same time, this reflects the ambition to focus more on innovation than we have done so far. Digitalization is another key term for Vossloh in this aspiration. We need to focus more on intelligently monitoring rail infrastructure, efficiently collecting and evaluating data and creating corresponding solutions for targeted servicing and maintenance.

Remain committed to us. We are pleased to have your trust.

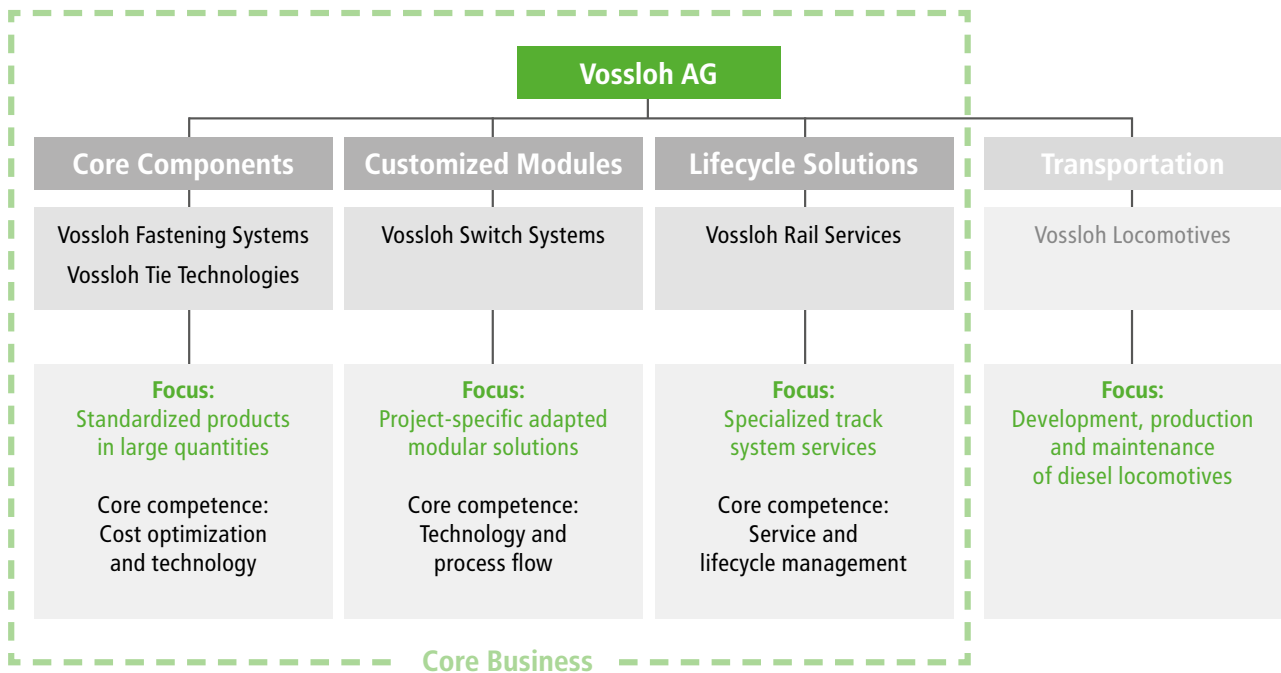
Yours truly,



Andreas Busemann,
Chief Executive Officer, Vossloh AG

Vossloh's corporate structure

The three divisions – Core Components, Customized Modules and Lifecycle Solutions – represent the pillars of the core business and are managed and supervised according to the fundamental principles of their business models: product, project and service orientation. The divisions cooperate closely and present themselves in the market in a unified and coordinated manner as "One Vossloh." Vossloh AG, operating as a management holding company, exerts direct influence on the operating units. The current plan is to sell the Transportation division by the end of 2017 in accordance with the Group's strategic focus on rail infrastructure. However, the criteria are currently not being met that would justify classifying these business activities as discontinued operations according to IFRS 5.



Core Components

The division combines the Group's range of industrially manufactured serial products that are generally required in high volumes for rail infrastructure projects. These are the rail fastening systems, which are currently developed, produced and distributed by the Fastening Systems business unit for various application areas as well as, since the beginning of the 2017 fiscal year, the activities of Vossloh Tie Technologies, the leading manufacturer of concrete ties in the USA.

Customized Modules

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

Lifecycle Solutions

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

Transportation

Since the end of 2014, the Transportation division no longer belongs to the core business of the Vossloh Group and the plan to sell this division is unchanged. Since the sale of the Rail Vehicles and Electrical Systems business units, the Transportation division is comprised of the Locomotives business unit only. In addition to the development and manufacture of technologically state-of-the-art diesel locomotives, the product portfolio includes all required maintenance and repair services for locomotives.

Vossloh share

Stock markets in the first half of 2017 on the ascent; some indexes reach new highs

After strong stock market performance at the end of 2016, the upward trend in the global exchanges continued in the first half of 2017. From January to May 2017, the international stock market indexes achieved tangible price gains and reached in part new historic highs. This was supported by rising leading indicators in the eurozone, the USA and China as well as the election victories by Prime Minister Mark Rutte in the Netherlands and by Emmanuel Macron in the presidential and parliamentary elections in France. An encouraging reporting season for companies in Europe and the USA as well as stronger M&A activity also had a positive impact. At midyear, performance weakened due to negative factors, particularly in June: Signals in connection with a less expansionary global monetary policy by central banks, such as the fourth increase of the benchmark rate by the U.S. Federal Reserve and hints by the European Central Bank of an impending change in course, contributed to uncertainty.

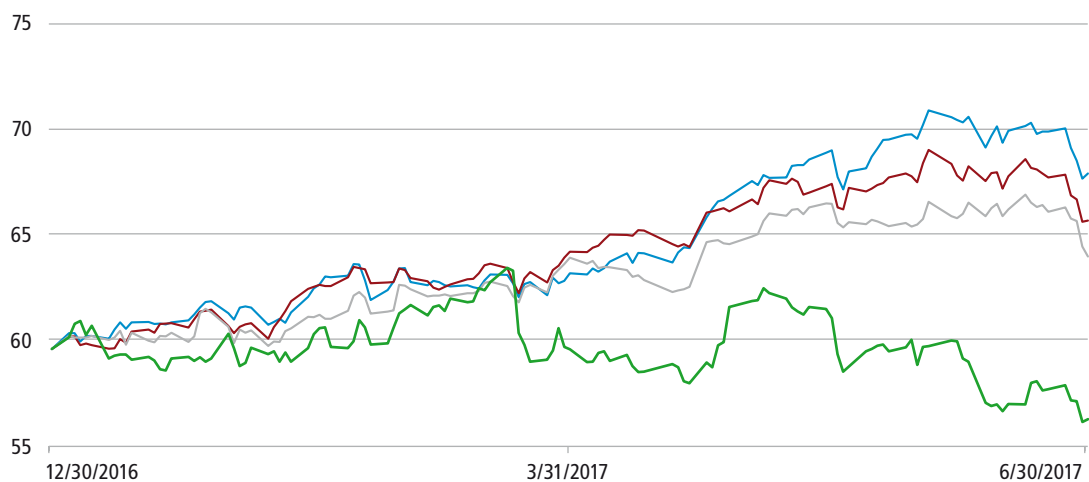
After the first six months of 2017, all German indexes were clearly in positive territory. In the second half of June, the DAX reached a new all-time high of more than 12,900 points. Closing at 12,325 points on June 30, 2017, the German benchmark index gained 7.4 percent over its level at the end of 2016. During the same period, the MDAX climbed by a total of 10.2 percent to a level of 24,452 points. At the end of June 2017, the SDAX closed at 10,847, representing an increase of 13.9 percent.

Price performance of the Vossloh share, January 1 to June 30, 2017

Master data of the Vossloh share:

WKN 766710
ISIN DE0007667107
Reuters VOSG.DE
Bloomberg VOS GR

— Vossloh share
— SDAX (rebased)
— MDAX (rebased)
— DAX (rebased)



Performance of the Vossloh share below average

Overall the Vossloh share significantly lagged behind the performance of the SDAX reference index in the first half of 2017. On June 30, 2017, the Vossloh security recorded a price of €56.28, corresponding to a decline of 5.6 percent over the end of 2016 (€59.61) and coming in slightly above the value of the previous year's reporting date (€55.56). During June 30, the Vossloh share also reached its lowest price in the period from January to June 2017 at €55.76. The highest price so far this year of €63.99 was reached on March 21.

The trading volume of the Vossloh share declined from 2.8 million shares in the first six months of 2016 to approximately 1.6 million shares during the current reporting period. Calculated on the basis of 126 trading days in the January to June period, the daily trading volume in the first half of 2017 was an average of approximately 12,900 shares (previous year: 22,100 shares). The market capitalization of the Vossloh Group, relative to the 15,967,437 shares in circulation, amounted to €898.6 million as of the reporting date on June 30, 2017.

The principal shareholder of Vossloh AG is Mr. Heinz Hermann Thiele, whose share of Vossloh AG totaled 44.73 percent of the capital stock, according to a German Securities Trading Act (WpHG) notification on December 30, 2016. Other shareholders known to Vossloh AG with voting rights shares above the legal reporting threshold of 3 percent are Franklin Mutual Advisers LLC, Wilmington, Delaware, USA (with 4.98 percent, reported on March 30, 2017); LAZARD FRERES GESTION SAS, Paris, France (with 3.01 percent, reported on March 24, 2014); and Iskander Makhmudov, Russian Federation (with 3.08 percent, reported on February 5, 2015). The holdings of these investors are included in free float market capitalization, according to the definition of the Deutsche Börse AG. Accordingly, as of the end of June 2017, the freely tradable portion of the capital stock of Vossloh AG was 55.27 percent and the free float market capitalization was approximately €497 million.

Free float market capitalization of €497 million

The shareholders approved all agenda items at the Annual General Meeting of Vossloh AG, which was held in Düsseldorf on May 24, 2017. A total of approximately 65 percent of capital stock was represented. The Annual General Meeting has elected Dr.-Ing. Volker Kefer, former Deputy Vice Chairman of Deutsche Bahn AG, to the Supervisory Board as the successor of Mr. Heinz Hermann Thiele, who resigned his position at the end of the Annual General Meeting for personal reasons, as announced. Subsequently, Dr.-Ing. Volker Kefer was elected Chairman of the Supervisory Board. According to the recommendations of the administrative bodies, the shareholders' meeting decided to discharge the members of the Management Board and the Supervisory Board for the past reporting year and to carry forward the profit for 2016. The Annual General Meeting of Vossloh AG also passed a resolution to create new authorized capital. In addition, the KPMG Wirtschaftsprüfungsgesellschaft was elected as auditor for 2017.

The 2017 Annual General Meeting approves all agenda items; Dr.-Ing. Volker Kefer assumes the Chairmanship of the Supervisory Board of Vossloh AG

In the first half of 2017, a total of nine financial analysts from German and international investment firms covered the performance of the Vossloh share and published estimates and commentaries. As of the end of June 2017, a total of six of them recommended holding the Vossloh share, one analyst rated the Vossloh security as a "buy", and two institutions maintained a "sell" recommendation. As of the end of June, the fair value for the Vossloh share price ranged between €48 and €65; the average target price was €57.

Predominantly neutral ratings for the Vossloh share in the first half of 2017

Information on the Vossloh share	
ISIN	DE0007667107
Trading platforms	Xetra, Düsseldorf, Frankfurt, Berlin, Hamburg, Hanover, Stuttgart, Munich
Index	SDAX
Number of shares outstanding on June 30, 2017	15,967,437
Share price on June 30, 2017	€56.28
Stock price high/low (January to June 2017)	€63.99/€55.76
Reuters code	VOSG.DE
Bloomberg code	VOS GR

You may obtain additional information on the Vossloh company and the Vossloh share on the website www.vossloh.com. In addition to current financial reports, presentations and press releases, you can also find information on creditor relations here. You are very welcome to contact us should you have any questions. You can reach us at investor.relations@vossloh.com or by telephone at +49 (0) 23 92 52-609.

Interim Group Management Report

Business development in the Group

Preliminary remarks

Sale of the Electrical Systems business unit completed at the end of January 2017

On January 31, 2017, the sale of the Electrical Systems business unit to Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Munich, was completed. The business unit was thus deconsolidated. All income and expenses in the first half of 2016 as well as income and expenses in the current fiscal year for the time up until the finalization of the sale are contained in the income statement under the item "result from discontinued operations." The assets and liabilities assigned to the business unit are separately disclosed in the previous year's statement of financial position under the item "assets or liabilities held for sale." To this extent, comparability with the figures disclosed in the interim report as of June 30, 2016, does not exist. For an additional detailed discussion of this issue, we refer to the Explanatory Notes, page 26 et seq., in this interim report.

Financial performance

Sales up a significant 16.7 percent over the previous year

The Vossloh Group achieved sales of €267.9 million in the second quarter, significantly above the previous year's figure of €231.8 million. As a result, sales increased in the first half of 2017 by 16.7 percent to €492.2 million after coming in at €421.6 million in the previous year. The sales increase is primarily attributable to the initial consolidation of the Tie Technologies business unit as well as very good sales performance in the Fastening Systems business unit.

Sales revenues by region

	€ mill.	%	€ mill.	%	€ mill.	%	€ mill.	%
	H1/2017		H1/2016*		Q2/2017		Q2/2016*	
Germany	66.9	13.6	49.0	11.6	32.0	11.9	29.8	12.9
France	58.9	12.0	80.7	19.1	29.0	10.8	43.3	18.7
Rest of Western Europe	38.4	7.8	32.3	7.7	25.5	9.5	19.0	8.2
Northern Europe	53.4	10.8	62.6	14.8	33.4	12.5	40.2	17.3
Southern Europe	28.4	5.8	31.3	7.4	15.8	5.9	18.1	7.8
Eastern Europe	21.2	4.3	18.9	4.5	13.7	5.1	10.9	4.7
Total of Europe	267.2	54.3	274.8	65.1	149.4	55.7	161.3	69.6
Americas	86.7	17.6	49.0	11.6	45.5	17.0	22.9	9.9
Asia	102.3	20.8	71.5	17.0	55.9	20.9	36.1	15.6
Africa	25.0	5.1	16.7	4.0	11.3	4.2	6.5	2.8
Australia	11.0	2.2	9.6	2.3	5.8	2.2	5.0	2.1
Total	492.2	100.0	421.6	100.0	267.9	100.0	231.8	100.0

*Previous year's figures presented on a comparable basis, see preliminary remarks on this page

In Europe, sales at the end of the first half of 2017 were just 2.8 percent below the previous year. Particularly in France, sales revenues were significantly below the previous year following the expiration of various high-speed rail projects. In Western Europe it was possible to compensate for this decline primarily through positive developments in revenues in Germany and the Netherlands. This ensured that sales in Western Europe were slightly above previous year's level. In Northern Europe sales were lower than in the previous year due to weaker business performance in Sweden and Norway. In Southern Europe, it was also not quite possible to reach the sales level of the previous year. This was particularly attributable to lower sales contributions from Turkey. However, given a strong second quarter, sales in Eastern Europe in the first half of the year were higher than in the previous year. Increased sales in Poland and Slovenia primarily contributed to this.

The significant increase in sales of 77.2 percent in the Americas can mainly be traced to the initial inclusion of the Tie Technologies business unit this year. Therefore, in the first half of 2017, sales in the USA and Mexico, specifically, were higher than in the first six months of 2016. Irrespective of this, the situation in the USA focus market remains strained given the low level of investment activity by Class I railroad operators.

The region Asia achieved a significant increase in sales. The positive trend in the first three months of the year continued in the second quarter of the current fiscal year. Sales increased 43.1 percent in comparison with the previous year. Above all, significant sales growth in China contributed to the increase. It was also possible to achieve notable additional sales in Singapore.

In Africa the positive business development in the first three months of 2017 continued. As of midyear, sales exceeded the previous year's figure by a total of 49.3 percent. Particularly in Morocco, it was possible in the Customized Modules division to significantly surpass sales in the previous year.

In Australia, sales revenues in the first six months of 2017 were 14.3 percent higher than the level in the first half of 2016. The Customized Modules division is almost exclusively active in this market.

Vossloh Group				
€ mill.	H1/2017	H1/2016*	Q2/2017	Q2/2016*
Sales revenues	492.2	421.6	267.9	231.8
EBIT	26.6	19.4	19.5	17.4
EBT	20.3	13.4	15.2	14.3
Net income	13.4	14.6	8.6	10.9

*Previous year's figures presented on a comparable basis, see preliminary remarks on page 10

The second quarter was able to build upon the good earnings performance of the Vossloh Group in the first three months of the current fiscal year. Earnings before interest and taxes (EBIT) improved 37.1 percent in the first half of 2017 compared to the previous year. The Fastening Systems business unit, which has a larger share of high-margin projects, was mainly responsible for this significant increase. But the Tie Technologies business unit, which was consolidated beginning this year, contributed to this increase. As a result, the profitability of the Vossloh Group – measured via the EBIT margin – also improved significantly. The EBIT margin increased from 4.6 percent in the previous year to 5.4 percent in the first half of 2017.

Earnings and profitability significantly improved from the previous year

The net interest result of €(6.3) million in the first half of 2017 was slightly worse than the previous year's figure of €(6.0) million. This was primarily attributable to higher currency losses in connection with financing activities. Due to the only slightly worse net interest result and significantly better EBIT, earnings before income taxes (EBT) improved noticeably. A tax expense of €9.5 million in the first half of 2017 was significantly higher than the previous year's figure of €2.3 million. In addition, the result from discontinued operations for the first half of 2017, at €2.6 million, was somewhat lower than in the previous year (€3.5 million), so net income was slightly below the previous year. Of this, €9.0 million was attributable to shareholders of Vossloh AG (previous year: €12.4 million). Given the average number of shares outstanding for the first half of 2017 – 15,967,437 shares (previous year: 13,557,567 shares) – earnings per share at €0.56 (previous year: € 0.92) were lower compared to the previous year.

Net income slightly below the previous year due to higher tax expense

Vossloh Group – value management

		H1/2017	H1/2016*	Q2/2017	Q2/2016*
Average capital employed	€ mill.	850.4	712.0	863.5	713.1
ROCE ¹	%	6.2	5.4	9.0	9.8
Value added ¹	€ mill.	(5.3)	(12.7)	3.3	1.3

¹ Based on average capital employed

* Previous year's figures presented on a comparable basis, see preliminary remarks on page 10

ROCE and value added improved over the previous year

In the first six months of 2017, it was possible to increase the return on capital employed (ROCE) of the Vossloh Group compared to the previous year despite significantly higher average capital employed. The increase in average capital employed was mainly attributable to initial consolidation of the Tie Technologies business unit this year. Value added improved significantly from the previous year but remained in the negative range. Aside from the significantly improved EBIT, value added was also favoured by the reduction of the weighted average cost of capital (WACC) from 9.0 percent to 7.5 percent.

Vossloh divisions – orders received and order backlog

€ mill.	Orders received		Order backlog	
	H1/2017	H1/2016	6/30/2017	6/30/2016
Core Components	148.3	115.8	191.1	187.2
Customized Modules	248.2	269.8	289.8	321.3
Lifecycle Solutions	44.7	51.8	31.2	19.9
Transportation*	28.1	42.3	226.7	106.5
Vossloh AG/Consolidation	(4.3)	(7.1)	(1.5)	(1.2)
Group*	465.0	472.6	737.3	633.7

* Previous year's figures presented on a comparable basis, see preliminary remarks on page 10

Orders received at the Group level slightly below the previous year's level

At the Group level, orders received in the first half of the year were 1.6 percent, just slightly, below the previous year's level. In the Customized Modules and Transportation divisions, in particular, the amount of orders received in the previous year could not be reached again. However, orders received in the Core Components division increased as a result of the consolidation of the Tie Technologies business unit. Following the high level of orders received in the second half of 2016, the higher order backlog in the first half of 2017 relative to the previous year was primarily attributable to the Transportation division.

Net assets and financial position

Equity ratio significantly higher

Vossloh Group equity at the end of June 2017 was nearly unchanged compared to the midpoint of the previous year. It was slightly higher than at the end of 2016 due to the positive Group earnings in the first half of 2017. A significantly improved equity ratio resulted from lower total assets compared to the previous year, in which assets held for sale of the disposed Electrical Systems business unit had been included both at the midpoint and the end of the previous year.

Vossloh Group

		6/30/2017 H1/2017	12/31/2016 Financial year 2016	6/30/2016* H1/2016*
Total assets	€ mill.	1,241.4	1,367.6	1,444.0
Equity	€ mill.	559.2	550.8	560.8
Equity ratio	%	45.0	40.3	38.8
Closing working capital	€ mill.	279.1	186.8	226.6
Average working capital	€ mill.	242.2	227.4	231.0
Average working capital intensity	%	24.6	24.4	27.4
Fixed assets	€ mill.	592.6	490.8	478.4
Closing capital employed	€ mill.	871.7	677.6	705.1
Average capital employed	€ mill.	850.4	708.4	712.0
Free cash flow	€ mill.	(61.8)	25.2	(35.7)
Net financial debt	€ mill.	233.2	83.9	135.2

*Previous year's figures presented on a comparable basis, see preliminary remarks on page 10

Closing working capital at midyear 2017 increased significantly compared to the end of the first half of 2016. The average working capital was 4.9 percent higher than in the comparable period. However, as a result of much higher sales than in the previous year, the average working capital intensity declined. Capital employed was also above the previous year's figures both on the reporting date of the first half of 2017 and on an annual average. This was primarily attributable to the consolidation of the Tie Technologies business unit.

The net financial debt at the Vossloh Group at midyear 2017 was much higher than on December 31, 2016. This was primarily attributable to the outflow of funds of €117.6 million at the beginning of the year for the acquisition of the Tie Technologies business unit. The negative free cash flow in the first half of 2017 also had the effect of increasing the net financial debt as compared to the end of the previous fiscal year. However, the inflow of funds of €42.4 million from the sale of the former Electrical Systems business unit had the effect of reducing the net financial debt.

Capital expenditures

€ mill.	H1/2017	H1/2016	Q2/2017	Q2/2016
Core Components	5.3	1.7	4.3	1.0
Customized Modules	5.7	2.5	2.8	2.0
Lifecycle Solutions	1.6	4.4	0.7	2.8
Transportation*	2.8	2.1	1.4	0.8
Vossloh AG/Consolidation	0.2	0.0	0.1	0.2
Total*	15.6	10.7	9.3	6.8

*Previous year's figures presented on a comparable basis, see preliminary remarks on page 10

The investments of the Vossloh Group increased by 45.5 percent from the previous year. A sharp increase was recorded particularly in the Core Components division. This could be traced primarily to increased investment activities in the Fastening Systems business unit. Investments increased from €1.7 million at the midpoint of the previous year to €4.4 million in the first half of 2017, particularly due to further investments related to setting up a Russian production site for rail fastening systems. In addition, investments of the Tie Technologies business unit of €0.9 million also contributed to the increase in investments. The Customized Modules division also invested significantly more. Investment focal points here were the locations in France and Poland. Investments in the Transportation division similarly increased compared to the previous year's figure and affected not only investments in the new production location in Kiel but also the development of a train control system. However, the investment volume of the Lifecycle Solutions division was below the previous year's level.

Significantly higher capital expenditures in the Vossloh Group

Business development Core Components

In the second quarter of 2017, the orders received in the Core Components division totaled €76.8 million and thus were significantly above the previous year's figure of €50.8 million. This resulted in orders received of €148.3 million in the first half of 2017, following €115.8 million in the previous year's period. The increase was attributable to the initial inclusion of the Tie Technologies business unit in 2017. The order backlog of the division amounted to €191.1 million as of the end of the first half of 2017 (previous year: €187.2 million).

In the second quarter of 2017, orders received of €60.0 million in the Fastening Systems business unit exceeded the previous year's figure of €50.8 million. Overall orders received of €106.6 million in the first half of 2017 fell somewhat short of the previous year's value of €115.8 million. In the first quarter of 2016, high levels of orders received were recorded in Saudi Arabia and Qatar, among other places. The highest orders received in the reporting period were in Italy, China and India. As of June 30, 2017, the order backlog of the Fastening Systems business unit was €156.4 million (previous year: €187.2 million).

In the second quarter it was possible to generate orders received of €17.5 million in the Tie Technologies business unit. Since Vossloh Tie Technologies was initially consolidated in 2017, no previous year's figures are available for this business unit. Orders received in the first six months of 2017 amounted to €42.8 million. Along with orders received primarily in the USA, additional new contracts could also be obtained in Mexico. The order backlog as of midyear 2017 totaled €34.6 million.

Core Components		H1/2017	H1/2016*	Q2/2017	Q2/2016*
Sales revenues	€ mill.	174.8	106.1	96.6	54.8
EBIT	€ mill.	26.7	12.8	15.1	6.1
EBIT margin	%	15.3	12.0	15.7	11.2
ROCE ¹	%	23.5	23.1	26.8	22.1
Value added ¹	€ mill.	18.2	7.8	10.9	3.6

¹ Based on average capital employed

*Without Vossloh Tie Technologies

Sales in
Core Components
64.8 percent above
the previous year

Sales in the Core Components division increased by 64.8 percent in the first six months of 2017. This was primarily the result of the initial consolidation of the Tie Technologies business unit. In addition, higher sales in the Fastening Systems business unit contributed to the positive performance.

Sales in the second quarter of 2017 in the Fastening Systems business unit were €73.8 million, significantly higher than in the previous year (€54.8 million). As a result, in the first half of 2017 sales came in at €133.0 million, a 25.3 percent increase over the previous year's figure of €106.1 million. Sales growth could particularly be traced back to very good business development in China. Here, above all, high demands of rail fastening systems for the segment of the high-speed line from Peking to Shenyang should be mentioned. Last year, after a weaker first half of the year, it was possible to achieve high project-related sales in the second half of the year, particularly in China. This year, Vossloh is assuming a generally weaker second half of the year. In addition, it was possible to generate significantly higher sales in Italy.

In the second quarter of 2017, the Tie Technologies business unit generated sales revenues of €23.5 million. The business unit performed as expected in the first half of 2017 with sales revenues of €43.0 million. The U.S. market remained challenging, however, due to reduced investment activity in Class 1 railroad operators. In addition to the USA, with its sales share of more than 75 percent, material sales figures were recorded from Mexican business.

In the first half of 2017, EBIT in the Core Components division more than doubled over the previous year. The good earnings performance continued as expected in the second quarter with the processing of higher-margin orders. As a result, profitability was clearly above the previous year.

EBIT in the Core Components division more than doubled

In the Core Components division, ROCE increased slightly after the first six months of 2017, despite significantly higher average capital employed than in the previous year due to the inclusion of Vossloh Tie Technologies. In addition, the value added of the division improved significantly as a result of higher EBIT. The average working capital as a material component of the average capital employed was only slightly higher than in the previous year, despite the consolidation of Vossloh Tie Technologies. This resulted in significantly improved average working capital intensity for the Core Components division in the first half of 2017.

The Fastening Systems business unit was able to increase the value added from €7.8 million in the previous year to €20.0 million in the first half of 2017. However, the value added of the Tie Technologies business unit was negative at €(1.8) million, as expected, which was primarily due to a high level of goodwill as well as depreciation and amortization from the remeasurement of assets acquired.

Core Components

		H1/2017	Financial year 2016*	H1/2016*
Average working capital	€ mill.	62.8	56.6	59.8
Average working capital intensity	%	17.9	22.0	28.2
Average capital employed	€ mill.	227.2	106.0	110.8

*Without Vossloh Tie Technologies

Business development Customized Modules

High orders received in the second quarter

In the Customized Modules division, orders received in the second quarter of 2017, totaling €139.2 million, increased significantly from the previous year's figure of €115.9 million. However, overall orders received of €248.2 million in the first half of 2017 were still below the figure of €269.8 million from the previous year, particularly due to larger order intakes in Morocco in the first quarter of 2016. The order backlog as of June 30, 2017, amounted to €289.8 million (previous year: €321.3 million).

Customized Modules

		H1/2017	H1/2016	Q2/2017	Q2/2016
Sales revenues	€ mill.	237.9	246.7	136.0	134.8
EBIT	€ mill.	14.7	15.7	12.0	13.3
EBIT margin	%	6.2	6.4	8.8	9.9
ROCE ¹	%	6.9	7.5	11.1	12.8
Value added ¹	€ mill.	(1.3)	(3.0)	3.9	4.0

¹Based on average capital employed

In the second quarter of 2017, sales revenues of the Customized Modules division were just 0.9 percent higher than in the previous year. However, in the first half of 2017, sales fell short of the previous year by a slight 3.6 percent. Here it was not possible to repeat the high sales level of the previous year particularly in France due to high-speed projects coming to a close. Sales in Sweden were also lower than in the previous year. By contrast, material sales growth was achieved in the Netherlands and in Morocco.

Earnings slightly lower as of midyear 2017, profitability almost at the previous year's level

EBIT of the Customized Modules division after the first six months of 2017 was still slightly below the previous year. This was primarily due to the fact that in France the good earnings performance of the previous year could not be repeated. Furthermore, the continued weakness of the freight transport market in the USA weighed on earnings. However, the EBIT margin was only slightly below the previous year's level.

The ROCE of the Customized Modules division in the first half of 2017 declined slightly from the previous year due to the lower EBIT as well as higher average capital employed. However, value added slightly improved, exclusively due to the decline of WACC to 7.5 percent (previous year: 9.0 percent). Average working capital increased in the first half of 2017, primarily as a result of a lower volume of down payments as well as lower current provisions. This was the essential reason for the higher average working capital intensity compared to the previous year.

Customized Modules

		H1/2017	Financial year 2016	H1/2016
Average working capital	€ mill.	139.8	131.5	133.5
Average working capital intensity	%	29.4	26.7	27.1
Average capital employed	€ mill.	425.8	414.5	416.4

Business development Lifecycle Solutions

In the Lifecycle Solutions division, orders received in the second quarter of 2017 declined to €22.1 million, over €29.6 million in the previous year. This resulted in total orders received of €44.7 million in the first half of 2017 (previous year: €51.8 million). Above all in Germany, the awarding of orders was restrained so far this year. At the end of the first six months of 2017, the order backlog of the Lifecycle Solutions division amounted to €31.2 million (previous year: €19.9 million).

Lifecycle Solutions					
		H1/2017	H1/2016	Q2/2017	Q2/2016
Sales revenues	€ mill.	42.8	39.7	25.5	25.9
EBIT	€ mill.	1.8	3.2	2.7	4.2
EBIT margin	%	4.2	8.1	10.5	16.2
ROCE ¹	%	2.7	5.0	7.8	12.9
Value added ¹	€ mill.	(3.3)	(2.6)	0.1	1.3

¹Based on average capital employed

In the second quarter of 2017, sales revenues in the Lifecycle Solutions division were 1.5 percent lower than in the previous year. However, as a result of the good sales performance in the first three months of 2017, income was 7.9 percent higher than in the previous year. Notable sales increases as compared to the previous year were achieved in Denmark and China. The internationalization of the activities of the Lifecycle Solutions division – measured by the share of sales outside of Germany – continues on a stable level of some 40 percent.

Sales revenues in the first half of the year 7.9 percent higher than in the previous year

In the Lifecycle Solutions division, it was not possible to repeat in the second quarter of 2017 the high EBIT in the previous year's quarter. As a result, earnings in the first half of 2017 fell considerably short of the previous year's figure. The primary reason for the decline was a lower profit contribution from stationary welding plants, due to lower demand. Also in the Logistics segment, a lower EBIT was achieved compared to the previous year. However, the High-Speed-Grinding segment performed better than in the previous year.

Due to lower EBIT as well as higher average capital employed, both ROCE and value added did not reach the previous year's levels. It was possible to reduce average working capital slightly despite a higher sales volume. This was driven primarily by higher down payments and lower inventories, while the level of receivables increased over the previous year's figure. Consequently, the division could report improved average working capital intensity compared to the previous year.

Lifecycle Solutions					
		H1/2017	Financial year 2016	H1/2016	
Average working capital	€ mill.	11.1	10.2	11.7	
Average working capital intensity	%	13.0	12.3	14.8	
Average capital employed	€ mill.	135.0	129.4	129.5	

Business development Transportation

Orders received in the Transportation division were €18.9 million in the reporting quarter, significantly below the previous year (€31.4 million). As a result, orders received of €28.1 million in the first half of the current fiscal year were also clearly lower than the previous year's figure of €42.3 million. Nevertheless, due to the large order won in France in 2016 for 44 type DE 18 locomotives, the order backlog of €226.7 million remained at a very high level (previous year: €106.5 million) as of June 30, 2017.

Transportation		H1/2017	H1/2016*	Q2/2017	Q2/2016*
Sales revenues	€ mill.	40.2	34.9	12.1	19.8
EBIT	€ mill.	(9.4)	(6.3)	(6.6)	(3.1)
EBIT margin	%	(23.5)	(17.9)	(54.9)	(15.4)
ROCE ¹	%	(32.2)	(25.7)	(42.2)	(24.6)
Value added ¹	€ mill.	(11.6)	(8.4)	(7.8)	(4.2)

¹Based on average capital employed

*Previous year's figures presented on a comparable basis, see page 10

Sales revenues 14.7 percent higher than in the previous year despite lower sales in the second quarter

The sales revenues of the Transportation division in the second quarter of 2017 fell clearly short of the previous year. Due to the good developments in sales in the first three months of the current fiscal year, sales at the end of the first half of 2017 remained 14.7 percent higher than in the previous year. The sales increase is to be attributed primarily to higher sales of type DE 18 locomotives.

EBIT significantly negative; as in the previous year another strong closing quarter expected

EBIT in the Transportation division remains negative, as expected. Compared to the previous year, EBIT continued to deteriorate in the first half of 2017. This was primarily attributable to lower sales in the Service segment. Consequently, the EBIT margin was also significantly lower in comparison to the previous year. However, it is assumed that the sales and earnings performance of the Transportation division will be similar to the previous year, in which a large number of locomotive deliveries were made in the last quarter. Therefore, it is expected that the lion's share of sales and earnings for the 2017 fiscal year will be recorded in the closing quarter again.

As a result of the decline in EBIT compared to the previous year as well as higher average capital employed, both the ROCE and value added deteriorated in the first half of 2017. The average working capital increased significantly compared to the previous year primarily due to higher inventories. The average working capital intensity in the first half of 2017 was also higher than in the previous year.

Transportation		H1/2017	Financial year 2016	H1/2016*
Average working capital	€ mill.	35.1	32.4	29.0
Average working capital intensity	%	43.7	29.7	41.5
Average capital employed	€ mill.	58.6	52.4	48.6

*Previous year's figures presented on a comparable basis, see page 10

Research and development

A significant portion of research and development at the Vossloh Group occurs through individual contracts. In the process, specific customer requirements influence the business activities of the Transportation division. Accordingly, the expenses that arise are recognized under cost of sales and not under the item research and development (R&D). As a result, the Vossloh Group reports relatively low R&D expenses, although the development work performed in the course of projects is significantly higher.

In the first six months of 2017, expenses for research and development at the Vossloh Group totaled €4.9 million, compared to €4.3 million in the same period of the previous year. All core business areas exhibited higher R&D expenses in the first six months of 2017 than in the previous year.

The main portion of research and development expenses involved the Customized Modules division. In the first half of 2017, they amounted to €2.0 million, compared to €1.8 million in the same period of the previous year. In the Core Components division, expenses for research and development after six months in 2017 totaled €1.6 million (previous year: €1.3 million). These were exclusively attributable to the Fastening Systems business unit. In the Tie Technologies business unit, no expenses for R&D arose in the first half of 2017. The Lifecycle Solutions division reported R&D expenses of €1.3 million in the current reporting period. In the first six months of 2016, these amounted up to €1.2 million.

In the Transportation division with the remaining Locomotives business unit, no expenses for research and development arose in the first half of 2017, as in the comparable period of 2016.

In addition to the research and development costs recognized under expenses, development work of €1.0 million was capitalized in the first half of the current fiscal year (previous year: €1.3 million). Of this amount, €0.7 million related to the Transportation division (previous year: €1.2 million), while €0.3 million of the capitalized R&D costs involved the Lifecycle Solutions division (previous year: €0.1 million).

Employees

At the end of June 2017, 4,311 employees worked for the Vossloh Group

On June 30, 2017, the Vossloh Group had a total of 4,311 employees. As a result, the number of employees increased in the past twelve months by 232 or 5.7 percent from 4,079. Compared to the end of 2016 with 4,051 employees, a total increase of 260 is evident. The growth resulted primarily from the initial consolidation of the new Tie Technologies business unit in the Core Components division.

Employees	Closing date		Average	
	6/30/2017	6/30/2016	H1/2017	H1/2016
Core Components	837	636	859	633
Customized Modules	2,537	2,536	2,525	2,558
Lifecycle Solutions	468	456	464	456
Transportation*	408	396	399	401
Vossloh AG	61	55	61	56
Group*	4,311	4,079	4,308	4,104

*Previous year's figures presented on a comparable basis, see page 10

As of June 30, 2017, the Core Components division had 837 employees, 201 more than at the end of June 2016 (636 employees). Of these, 197 employees belonged to the new Tie Technologies business unit as of the end of the current reporting date. At Vossloh Fastening Systems, the second business unit of the Core Components division, the employment figure of 640 employees increased only slightly during the past twelve months (June 30, 2016: 636 employees). The Lifecycle Solutions division similarly expanded its staffing by 12 people from 456 employees as of June 30, 2016, to 468 employees as of the end of June 2017. However, the Customized Modules division with 2,537 employees as of midyear 2017 reported a nearly unchanged employment figure compared to the reporting date of the previous year's period (2,536 employees).

The Transportation division with the Locomotives business unit had a total of 408 employees as of the end of the period on June 30, 2017. As of the reporting date of the previous year's period, the number of employees was 396.

71.2 percent of Vossloh employees work outside Germany

As of mid-2017, the number of domestically employed workers grew to 1,241 (June 30, 2016: 1,221 employees). Outside Germany, a total of 3,070 employees worked for the Vossloh Group as of the end of June 2017. This corresponds to an increase of 212 since June 30, 2016 (2,858 employees). The percentage of people working outside Germany relative to the total number of employees was 71.2 percent as of the reporting date of the first half of 2017.

Forecast, opportunities and risks

The Group management report for the 2016 fiscal year describes the material risks and opportunities for the expected performance of the Vossloh Group. In the course of the ongoing systematic recognition and management of risks through the Group's risk management, no risks are yet recognizable that could signify, individually or collectively, a threat to the existence of the Vossloh Group as a going concern.

With the presentation of the Annual Report for 2016 on March 23, 2017, Vossloh AG published a detailed forecast for the 2016 fiscal year (see 2016 Annual Report starting on page 64). This midyear report confirms this forecast. Based on current knowledge, Vossloh assumes that it will be able to generate sales between €1.0 billion and €1.1 billion in 2017. Sales growth compared to the previous year's figure of €931.6 million will be particularly attributable to the initial inclusion of the Tie Technologies business unit in the Core Components division. As a result, high sales growth is expected particularly for the Core Components division. In addition, a significant rise in sales is expected for the Transportation division.

From the current perspective, both absolute EBIT and the EBIT margin of the Group can continue to improve further in 2017. For 2017, the Vossloh Group expects an improved EBIT margin between 5.5 percent and 6.0 percent compared to 2016. Slightly improved profitability is expected in the Customized Modules division as long as demand in the USA stabilizes in the second half of the year. Vossloh expects a significant improvement for the Transportation division. Profitability in the Core Components division is expected to drop below the level of the 2016 fiscal year, but from today's perspective it should measure in the double digits. Given continued challenging U.S. conditions as well as higher depreciation and amortization on the remeasured assets acquired from the new Tie Technologies business unit, weak profitability and negative value added for the Tie Technologies business unit are being assumed for 2017. No significant change in profitability is expected in the Lifecycle Solutions division from today's perspective.

Condensed interim financial statements of the Vossloh Group as of June 30, 2017

Income statement for the 6 (H1) and 3 months (Q2) ended June 30, 2017

€ mill.	H1/2017	H1/2016*	Q2/2017	Q2/2016*
Sales revenues	492.2	421.6	267.9	231.8
Cost of sales	(390.2)	(334.6)	(208.9)	(181.6)
General administrative and selling expenses	(77.2)	(76.2)	(38.8)	(37.6)
Research and development expenses	(4.9)	(4.3)	(2.6)	(2.2)
Other operating result	5.0	11.7	1.9	6.2
Operating result	24.9	18.2	19.5	16.6
Investment result from companies accounted for using the equity method	0.0	0.9	0.0	0.7
Other financial income	1.7	0.3	0.0	0.1
Other financial expenses	0.0	0.0	0.0	0.0
Earnings before interest and taxes (EBIT)	26.6	19.4	19.5	17.4
Interest income	3.0	0.7	1.3	0.4
Interest expenses	(9.3)	(6.7)	(5.6)	(3.5)
Earnings before income taxes (EBT)	20.3	13.4	15.2	14.3
Income taxes	(9.5)	(2.3)	(6.6)	(2.4)
Result from continuing operations	10.8	11.1	8.6	11.9
Result from discontinued operations	2.6	3.5	–	(1.0)
Net income	13.4	14.6	8.6	10.9
thereof attributable to shareholders of Vossloh AG	9.0	12.4	6.1	9.7
thereof attributable to non-controlling interests	4.4	2.2	2.5	1.2
Earnings per Share				
Basic/diluted earnings per share (€)	0.56	0.92	0.39	0.70
thereof attributable to continuing operations	0.40	0.66	0.39	0.78
thereof attributable to discontinued operations	0.16	0.26	0.00	(0.08)

*Previous year's figures presented on a comparable basis, see page 10

Statement of comprehensive income for H1 and Q2 ended June 30, 2017

€ mill.	H1/2017	H1/2016*	Q2/2017	Q2/2016*
Net income	13.4	14.6	8.6	10.9
Changes in fair value of hedging instruments (cash flow hedges)	0.6	3.5	0.2	0.4
Currency translation differences	(2.7)	(5.7)	(6.2)	(2.8)
Changes in fair value of available-for-sale securities	0.0	0.0	0.0	0.0
Income taxes	(0.2)	(1.3)	(0.1)	(0.3)
Amounts that will potentially be transferred to profit or loss in future periods	(2.3)	(3.5)	(6.1)	(2.7)
Remeasurement of defined benefit plans	0.0	0.0	0.0	0.0
Income taxes	0.0	0.0	0.0	0.0
Amounts that will not be transferred to profit or loss in future periods	0.0	0.0	0.0	0.0
Income and expenses recognized directly in equity	(2.3)	(3.5)	(6.1)	(2.7)
Total comprehensive income	11.1	11.1	2.5	8.2
thereof attributable to shareholders of Vossloh AG	7.7	9.6	1.0	7.0
thereof attributable to non-controlling interests	3.4	1.5	1.5	1.2

*Previous year's figures presented on a comparable basis, see page 10

Cash flow statement for the period from January 1 to June 30, 2017

€ mill.	H1/2017	H1/2016*
Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	26.6	19.4
EBIT from discontinued operations	2.6	5.4
Amortization / depreciation / impairment losses (less write-up) of non-current assets	20.8	18.2
Change in non-current provisions	(0.2)	3.1
Gross cash flow	49.8	46.1
Non-cash change in investments in companies accounted for using the equity method	0.0	(0.9)
Other non-cash income/expenses, net	12.2	3.1
Net loss/(gain) from the disposal of non-current assets	(0.6)	0.0
Income tax paid	(16.1)	(8.5)
Change in working capital	(84.2)	(42.2)
Changes in other assets/liabilities, net	(6.9)	(21.3)
Cash flow from operating activities	(45.8)	(23.7)
Cash flow from investing activities		
Investments in intangible assets and property, plant and equipment	(12.7)	(12.3)
Investments in companies accounted for using the equity method	(3.3)	0.0
Cash-effective dividends from companies accounted for using the equity method	–	0.3
Free cash flow	(61.8)	(35.7)
Investments in non-current financial instruments	(0.6)	0.0
Proceeds from the disposal of intangible assets and property, plant and equipment	2.3	0.1
Disbursements/proceeds from the purchase/sale of short-term securities	(0.1)	0.0
Proceeds from disposals of non-current financial instruments	0.0	1.1
Proceeds from the disposal of consolidated companies	42.4	0.0
Payments for the acquisition of consolidated companies	(117.6)	(3.2)
Cash flow from investing activities	(89.6)	(14.0)
Cash flow from financing activities		
Net proceeds from additions to equity	–	124.0
Disbursements to shareholders and non-controlling interests	0.0	(0.2)
Net financing from short-term loans	11.8	(14.6)
Net financing from medium- and long-term loans	(0.1)	(6.5)
Interest received	2.9	0.7
Interest paid	(9.6)	(7.8)
Cash flow from financing activities	5.0	95.6
Net cash inflow/outflow	(130.4)	57.9
Change in cash and cash equivalents from the initial consolidation of companies	0.2	0.1
Exchange rate effects	(1.1)	(1.7)
Opening cash and cash equivalents	178.6	78.8
Closing cash and cash equivalents	47.3	135.1

For the allocation of cash flows to continuing and discontinued operations, see page 32.

*Previous year's figures presented on a comparable basis, see page 10

Balance sheet

Assets in € mill.	6/30/2017	12/31/2016	6/30/2016*
Intangible assets	312.7	260.5	252.5
Property, plant and equipment	229.1	184.4	180.1
Investment properties	3.0	3.6	4.2
Investments in companies accounted for using the equity method	38.2	35.0	33.7
Other non-current financial instruments	9.9	7.6	8.4
Sundry non-current assets	5.1	3.4	3.8
Deferred tax assets	32.5	28.2	32.1
Non-current assets	630.5	522.7	514.8
Inventories	260.7	218.9	259.9
Trade receivables	228.2	177.0	202.3
Receivables from construction contracts	19.3	8.5	5.5
Income tax assets	5.4	3.9	4.5
Sundry current assets	49.3	34.8	64.9
Short-term securities	0.7	0.5	0.4
Cash and cash equivalents	47.3	171.2	124.8
Current assets	610.9	614.8	662.3
Assets held for sale	–	230.1	266.9
Assets	1,241.4	1,367.6	1,444.0
Equity and liabilities in € mill.	6/30/2017	12/31/2016	6/30/2016*
Capital stock	45.3	45.3	45.3
Additional paid-in capital	146.5	146.5	146.7
Retained earnings and net income	339.6	333.2	342.9
Accumulated other comprehensive income	6.5	7.8	7.6
Equity excluding non-controlling interests	537.9	532.8	542.5
Non-controlling interests	21.3	18.0	18.3
Equity	559.2	550.8	560.8
Pension provisions	27.6	25.4	22.3
Other non-current provisions	29.2	29.7	24.1
Non-current financial liabilities	148.3	246.9	247.0
Other non-current liabilities	2.9	4.2	5.1
Deferred tax liabilities	17.4	4.1	2.8
Non-current liabilities	225.4	310.3	301.3
Other current provisions	59.1	67.2	64.7
Current financial liabilities	132.8	8.7	13.4
Current trade payables	143.6	132.1	148.7
Current liabilities from construction contracts	0.6	11.4	10.3
Current income tax liabilities	9.8	11.0	9.5
Other current liabilities	110.9	95.6	129.1
Current liabilities	456.8	326.0	375.7
Liabilities held for sale	–	180.5	206.2
Equity and liabilities	1,241.4	1,367.6	1,444.0

*Previous year's figures presented on a comparable basis, see page 10

Statement of changes in equity

€ mill.	Capital stock	Additional paid-in capital	Retained earnings and net income	Accumulated other comprehensive income				Equity excluding non-controlling interests	Non-controlling interests	Total
				Currency translation	Available-for-sale financial instruments	Hedging transactions	Remeasurment of defined benefit plans			
Balance as of 12/31/2015	37.8	30.9	332.7	13.6	0.0	(2.9)	(0.4)	411.7	17.0	428.7
Capital increase	7.5	115.8						123.3		123.3
Transfer to retained earnings			(0.4)				0.4	0.0		0.0
Changes in the scope of consolidation			(1.8)	(0.3)				(2.1)		(2.1)
Net income			12.4					12.4	2.2	14.6
Income and expenses recognized directly in equity				(5.1)		2.3		(2.8)	(0.7)	(3.5)
Dividend payments								0.0	(0.2)	(0.2)
Balance as of 6/30/2016	45.3	146.7	342.9	8.2	0.0	(0.6)	0.0	542.5	18.3	560.8
Capital increase		(0.2)						(0.2)		(0.2)
Changes in the scope of consolidation			(0.6)					(0.6)		(0.6)
Net income			(9.1)					(9.1)	4.6	(4.5)
Income and expenses recognized directly in equity				2.7			(2.5)	0.2	0.1	0.3
Dividend payments								0.0	(5.0)	(5.0)
Balance as of 12/31/2016	45.3	146.5	333.2	10.9	0.0	(0.6)	(2.5)	532.8	18.0	550.8
Transfer to retained earnings			(2.5)				2.5	0.0		0.0
Changes in the scope of consolidation			(0.1)	(2.1)		(0.4)		(2.6)		(2.6)
Net income			9.0					9.0	4.4	13.4
Income and expenses recognized directly in equity				(1.7)		0.4		(1.3)	(1.0)	(2.3)
Dividend payments								0.0	(0.1)	(0.1)
Balance as of 6/30/2017	45.3	146.5	339.6	7.1	0.0	(0.6)	0.0	537.9	21.3	559.2

Explanatory notes

Corporate background Vossloh AG is a listed company based in Werdohl, Germany. The company is registered under number HRB 5292 in the Commercial Register of the Iserlohn Local Court. The Vossloh Group's key activities cover the manufacture and marketing of rail infrastructure components and locomotives, as well as the provision of rail-related services (logistics, welding, preventive care).

Accounting policies The interim financial report as of June 30, 2017, has been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU. There were no new or amended standards to apply. Please see the 2016 Annual Report, page 74 et seq., for information on the legal status.

Accordingly, the accounting and valuation methods used in the preparation of the interim financial statements correspond to those of the consolidated financial statements as of December 31, 2016, in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and Standard 16 "Interim Financial Reporting" of the Accounting Standards Committee of Germany.

Preparing the interim consolidated financial statements requires management to make certain assumptions and estimates. Because of this, the actual values may differ from those estimates and hence from the amounts disclosed in the consolidated financial statements.

The business activities of the Vossloh Group are subject to seasonal effects to a certain degree.

The calculation of income taxes is based on a tax rate of 30 percent for domestic companies, while income taxes for foreign companies are based on the respective national tax rates.

Presentation of the business units held for sale The former Electrical Systems business unit was deconsolidated as of January 31, 2017, after closing the share and purchase agreement and selling the shares of the former Vossloh Kiepe GmbH, Düsseldorf; Vossloh Kiepe Inc., Alpharetta, USA; and Vossloh Kiepe Southern Africa Pty. Ltd., Cape Town, South Africa.

In these interim financial statements, the income and expenses for the period up to the deconsolidation as well as for the first half year of the previous year were recognized pursuant to IFRS 5 in the line item "Result from discontinued operations." Here, the previous year was affected by the sale of the former Rail Vehicles business unit on December 31, 2015. Similarly, the assets and liabilities attributable to the Electrical Systems business unit were reported under assets and liabilities held for sale in the previous year's statement of financial position.

The following table shows a breakdown of the result from discontinued operations in the income statement:

€ mill.	H1/2017	H1/2016*	Q2/2017	Q2/2016*
Income	11.9	101.2	–	50.9
Expenses	(9.9)	(102.3)	–	(51.6)
Result from operating activities, before taxes	2.0	(1.1)	–	(0.7)
Income taxes	0.3	(0.4)	–	(0.3)
Result from operating activities, after taxes	2.3	(1.5)	–	(1.0)
Gains from the disposal of discontinued operations	0.3	5.0	–	–
Income tax on the gains from the disposal of discontinued operations	–	–	–	–
Result from discontinued operations	2.6	3.5	–	(1.0)
thereof attributable to shareholders of Vossloh AG	2.6	3.5	–	(1.0)
thereof attributable to non-controlling interests	–	–	–	–

*Previous year's figures presented on a comparable basis, see page 10

The following table shows the main groups of assets and liabilities held for sale:

€ mill.	6/30/2017	12/31/2016
Intangible assets (excl. goodwill)	–	4.9
Goodwill	–	26.4
Property, plant and equipment	–	30.6
Sundry non-current assets	–	3.4
Non-current assets	–	65.3
Inventories	–	95.9
Trade receivables	–	29.0
Receivables from construction contracts	–	28.7
Sundry current assets	–	3.7
Cash and cash equivalents	–	7.5
Current assets	–	164.8
Assets	–	230.1
Provisions	–	32.0
Trade payables	–	14.5
Liabilities from construction contracts	–	96.6
Other liabilities	–	37.4
Liabilities	–	180.5

In the period under review, €0.0 million (previous year: €0.6 million) was recognized directly in equity. The previous year's figures are mainly attributable to currency translation differences and actuarial gains or losses.

The scope of consolidation has been changed compared to the end of the reporting period of December 31, 2016, as follows:

Scope of consolidation

As a result of the share purchase and transfer agreement finalized in December 2016 and executed on January 31, 2017, seven consolidated companies from the Electrical Systems business unit were deconsolidated. At the same time, the shares in four immaterial companies and a joint venture have been disposed of.

Signed at the beginning of December 2016, the contract for the purchase of all shares in Rocla International Holdings Inc., Lakewood/Colorado, USA, was executed on January 3, 2017. In total, four consolidated companies as well as two investments were included in the scope of consolidation. Rocla develops, manufactures and distributes concrete ties in the USA as well as other countries in the Americas. Together with a company consolidated for the first time in Germany, which is engaged in developmental work for plastic ties for the American market, the companies belonging to Rocla form the new Tie Technologies business unit.

This acquisition significantly strengthens Vossloh's presence in the U.S. rail market and pursues the strategically important goal of profitable Group growth.

The purchase price for the shares was USD122.2 million (€117.6 million) and was paid in full with cash. The purchase price was compensated for by the following assets and liabilities:

€ mill.	Carrying amounts immediately before merger	Adjustments	Fair values as of initial consolidation
Intangible assets	5.2	4.6	9.8
Property, plant and equipment	41.4	18.4	59.8
Inventories	11.0	1.8	12.8
Trade receivables	6.6	–	6.6
Other assets	11.1	–	11.1
Liabilities	22.5	9.5	32.0
Acquired net equity	52.8		68.1
Purchase price			117.6
Remaining goodwill			49.5

The adjustments to the fair values in the table are provisional due to pending valuation work. The contribution of the acquired business unit to sales and/or value added can be found in the segment information section. Given the date of acquisition, the amounts are identical to those that would have arisen if the acquisition had taken place at the beginning of the current financial year.

In connection with the acquisition, transaction costs in the amount of €1.9 million were expensed. This was recorded in the line item "other operating result" in the income statement.

The remaining goodwill primarily represents the expected effects of improved market access in the USA and the advantages of joint projects of Group companies active in this market. The trade receivables acquired with this acquisition are listed at their current fair value in the table above, which also corresponds to the contractually agreed amount. Bad debt losses are not expected in connection with this.

The goodwill recognized is to be amortized for tax purposes in the USA over 15 years.

Consequently, 60 companies (previous year: 64), of which 18 in Germany (previous year: 22), were consolidated and included in the consolidated interim financial statements as of June 30, 2017. This figure includes Vossloh AG. Just as at the end of the reporting period of the previous year, one domestic and seven foreign investments in companies were accounted for using the equity method.

Equity Compared to the previous year's reporting date of June 30, 2016, capital stock amounted to €45,325,167.47, distributed across 15,967,437 shares. All of them were outstanding from the date of the capital increase, while only 13,325,290 shares were previously outstanding. The average number of shares outstanding in the first half of 2017 thus amounts to 15,967,437. In the same period of the previous year, an average of 13,557,567 shares were outstanding.

		H1/2017	H1/2016
Weighted average of shares outstanding	Number	15,967,437	13,557,567
Weighted average of shares outstanding – Diluted/basic–	Number	15,967,437	13,557,567
Net profit (loss) attributable to Vossloh AG shareholders	€ mill.	9.0	12.4
Diluted/basic earnings per share	€	0.56	0.92
thereof attributable to continuing operations*	€	0.40	0.66
thereof attributable to discontinued operations*	€	0.16	0.26

Earnings per share

*Previous year's figures presented on a comparable basis, see page 10

€ mill.	H1/2017	H1/2016	Q2/2017	Q2/2016
Result from continuing operations	0.1	0.4	0.1	0.4
Income and expenses recognized directly in equity	1.2	1.8	(0.7)	0.1
Total comprehensive income	1.3	2.2	(0.6)	0.5

Additional disclosures
on investments in
companies accounted
for using the
equity method

The table below shows the assignment of the financial assets and liabilities carried at fair value to the fair value hierarchy levels in accordance with IFRS 7 and IFRS 13. There were no reclassifications between the various levels of the fair value hierarchy either during the reporting year or the previous year.

Additional
disclosures on
financial instruments

Inputs form the basis for the levels of the hierarchy used to measure fair value. In Level 1, inputs are in the form of unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 covers inputs for identical or similar assets/liabilities derived from observable market data. Level 3 is for when no observable market data are available, so a measurement model must be used for fair value.

Assignment of levels of fair value hierarchy

€ mill.	Level 1: Determined based on market prices		Level 2: Derived from observable market data		Level 3: Measurement not based on market values	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016	6/30/2017	12/31/2016
Financial assets measured at fair value						
Held to maturity	–	–	0.0	0.0		
Available for sale			0.7	0.4		
Derivatives in hedging relationships			10.3	0.5		
Total	–	–	11.0	0.9	–	–
Financial liabilities measured at fair value						
Derivatives in hedging relationships			0.4	3.6		
Total	–	–	0.4	3.6	–	–

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

Carrying amounts, measurement categories and fair values as of June 30, 2017

€ mill.	Carrying amounts acc. to balance sheet 6/30/2017	Measurement pursuant to IAS 39			
		(Amortized) cost	Fair value recognized in OCI	Fair value recognized through profit and loss	Fair value on 6/30/2017
Trade receivables	228.2				
Loans and receivables	228.2	228.2			228.2
Receivables from construction contracts	19.3				
Loans and receivables	19.3	19.3			19.3
Securities	0.7				
Held to maturity	0.3	0.3			0.3
Held for trading	0.0			0.0	0.0
Available for sale	0.4		0.4		0.4
Other financial instruments and sundry assets	64.3				
Loans and receivables	22.8	22.8			22.8
Held to maturity	1.7	1.7			1.7
Held for trading	0.0			0.0	0.0
Available for sale	0.5	0.2	0.3		0.5
Derivatives in hedging relationships (not a category according to IAS 39.9)	10.3		0.0	10.3	10.3
IAS 39 not applicable	29.0				–
Cash and cash equivalents	47.3				
Loans and receivables	47.3	47.3			47.3
Total financial assets	359.8	319.8	0.7	10.3	330.8
Financial liabilities	281.1				
Loans and receivables	281.0	281.0			281.0
Finance leases (IAS 39 not applicable)	0.1				–
Trade payables	143.6				
Loans and receivables	143.6	143.6			143.6
Liabilities from construction contracts	0.6				
Loans and receivables	0.6	0.6			0.6
Other liabilities	113.8				
Loans and receivables	87.9	87.9			87.9
Derivatives in hedging relationships (not a category according to IAS 39.9)	0.4		0.4	0.0	0.4
IAS 39 not applicable	25.5				–
Total financial liabilities	539.1	513.1	0.4	0.0	513.5

Summary of measurement categories of IAS 39

€ mill.	Carrying amounts acc. to balance sheet 6/30/2017	Measurement pursuant to IAS 39			
		(Amortized) cost	Fair value recognized in OCI	Fair value recognized through profit and loss	Fair value on 6/30/2017
Financial assets					
Loans and receivables	317.6	317.6	0.0	0.0	317.6
Held to maturity	2.0	2.0	0.0	0.0	2.0
Held for trading	0.0	0.0	0.0	0.0	0.0
Available for sale	0.9	0.2	0.7	0.0	0.9
Total financial assets	320.5	319.8	0.7	0.0	320.5
Financial liabilities					
Measurement at amortized cost	513.1	513.1	0.0	0.0	513.1
Total financial liabilities	513.1	513.1	0.0	0.0	513.1

Carrying amounts, measurement categories and fair values as of December 31, 2016

€ mill.	Carrying amounts acc. to balance sheet 12/31/2016	Measurement pursuant to IAS 39			
		(Amortized) cost	Fair value recognized in OCI	Fair value recognized through profit and loss	Fair value on 6/30/2016
Trade receivables	177.0				
Loans and receivables	177.0	177.0			177.0
Receivables from construction contracts	8.5				
Loans and receivables	8.5	8.5			8.5
Securities	0.5				
Held to maturity	0.1	0.1			0.1
Held for trading	0.0			0.0	0.0
Available for sale	0.4		0.4		0.4
Other financial instruments and sundry assets	45.8				
Loans and receivables	21.5	21.5			21.5
Held to maturity	0.0		0.0		0.0
Held for trading	0.0			0.0	0.0
Available for sale	0.6	0.6	0.0	0.0	0.6
Derivatives in hedging relationships (not a category according to IAS 39.9)	0.5	0.0	0.3	0.2	0.5
IAS 39 not applicable	23.2				–
Cash and cash equivalents	171.2				
Loans and receivables	171.2	171.2			171.2
Total financial assets	403.0	378.9	0.7	0.2	379.8
Financial liabilities	255.6				
Loans and receivables	255.6	255.6			255.6
Finance leases (IAS 39 not applicable)	0.0				–
Trade payables	132.1				
Loans and receivables	132.1	132.1			132.1
Liabilities from construction contracts	11.4				
Loans and receivables	11.4	11.4			11.4
Other liabilities	99.8				
Loans and receivables	56.2	56.2			56.2
Derivatives in hedging relationships (not a category according to IAS 39.9)	3.6		1.1	2.5	3.6
IAS 39 not applicable	40.0				–
Total financial liabilities	498.9	455.3	1.1	2.5	458.9

Summary of measurement categories of IAS 39

€ mill.	Carrying amounts acc. to balance sheet 12/31/2016	Measurement pursuant to IAS 39			
		(Amortized) cost	Fair value recognized in OCI	Fair value recognized through profit and loss	Fair value on 6/30/2016
Financial assets					
Loans and receivables	378.2	378.2			378.2
Held to maturity	0.1	0.1			0.1
Held for trading	0.0			0.0	0.0
Available for sale	1.0	0.6	0.4		1.0
Total financial assets	379.3	378.9	0.4	0.0	379.3
Financial liabilities					
Measurement at amortized cost	455.3	455.3	0.0	0.0	455.3
Total financial liabilities	455.3	455.3	0.0	0.0	455.3

Cash flow statement The Cash flow statement flows shows the changes in cash and cash equivalents within the Vossloh Group. Cash pertains to checks and cash on hand and in the bank. Cash equivalents comprise any financial instruments with a maximum term of three months that can be readily converted into cash.

The statement of cash flows has been prepared in conformity with IAS 7 and breaks down the changes 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.

The net cash flow in the amount of €42.4 million in the line item "proceeds from the disposal of consolidated companies" refers to the disposal of the Electrical Systems business unit. It results from the purchase price of €72.5 million, plus compensation from the buyer of €14.3 million for their acquisition of debt that had previously been internal to Vossloh, minus the outflow of cash in the amount of €44.4 million.

Cash flows from continuing and discontinued operations are shown in the table below:

€ mill.	H 1/2017		H 1/2016	
	Thereof from continuing operations	Thereof from discontinued operations	Thereof from continuing operations	Thereof from discontinued operations
Cash flow items				
Gross cash flow	50.8	(1.0)	31.2	14.9
Cash flow from operating activities	(61.5)	15.7	(1.6)	(22.1)
Free cash flow	(77.2)	15.4	(12.0)	(23.7)
Cash flow from investing activities	(89.3)	(0.3)	(12.4)	(1.6)
Cash flow from financing activities	(16.4)	21.4	79.4	16.2
Opening cash and cash equivalents	171.2	7.4	60.0	18.8
Closing cash and cash equivalents	47.3	–	124.8	10.3

Segment Information The primary format for segment reporting is defined by Vossloh's internal organizational and reporting structures, which are based on the products and services offered by the Vossloh Group's business units. Alongside the divisions, the business units are presented separately.

Compared to the previous year, the segment structure changed in the three divisions of the core business through the acquisition of Rocla and the related creation of the Tie Technologies business unit, which constitutes the Core Components division together with Vossloh Fastening Systems.

The Core Components division contains the Group's range of industrially manufactured serial products that are generally required in large numbers for rail infrastructure projects.

Vossloh Fastening Systems is a leading manufacturer of rail fastening systems. The product lineup includes fasteners for every application: from light-rail to heavy-haul and high-speed lines.

Vossloh Tie Technologie is the leading manufacturer of concrete ties in North America. It also offers switch ties, concrete elements for slab tracks and crossing panels.

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

As the only business unit in the Lifecycle Solutions division to date, Vossloh Rail Services engages in activities such as rail trading, long-rail (un)loading at construction sites, welding new rails, reconditioning old rails, on-site welding, rail replacement, rail grinding/milling, rail inspection, switch service and construction site supervision. It also organizes and monitors just-in-time rail shipments to construction sites and ensures on-site availability of the approved (un)loading systems.

Activities in the field of rail vehicles, including corresponding services, are combined in the Transportation division. The division is no longer strategically part of the Group's core business. With the presentation of the Electrical Systems business unit as discontinued operations, the division now only contains the Locomotives business unit.

For nearly 100 years, the diesel locomotives developed and produced in the Locomotives business unit have set new benchmarks in terms of technological standards, economy, flexibility and eco-friendliness. This business unit also offers extensive services – particularly those relating to locomotive servicing and maintenance.

Vossloh Electrical Systems develops and produces key electrical components and systems for public transportation rail vehicles and locomotives. The business unit is one of the world's leading suppliers of electrical equipment both for trolleybuses and hybrid buses. In addition to furnishing complete systems, the unit supplies air conditioners for rail vehicles, individual components, subassemblies, revamping work, servicing and maintenance. As explained above, the business unit was sold in the 2017 financial year and is therefore reported under discontinued operations in accordance with IFRS 5.

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

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

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

Reconciliation of value added to EBIT				
€ mill.	H1/2017	H1/2016*	Q2/2017	Q2/2016*
Value added	(5.3)	(12.7)	3.3	1.3
Cost of capital employed (WACC: current year: 7.5%, previous year: 9.0%)	31.9	32.1	16.2	16.1
EBIT	26.6	19.4	19.5	17.4

* Previous year's figures presented on a comparable basis, see page 10

Related parties The consolidated companies of the Vossloh Group regularly engage in business with unconsolidated Vossloh subsidiaries, joint ventures and associates of the Vossloh Group. Additionally, transactions were carried out with companies of the Knorr-Bremse Group, which are to be considered related-party entities via the Chairman of Vossloh's Supervisory Board, Mr. Heinz Hermann Thiele, who served in this capacity until the Annual General Meeting of 2017. All transactions with these companies are carried out at arm's length. The table below presents the income/expenses and receivables/payables recognized in the consolidated financial statements that originate from related-party transactions. These are mainly transactions with non-consolidated subsidiaries. Apart from the sale of the Electrical Systems business unit to Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, transactions with related parties during the reporting period were immaterial on the whole. For more information on the sale, please see page 26 et seq.

€ mill.	H1/2017 or 6/30/2017	H1/2016 or 6/30/2016*
Sale or purchase of goods		
Sales revenues from the sale of finished goods and WIP	7.7	1.8
Cost of materials from the purchase of finished goods and WIP	9.8	6.8
Trade receivables	10.3	6.1
Trade payables	1.9	2.5
Sale or purchase of other assets		
Receivables from the sale of other assets	0.2	0.0
Liabilities from the purchase of other assets	1.9	0.9
Services rendered or received		
Income from services rendered	0.4	1.1
Expenses for services received	0.8	0.9
Financing		
Interest income from financial loans granted	0.0	0.0
Interest expense from financial loans received	0.0	0.0
Receivables on financial loans granted	1.2	0.7
Liabilities on financial loans received	0.0	0.8
Provision of guarantees and collateral		
Provision of guarantees	5.5	6.8
Provision of other collateral	1.3	1.3

*Previous year's figures presented on a comparable basis, see page 10

In comparison to December 31, 2016, contingent liabilities increased by €9.6 million to €38.7 million. €11.8 million thereof was attributable to contingent liabilities for the Rail Vehicles business unit sold as of December 31, 2015, while €14.1 million thereof was attributable to contingent liabilities for the former business unit Electrical Systems sold as of January 31, 2017. Vossloh AG was given an irrevocable and unconditional guarantee for these contingent liabilities at first request from a first-class bank. The contingent liabilities break down with €15.2 million attributable to guarantees (of which €8.2 million was attributable to non-consolidated affiliated companies), €20.5 million from letters of comfort and €3.0 million from the provision of collateral for third-party liabilities (of which €1.3 million was attributable to non-consolidated affiliated companies). The risk of a claim is considered unlikely for all of the listed contingent liabilities.

Contingent liabilities

At a company in the Switch Systems business unit an official inquiry of fact took place in July 2017. The company cooperated fully with the authority. There are no concrete findings at the moment.

Events after the reporting period

On July 12, 2017, Vossloh AG issued a Schuldschein loan of €250 million in four tranches. The tranches of the Schuldschein loan with maturity terms of four and seven years have part fixed and part variable rates of interest and comprise volumes of €135 million for four years and €115 million for seven years.

Segment information by business unit*

			Fastening Systems	Tie Technologies	Consolidation	Core Components	Customized Modules (Switch Systems)
Value added	H1/2017	€ mill.	20.0	(1.8)	0.0	18.2	(1.3)
	H1/2016	€ mill.	7.8	0.0	0.0	7.8	(3.0)
	Q2/2017	€ mill.	10.9	0.0	0.0	10.9	3.9
	Q2/2016	€ mill.	3.6	0.0	0.0	3.6	4.0
Information from income statement/flow figures							
External sales revenues	H1/2017	€ mill.	129.0	43.0	0.0	172.0	237.1
	H1/2016	€ mill.	103.4	0.0	0.0	103.4	245.3
	Q2/2017	€ mill.	71.7	23.5	0.0	95.2	135.7
	Q2/2016	€ mill.	53.2	0.0	0.0	53.2	134.0
Intersegment sales revenues	H1/2017	€ mill.	4.0	0.0	(1.2)	2.8	0.8
	H1/2016	€ mill.	2.7	0.0	0.0	2.7	1.4
	Q2/2017	€ mill.	2.1	0.0	(0.7)	1.4	0.3
	Q2/2016	€ mill.	1.6	0.0	0.0	1.6	0.8
Interest income	H1/2017	€ mill.	0.2	0.0	0.0	0.2	0.2
	H1/2016	€ mill.	0.0	0.0	0.0	0.0	0.2
	Q2/2017	€ mill.	0.1	0.0	0.0	0.1	(0.1)
	Q2/2016	€ mill.	0.0	0.0	0.0	0.0	0.2
Interest expenses	H1/2017	€ mill.	(0.8)	0.0	0.0	(0.8)	(1.6)
	H1/2016	€ mill.	(0.9)	0.0	0.0	(0.9)	(2.4)
	Q2/2017	€ mill.	(0.4)	0.0	0.0	(0.4)	(0.9)
	Q2/2016	€ mill.	(0.6)	0.0	0.0	(0.6)	(1.3)
Depreciation/amortization	H1/2017	€ mill.	4.0	4.5	0.0	8.5	6.7
	H1/2016	€ mill.	4.2	0.0	0.0	4.2	6.3
	Q2/2017	€ mill.	2.0	1.7	0.0	3.7	3.3
	Q2/2016	€ mill.	2.1	0.0	0.0	2.1	3.1
Impairment losses on intangible assets and property, plant and equipment	H1/2017	€ mill.	0.0	0.0	0.0	0.0	0.0
	H1/2016	€ mill.	0.0	0.0	0.0	0.0	0.0
	Q2/2017	€ mill.	0.0	0.0	0.0	0.0	0.0
	Q2/2016	€ mill.	0.0	0.0	0.0	0.0	0.0
Income from investments in companies accounted for using the equity method	H1/2017	€ mill.	(0.3)	0.0	0.0	(0.3)	0.5
	H1/2016	€ mill.	0.0	0.0	0.0	0.0	0.3
	Q2/2017	€ mill.	(0.3)	0.0	0.0	(0.3)	0.3
	Q2/2016	€ mill.	0.0	0.0	0.0	0.0	0.0
Income taxes	H1/2017	€ mill.	5.2	0.9	0.0	6.1	3.9
	H1/2016	€ mill.	2.5	0.0	0.0	2.5	3.5
	Q2/2017	€ mill.	3.0	0.8	0.0	3.8	3.2
	Q2/2016	€ mill.	1.1	0.0	0.0	1.1	3.5
Result from discontinued operations	H1/2017	€ mill.	0.0	0.0	0.0	0.0	0.0
	H1/2016	€ mill.	0.0	0.0	0.0	0.0	0.0
	Q2/2017	€ mill.	0.0	0.0	0.0	0.0	0.0
	Q2/2016	€ mill.	0.0	0.0	0.0	0.0	0.0
Information from the balance sheet							
Total assets	6/30/2017	€ mill.	202.9	140.6	(0.4)	343.1	592.7
	6/30/2016	€ mill.	195.0	0.0	0.0	195.0	578.0
Liabilities	6/30/2017	€ mill.	109.4	30.2	(0.5)	139.1	309.0
	6/30/2016	€ mill.	116.0	0.0	0.0	116.0	294.7
Investments in non-current assets	H1/2017	€ mill.	4.4	0.9	0.0	5.3	5.7
	H1/2016	€ mill.	1.7	0.0	0.0	1.7	2.5
	Q2/2017	€ mill.	3.8	0.5	0.0	4.3	2.8
	Q2/2016	€ mill.	1.0	0.0	0.0	1.0	2.0
Investments in companies accounted for using the equity method	6/30/2017	€ mill.	4.8	0.0	0.0	4.8	25.5
	6/30/2016	€ mill.	1.8	0.0	0.0	1.8	24.9
Average headcount	H1/2017	Anzahl	632	227	0	859	2,525
	H1/2016	Anzahl	633	0	0	633	2,558

* For more segment information, see page 33. For the previous year's figures from the Transportation division and the Group presented on a comparable basis, see page 10

Lifecycle Solutions (Rail Services)	Locomotives	Electrical Systems (discontinued operations)	Consolidation	Transportation	Holding companies	Consolidation	Group
(3.3)	(11.4)	–	(0.2)	(11.6)	10.3	(17.6)	(5.3)
(2.6)	(8.1)	(3.5)	3.2	(8.4)	(2.7)	(3.8)	(12.7)
0.1	(7.8)	–	0.0	(7.8)	20.4	(24.2)	3.3
1.3	(4.1)	(2.4)	2.3	(4.2)	(3.8)	0.4	1.3
40.6	40.2	11.8	(11.8)	40.2	0.1	–	490.0
36.2	34.9	100.7	(100.7)	34.9	0.1	–	419.9
23.8	12.1	0.0	0.0	12.1	0.0	–	266.8
23.5	19.8	50.6	(50.6)	19.8	0.1	–	230.6
2.2	0.0	0.5	(0.5)	0.0	0.5	(4.1)	2.2
3.4	0.0	1.8	(1.8)	0.0	0.6	(6.4)	1.7
1.7	0.0	0.0	0.0	0.0	0.3	(2.6)	1.1
2.4	0.0	0.9	(0.9)	0.0	0.3	(3.9)	1.2
0.1	0.2	0.0	0.0	0.2	9.0	(6.7)	3.0
0.0	0.3	0.1	0.0	0.4	6.2	(6.1)	0.7
0.1	0.1	0.0	0.0	0.1	4.5	(3.4)	1.3
0.0	0.1	0.0	0.1	0.2	3.1	(3.1)	0.4
(1.6)	(1.1)	(0.4)	0.2	(1.3)	(11.4)	7.4	(9.3)
(1.6)	(1.0)	(2.2)	1.5	(1.7)	(5.8)	5.7	(6.7)
(0.8)	(0.6)	0.0	0.0	(0.6)	(6.8)	3.9	(5.6)
(0.8)	(0.5)	(1.0)	0.7	(0.8)	(2.9)	2.9	(3.5)
3.4	1.9	0.3	(0.3)	1.9	0.3	0.0	20.8
3.0	2.0	2.3	(2.3)	2.0	0.4	0.0	15.9
1.7	0.9	0.0	0.0	0.9	0.2	0.0	9.8
1.5	1.1	1.2	(1.2)	1.1	0.2	0.0	8.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(0.1)	(0.1)	0.0	0.0	(0.1)	0.0	0.0	0.0
0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.9
0.2	(0.2)	0.0	0.0	(0.2)	0.0	0.0	0.0
0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.7
1.1	1.3	(0.4)	0.4	1.3	(2.9)	0.0	9.5
0.3	0.3	0.4	(0.4)	0.3	(4.3)	0.0	2.3
0.7	0.4	0.0	0.0	0.4	(1.5)	0.0	6.6
0.4	0.1	0.1	(0.1)	0.1	(2.7)	0.0	2.4
0.0	0.0	(0.7)	(71.8)	(72.5)	0.0	75.1	2.6
0.0	0.0	(1.3)	0.0	(1.3)	0.0	4.8	3.5
0.0	0.0	0.0	(0.1)	(0.1)	0.0	0.1	0.0
0.0	0.0	(1.1)	0.0	(1.1)	0.0	0.1	(1.0)
175.6	127.8	271.6	(271.6)	127.8	1,224.1	(1,221.9)	1,241.4
198.7	120.5	310.4	(2.1)	428.8	1,095.6	(1,052.1)	1,444.0
165.1	108.7	193.5	(193.5)	108.7	536.1	(575.8)	682.2
185.3	95.0	229.4	(208.3)	116.1	406.4	(441.5)	677.0
1.6	2.8	0.3	(0.3)	2.8	0.2	0.0	15.6
4.4	2.1	1.6	(1.6)	2.1	0.0	0.0	10.7
0.7	1.4	0.0	0.0	1.4	0.1	0.0	9.3
2.8	0.8	0.9	(0.9)	0.8	0.0	0.2	6.8
7.7	0.2	0.0	0.0	0.2	0.0	0.0	38.2
7.0	0.0	0.0	0.0	0.0	0.0	0.0	33.7
464	399	684	(684)	399	61	0	4,308
456	401	733	(733)	401	56	0	4,104

Responsibility statement

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

Werdohl, Germany, July 25, 2017

Vossloh AG
The Executive Board

Andreas Busemann (CEO), Volker Schenk, Oliver Schuster

Review report of the independent auditor

To Vossloh Aktiengesellschaft:

We have reviewed the condensed interim consolidated financial statements of Vossloh Aktiengesellschaft – comprising the income statement, statement of comprehensive income, statement of cash flows, statement of financial position, statement of changes in equity and selected explanatory notes – together with the interim group management report of Vossloh Aktiengesellschaft, Werdohl, Germany, for the period from January 1 to June 30, 2017 – that are part of the midyear report according to Section 37w of the WpHG [“Wertpapierhandelsgesetz”: the German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS standards applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS standards applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Düsseldorf, Germany, July 25, 2017

KPMG AG Wirtschaftsprüfungsgesellschaft

Rodemer	Jessen
Auditor	Auditor

Dates 2017

Publication of quarterly statement
as of September 30, 2017

October 25, 2017

Dates 2018

Publication of annual consolidated financial
statements 2017

March 2018

Press conference

March 2018

Investors and analysts conference

March 2018

Annual General Meeting

May 2018

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Vossloh AG's Board Members

Executive Board	Andreas Busemann (Chief Executive Officer) Volker Schenk Oliver Schuster
Supervisory Board	Heinz Hermann Thiele, former CEO of Knorr-Bremse AG, Munich, Chairman (until May 24, 2017) Dr.-Ing. Volker Kefer, former Deputy CEO of Deutsche Bahn AG, Erlangen, Chairman (as of May 24, 2017) Ulrich M. Harnacke, Tax Adviser and Auditor, Mönchengladbach, Deputy Chairman Silvia Maisch, Electrician, Monheim (until January 31, 2017) Dr.-Ing. Wolfgang Schlosser, Consultant and former Managing Director of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Puchheim Michael Ulrich, Machinist, Kiel Helmut Schwind, Welder, Trier (February 1 through July 3, 2017) Ursus Zinsli, former Managing Director of Scheuchzer SA (Switzerland), Saint-Sulpice (Canton of Vaud, Switzerland)