ON A SAFE TRACK

TO A SUSTAINABLE FUTURE

Annual Report 2009

VTG Aktiengesellschaft

The railway is our passion

The listed company VTG is a **leading wagon hire and rail logistics company,** with the largest privately owned wagon fleet in Europe, comprising some 50,000 wagons. We provide not only wagon hire and diverse logistics and forwarding services but also international door-to-door transports by tank container.

Founded almost 60 years ago, VTG has many years' experience and a breadth and depth of knowledge concerning all aspects of rail freight transport. Together with our enthusiastic workforce, this expertise means we can provide a comprehensive service with complete efficiency and the greatest possible safety. Despite this, we never take our high safety standards for granted: instead, we are working continually and passionately on further improvement. This strength is a mainstay of our success and our long-term international growth strategy.

VTG GROUP AT A GLANCE

in € m	1.1.–31.12.2008	**1.1.–31.12.2009**	Change in %
Revenue	608.7	581.5	–4.5
EBITDA	156.4	149.4	–4.5
EBITDA adjusted	155.1	149.4	–3.8
EBIT	75.6	66.9	–11.6
Group profit	27.9	22.5	–19.3
Depreciation	80.8	82.5	2.1
Investments in fixed assets	140.9	153.3	8.8
Operating cash flow	149.6	144.8	–3.2
Earnings per share in €	1.26	1.01	–19.8

in € m	31.12.2008	**31.12.2009**	Change in %
Balance sheet total	1,240.5	1,277.2	3.0
Non-current assets	1,081.2	1,124.9	4.0
Current assets	159.3	152.3	–4.4
Shareholders' equity	288.4	296.7	2.9
Liabilities	952.1	980.4	3.0
Equity ratio in %	23.3	23.2	0
Number of Employees	1,004	963	–4.1
in Germany	674	678	0.6
in other countries	330	285	–13.6

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ON A SAFE TRACK...

Firmly anchored in our strategy • Translated into daily life • Shown in our performance

Safety shapes all VTG divisions and processes. Taken together, our broad customer base and our wagons, as a fundamental element in securing the constant flow of materials for our customers' production processes, represent a **stable business model.** We are also pursuing a **well-thought-out strategy of growth,** always carefully considering the opportunities and risks. Our financial planning is also underpinned by the requirement for security: with our wagons, we are investing in assets with a **stable value and a long useful life.** We have also ensured that our finance position is secure over the long term.

Beyond this, safety also plays an important role in our provision of services: we provide our customers with **safe wagons** for their goods as well as **reliable services.** Day after day, our staff is working on technical safety and safe transport management to ensure we can keep providing our customers with the reliability they are accustomed to. Since safety is important to us, it is firmly anchored in our system of **corporate values**, underpinning our business strategy.

... to a sustainable future.

Milestones

February

VTG's 2009 performance in line with forecasts, with expectations confirmed at the end of the year. Thus the forecasts prove reliable even in difficult market conditions.

March

Improved freight management in spare parts supply results in shorter downtimes for wagons at the workshop. This amounts to a time saving of up to ten percent.

April

Waggonbau Graaff introduces a new chemical tank wagon with a greater load volume. This means that more goods can be transported per train. This reduces transport costs.

May

Rail Logistics expands Hungarian operations and caters for the growth market of southeastern Europe: the local wagon fleet transports biofuels.

June

The business magazine Capital and the German Association for Financial Analysis and Asset Management (DVFA) award the Investor Relations Prize. In the SDAX evaluation, the investor relations work of VTG went straight to a ranking of number 4 of the 50 companies listed on this index.

WAGON HIRE

The Wagon Hire Division offers its customers a wide range of rail freight cars, particularly tank and high-capacity freight cars and flat wagons.

Employees	632 *
Wagons	49,500
Geographical presence	Widespread network of own operational centres and branches throughout Europe and beyond
Revenue € million	289.0
EBITDA € million	146.3

RAIL LOGISTICS

As a pan-European rail forwarder, VTG organizes the transport of petroleum and chemical products, liquefied gas and other bulk and general cargo in single wagons and block trains.

Employees	100 *
Wagons	4,100 hired
Geographical presence	Focus on Europe with own operational centres
Revenue € million	179.4
EBITDA € million	6.7

* Excluding 125 employees at Head Office; total number of employees as of 31st December 2009: 963

2009

Milestones 2009

June

VTG makes its first dividend payment since the IPO.

VTG enters the British coal market: to October 2009, 89 coal wagons are delivered to the rail logistics company First GBRf in the UK.

October

Transpetrol sets up a 24-hour service for block train transports, offering its customers round-the-clock, proactive transport management from Hamburg.

October

Waggonbau Graaff is awarded a major contract by BASF: the world's leading chemical company orders 100 stainless steel tank cars. This equals a third of Graaff's annual production.

November

VTG equips its fleet with new axles as part of strategic measures for improvement within its maintenance management system.

December

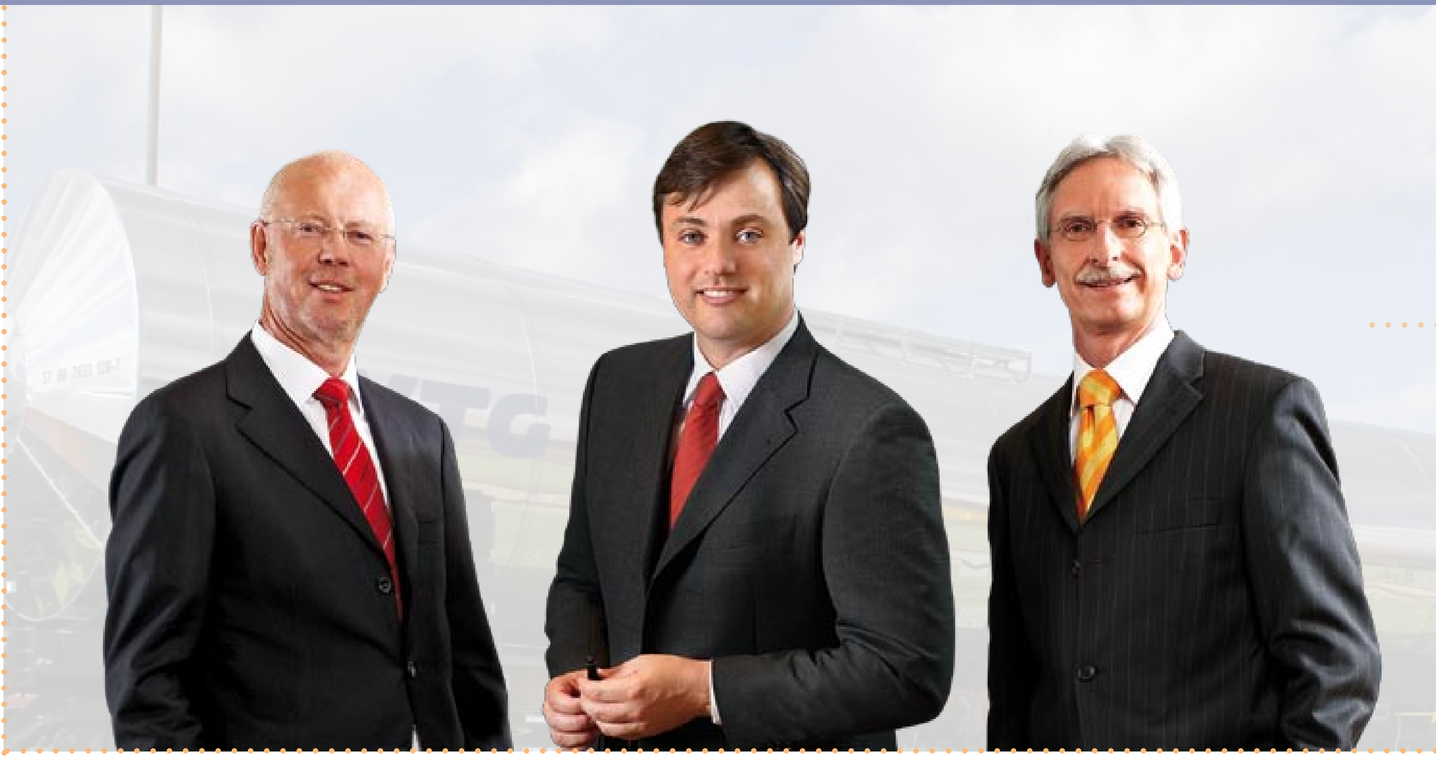
Rail Logistics continues to grow and takes on selected LOG-O-RAIL customer and supplier contracts.

TANK CONTAINER LOGISTICS

With its Tank Container Logistics Division, VTG offers worldwide intermodal transport and logistics services with tank containers and the hiring out of tank containers.

Employees	106 *
Tank containers	8,100
Geographical presence	Worldwide presence with own operational centres and branches
Revenue € million	113.1
EBITDA € million	7.3

> FOREWORD BY THE EXECUTIVE BOARD



Ladies and Gentlemen:

2009 was an extraordinary and challenging year for VTG Aktiengesellschaft. Extraordinary, because the world – and thus also our customers and partners – was affected by a grave economic crisis. Challenging, because, through great commitment, VTG has shown that its solid business model is operating successfully despite the most adverse market conditions. We thus kept revenue and profit in 2009 as close as possible to the record levels of 2008.

The Executive Board (from left):
Jürgen Hüllen, Chief Technical Officer (CTO)
Dr. Heiko Fischer, Chairman of the Executive Board (CEO)
Dr. Kai Kleeberg, Chief Financial Officer (CFO)

Proven stability in 2009

In view of the general economic situation, we too began the year 2009 with some apprehension. How would business develop in Wagon Hire, Rail Logistics, and Tank Container Logistics? In the first six months of 2009, after years of rising hire volume, more wagons were returned than hired out anew. Correspondingly, capacity utilization dropped over the year. However, the level of returns began to decrease from the third quarter on. We in fact continually expanded our operations in Rail Logistics over the entire year. There was a negative impact on the Tank Container Division, caused by very sharp drops in demand from the chemical industry. Yet, even here, demand – although at a lower level – began to stabilize as early on as the second quarter, going on to rise slightly thereafter. On the whole, the drop in transport volume has led to increased competition and price pressure, particularly in the logistics divisions.

On balance, these developments are satisfactory and reflect the great strength of our business model. Wagon Hire operations are stable and predictable in nature due to their great compatibility with customer infrastructures. Combined with the flexibility and variable cost structures of the logistics divisions, this has given us the security we need to combat weaknesses in demand while also exploiting new opportunities. We have therefore made cost savings in all divisions: wherever capacity could be adapted to demand, where processes could be optimized, and where we could defer expenditure and investments. We have also been checking investments in international growth even more carefully than ever and, finally, concentrating as far as possible on strengthening our core market of Europe. Our approach has also involved pushing ahead with the important integration and modernization of our Waggonbau Graaff construction plant as well as showcasing VTG’s first special wagon with enhanced design at the transport logistic trade fair held in Munich in May. We have also improved our repair workshops through various measures. These include a sophisticated spare parts management process, a state-of-the-art wheelset reconditioning system, and a modern flare unit for cleaning wagons containing compressed gas. And beyond this, we have taken decisive steps to make our wagon fleet even safer with stronger wheelset shafts.

2009 was a year in which we proceeded cautiously to secure our revenue and profit extensively and concentrated on improving operations. Accordingly, by only February of 2009, we felt in a position to make a forecast for the year as a whole, which we have re-affirmed in each quarter. Through our forward planning and commitment to customer care, we achieved revenue for the Group of € 581.5 million. This was just below the very high level of the previous year, as was operating profit (EBITDA), at € 149.4 million.

Our stability also brought the reward of above-average share price performance on the SDAX. In 2009, we also issued our first dividend payment since the IPO in 2007.

Safely into 2010

In 2010 we will continue to benefit from our stability and experience. Companies in the industrial sector integrate our wagons and services firmly into their chains of transport for forwarding goods that are essential for maintaining and supporting fundamental production processes. In the majority of cases, our customers – who number some 1,000 – secure their production processes through hire contracts lasting several years. These customers also bear the capacity utilization risk for the duration of the contract. Our widespread presence in various market segments and countries also affords us additional security, with one advantage being that, as wagons become free, we can re-deploy them in these other markets and countries.

Furthermore, stability is also supported by our corporate values, with our actions based on the three pillars of safety, quality, and reliability. We are therefore speaking of very traditional values that are extremely important, particularly in turbulent times, when the need is felt to rely on tried-and-tested business principles. We are fortunate to have employees who not only subscribe to these values but who also do so with huge enthusiasm for the possibilities of rail freight transport.

And these possibilities are many and varied! Our energy-efficient rail transport concepts are gaining more and more importance given the increasing level of environmental awareness and rising energy costs. Particularly in times of globalization and the increasing division of labor, transport distances are becoming longer, while companies also want to reduce their carbon footprint through a “green logistics” approach. Moreover, the increasing liberalization and harmonization of the European rail network means that we can make rail transports faster, cheaper, and more flexible then ever before. Our services thus address both ecological and economic concerns as elements of a whole.

Both our business model and market trends are therefore working in our favor. Something we cannot predict, however, is the general economic trend. In this respect, our expectations are in line with most companies in the industrial sector. The recession has already bottomed out and an upward trend is visible. But it looks as if it could take quite a while until the economic level of 2007/2008 is reached again. All in all, along with other companies, we too will be continuing to focus in the coming year on stability and security. VTG will again succeed in 2010 in steering a steady course in a still difficult economic environment. We expect a continuation of the positive trends already reported by our divisions in 2009. We also expect to strengthen our business model and to achieve revenue and operating profit at around the levels of the previous year. We will be making preparations and investments only in areas that strengthen our operations and that present good opportunities. At the same time, however, we will adhere to our strict cost control measures. Indeed, our strategy remains unchanged: strengthening our leading position in the core market of Europe, expanding into new markets, continued optimization of processes, and increased efficiency.

Given the circumstances, the Executive Board is satisfied with the development of the Group's operations in 2009. We wish to extend our thanks and the thanks of the Supervisory Board to our customers, shareholders, and business partners for their loyalty and confidence in us. Thanks are likewise due to our 1,000-odd members of staff for their great commitment, the contribution of their knowledge, and their solidarity in challenging times. Together we demonstrated in 2009 that we can hold our ground even in the most difficult economic crisis. We also used the year to optimize processes, make more efficient use of resources, and identify opportunities for growth. This makes us well prepared for the coming year. We would very much welcome your continued, active support!

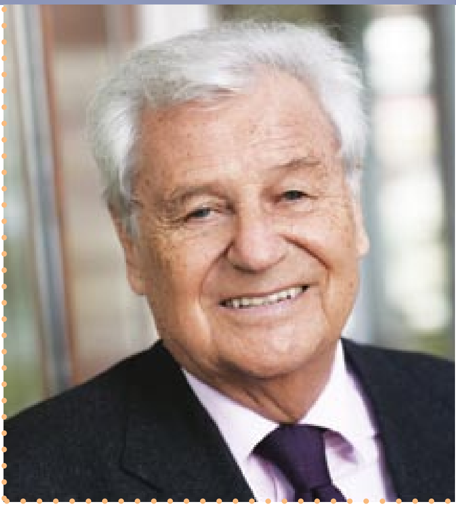
Yours sincerely

Dr. Heiko Fischer

Jürgen Hüllen

Dr. Kai Kleeberg

> REPORT OF THE SUPERVISORY BOARD



Dr. Wilhelm Scheider
Chairman of the Supervisory Board

In the financial year 2009, the Supervisory Board of VTG Aktiengesellschaft fulfilled the responsibilities placed on it by the law, the Articles of Association and the Rules of Procedure. We advised the Executive Board regularly in relation to the management of the company, provided continuous support in and monitored the Executive Board's management of the company. We also ensured that we were informed of the current company situation and the further development of the VTG Group, in depth and on a continual basis.

The Supervisory Board's work with the Executive Board was characterized by intensive, open exchange. All decisions of importance for the company were discussed in depth with the Executive Board. The Executive Board provided us with regular, prompt, in-depth information, in verbal and written form. This information concerned the development of the business in the individual segments, the current situation of the Group, corporate planning and strategy and the profitability of the company. It also addressed the risk situation, risk management and compliance management. Other areas about which we were informed were important business transactions in the company's divisions, strategic measures, and the overall orientation of the company. Deviations in the course of business from the agreed plans and targets were explained to us in detail. In particular, there was intensive discussion of the measures requiring the approval of the Supervisory Board in accordance with the rules of procedure for the Executive Board decided by the Supervisory Board.

Additionally, between Supervisory Board meetings, the chairman of the Supervisory Board was also in regular contact with the Executive Board and was kept continuously informed by the latter about current developments, key business transactions and important upcoming decisions.

Ongoing consultation with and supervision of the Executive Board

In 2009, four regular meetings of the Supervisory Board were held. No member of the Supervisory Board attended less than half of the meetings. Among other things, all of these meetings addressed corporate strategy and the development of operations in the divisions. Throughout 2009, we paid particular attention to the earnings and financial situation of the Group within the context of the global financial and economic crisis.

At the accounts review meeting of April 1, 2009, the Executive Board provided us with a summary of the earnings and financial situation and the key business events in the financial year 2008 in the company, the VTG Group and the joint ventures. Subsequently, after detailed discussion with the Executive Board and the auditor, we approved the annual and consolidated financial statements and management reports for 2008. The meeting also included the examination and approval of the 2008 Dependent Company Report and discussion and approval of the 2008 Corporate Governance Report including the Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act. Additionally, there was approval of the agenda and proposed resolutions for the 2009 Annual General Meeting. Further to this, the Executive Board informed us in detail of the impact to date and expected future impact of the financial and economic crisis on the VTG Group. The Executive Board also discussed, in depth, the measures already taken and those planned. At the express request of the Supervisory Board, this subject also formed part of all further meetings in the financial year 2009. Finally, the Supervisory Board approved the updated schedule of responsibilities of individual members of the Executive Board at this meeting.

At the meeting of May 25, 2009, among other things, we concentrated on the development of business in the early months of the financial year, again paying special attention to the effects of the financial and economic crisis and the measures arising from this. Other subjects covered were the annual report of the Executive Board on the type and scope of positions taken up and reports on risk management in the VTG Group and the audit planning of the Group’s Internal Audit Division. Furthermore, amendments to the rules of procedure of the Executive Board were approved.

In the subsequent meeting of September 9, 2009, the Executive Board explained and discussed in detail with us its forecast for the development of the business and financial situation for the remainder of the financial year, based on the results and experiences of the first six months. Additionally, at this meeting, we addressed the current changes to the law relating to stock corporations and to the German Corporate Governance Code. At the meeting, the Supervisory Board was also provided with information about the Executive Committee's plans for an efficiency audit.

At the meeting of November 24, 2009, the Executive Board presented and explained to us the annual schedule including the financial and investment planning for the financial year 2010. We approved this after detailed discussion. Other subjects addressed at the meeting were the annual report of the Executive Board on compliance activities in the VTG Group and a report on the activities of the Group's Internal Audit Division. Beyond this, the rules of procedure of the Supervisory Board were adapted to conform to the current requirements of stock corporation law and the German Corporate Governance Code. Finally, at this meeting, we gathered the information required for the efficiency audit using a detailed questionnaire to be filled in by each member of the Supervisory Board.

The Executive Committee met twice in the year under review. Among other matters, both meetings covered the form of and method of conducting the Supervisory Board efficiency audit. The Executive Committee did not have to address any conflicts of interest of members of the Executive Board or the Supervisory Board in the year under review.

Audit of annual financial statements and dependent company report

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hamburg (PwC), was appointed by the Annual General Meeting as auditor for the year 2009. It examined and gave an unqualified opinion on the annual financial statements of VTG Aktiengesellschaft drawn up in accordance with the principles of the German Commercial Code and on the consolidated financial statements for the financial year 2009 drawn up according to IFRS, including the corresponding management reports. Moreover, the auditor confirmed that the Executive Board has set up a risk management system that complies with the legal requirements. The auditor has assured the Supervisory Board that no business, financial, personal, or other relationships exist between, on the one hand, the auditor and its executive bodies and head auditors, and, on the other hand, the company and the members of its executive bodies that could call its independence into question. The Supervisory Board has agreed with the auditor that the chair of the Supervisory Board shall be informed immediately of any grounds for disqualification or conflicts of interest arising during the audit, unless such grounds are eliminated immediately.

The Supervisory Board itself also checked the annual financial statements, the management report and Group management report. The audit reports were submitted in good time to all members of the Supervisory Board and were discussed in depth with the Executive Board and the auditors, who were also present. The Supervisory Board endorsed the findings of the audit by PwC of the annual financial statements, the consolidated financial statements and the management reports. The annual financial statements and consolidated financial statements for the financial year 2009 were approved at today's meeting after in-depth discussion with the Executive Board and the auditor's representatives. After completing its investigations of the annual financial statements, the consolidated financial statements and management reports, the Supervisory Board has no objections. We endorse the proposal by the Executive Board for the appropriation of net profit and the payment of a dividend of € 0.30 per share.

The auditor also examined the report drawn up by the Executive Board in accordance with § 312 of the German Stock Corporation Act on relations with associated companies (Dependent Company Report) and issued the following opinion:

"On completion of our examination and evaluation in accordance with our professional standards, we confirm that:

1. The factual information given in the report is correct
2. Payments made by the company for the legal transactions stated in the report were not unreasonably high."

The Supervisory Board examined the Dependent Company Report for completeness and correctness. The findings of the Supervisory Board have led to its conclusion that the Executive Board exercised due care in identifying the associated companies. It has taken the necessary precautions in recording legal transactions and other measures the company undertook or refrained from undertaking in the last financial year with the majority shareholder or with its associated companies. According to the findings of the audit, there are no indications that legal transactions or measures have not been completely recorded. The Supervisory Board therefore concurs with the auditor's findings. There are no objections to the declaration of the Executive Board at the end of the report.

Code recommendations largely met

On April 14, 2010, the Executive Board and Supervisory Board issued a Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act and published it on the company's website. VTG Aktiengesellschaft complies to a great extent with the recommendations of the Commission of the German Corporate Governance Code as amended on June 18, 2009 and has largely complied with this in the past financial year. Further information on corporate governance in the company, including the remuneration of the Executive Board and Supervisory Board, can be found in the Corporate Governance Statement in the Management Report (page 50).

Mr. Gunnar Uldall became a member of the Supervisory Board by court appointment with effect from April 1, 2009. On June 4, 2009, the company's Annual General Meeting approved his continuation as a member of the Supervisory Board for the remaining term of office of Heribert Becker, the former member of the Supervisory Board who left office on December 31, 2008.

We wish to thank the Executive Board and all employees of the Group for their commitment and the success achieved through their efforts in the financial year 2009.

Hamburg, April 14, 2010

The Supervisory Board

Dr. Wilhelm Scheider
Chairman of the Supervisory Board

> MEMBERS OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

> Members of the Supervisory Board

Dr. rer. pol. Wilhelm Scheider, Basel
Consultant
Chairman

Dr. rer. pol. Klaus-Jürgen Juhnke, Hamburg
Former Managing Director of VTG Vereinigte Tanklager und Transportmittel GmbH, Hamburg
Deputy Chairman of the Supervisory Board

Dr. jur. Bernd Malmström, Berlin
Attorney

Dr. sc. pol. Jost A. Massenberg, Duisburg
Member of the Executive Board of ThyssenKrupp Steel Europe AG

Dr. jur. Christian Olearius, Hamburg
Banker
M.M. Warburg & CO Kommanditgesellschaft auf Aktien, Hamburg

Gunnar Uldall, Hamburg
Senator a.D.

> Members of the Executive Board

Dr. rer. pol. Heiko Fischer, Hamburg
MBA
Chairman

Jürgen Hüllen, Hamburg
Dipl.-Kaufmann (Degree in Business Administration)

Dr. rer. pol. Kai Kleeberg, Hamburg
Dipl.-Kaufmann (Degree in Business Administration)

... firmly anchored in our strategy

The concept of safety shapes not only our day-to-day operations but also our strategic planning. Our understanding of safety is reflected in all three pillars of our corporate strategy.

We have nearly 60 years' experience in all key industrial markets and are utilizing the knowledge we have gained to strengthen our position in the core market of Europe. This entails thoroughly investigating customer markets and meticulously analyzing transport possibilities. We are developing new transport solutions in partnership with our customers in order to diversify the wagon fleet intelligently. Ultimately, each wagon is expected to have a useful life of up to 40 years of meeting customers' needs.

In terms of international growth, careful entry into new markets is particularly important. We are therefore checking the options directly in the region concerned and meticulously evaluating potential projects and acquisitions. We are focusing on expanding operations in North America and China. Beyond this, we are exploring entry into the CIS.

To ensure that our wagons and services continue to meet high requirements, we are continually optimizing our processes and increasing efficiency. Thus we have recently improved our maintenance management process with a new wheelset reconditioning system at the Brühl plant and a wheelset replacement program.

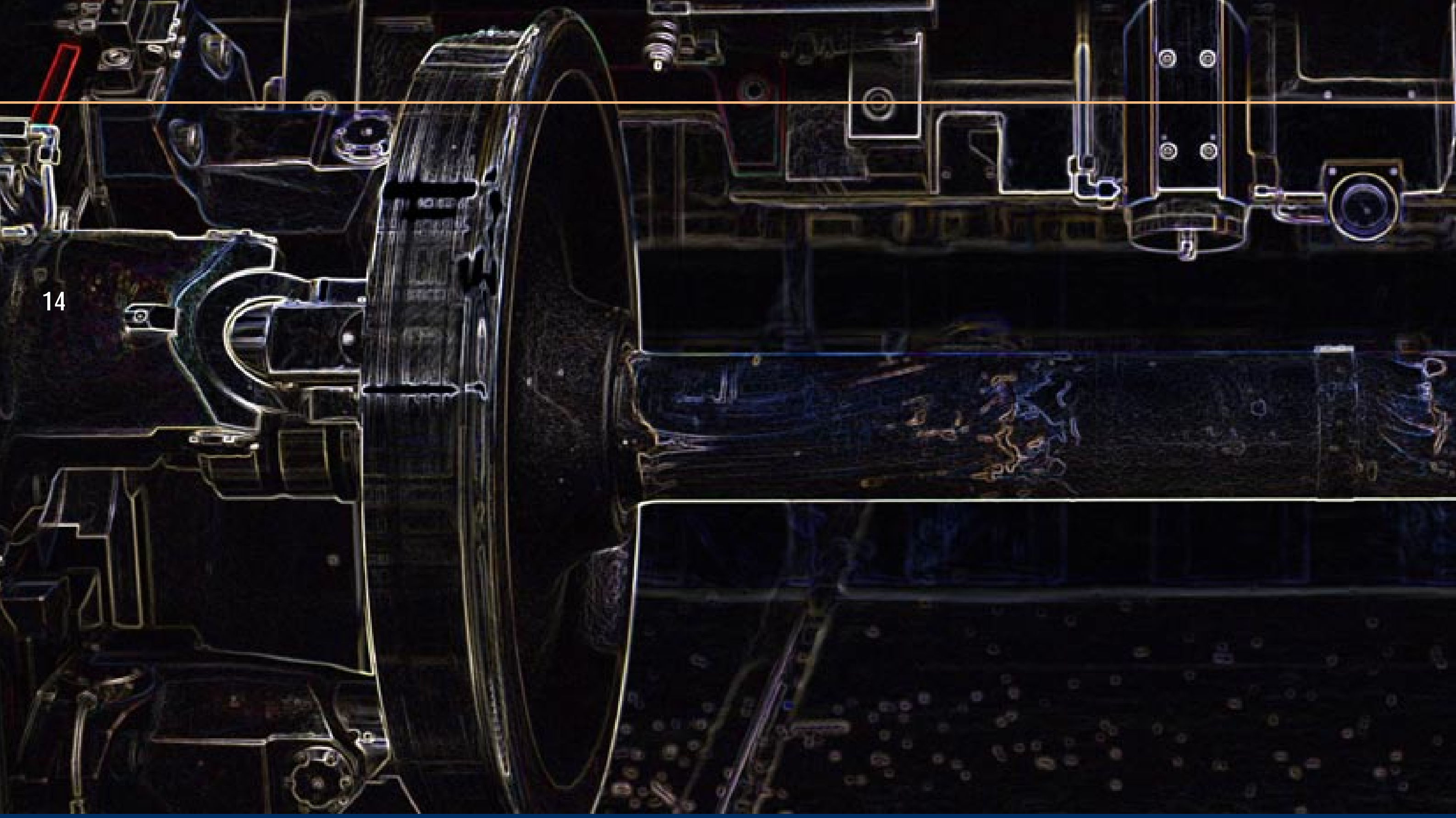
Safety is one of VTG's three corporate values. Our strategy is further underpinned by quality and reliability. Taken together, these form the basis of our actions. And, in all of this, it is our enthusiasm for the possibilities offered up by the railway that drives us – keeping us committed to these values and proving that they work, on a daily basis.

OUR CORPORATE VALUES

SAFETY

QUALITY **RELIABILITY**

Fascination

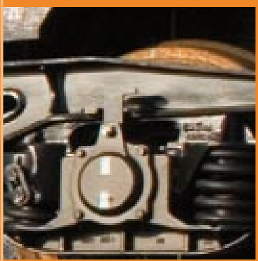


... TRANSLATED INTO DAILY LIFE

Lined up beside each other, VTG's wagons would create a train over

839,000 meters long.

VTG focuses on tailor-made wagons:



each of these wagons is tailored to the individual requirements of the customer. These wagons, equipped according to particular specifications, ensure safe transport of sensitive goods. To ensure proper wagon performance over the long term, they are serviced regularly by experts in our repair workshops. With their knowledge of the wagons and customer requirements, these experts ensure the utmost quality and safety.

Safety and reliability take priority.

The Wagon Hire Division of VTG has a global fleet of some 50,000 rail freight cars. This fleet is made up of around 1,000 different wagon types, mostly rail tank cars, modern high-capacity wagons, and flat wagons. VTG is continually modernizing, expanding and diversifying its wagon fleet. It can thus offer rail freight capacity tailored to different customer requirements and different market segments. In addition to hiring out rail freight cars in Europe and North America, VTG also operates and manages external wagon fleets. Furthermore, the fact that VTG has its own wagon construction plant and wagon repair workshops means we can develop and implement new technologies.

As Europe's largest wagon hire company, VTG's view is that it has a great responsibility not only to follow developments but also to develop and support the implementation of its own concepts. Last year, for example, VTG had its wagons fitted with new axles and invested in equipment for improved reconditioning of wheelsets. This in turn brings an exchange of knowledge between wagon fleet operations and VTG's repair workshops. The benefits for the customer are also constantly at the heart of these advances. Customers' wishes and requirements shape the improvements made to wagons. These measures are yet another indication of VTG's commitment to the highest standards in terms of quality, safety, and reliability.

VTG is not only using its many years' experience and expertise to optimize its own processes and performance. It is also passing on its expertise to others, particularly in the handling of dangerous goods. The company thus provides safety training to specialist staff outside the company, for instance employees of customers, the fire service, and railway companies.

… TRANSLATED INTO DAILY LIFE

We have safely traveled over

4.5 billion

tonne kilometers

on the railway.

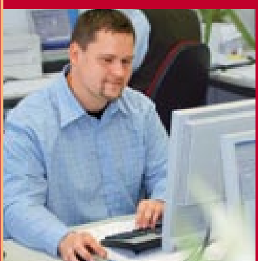
Thinking ahead for the customer

The Rail Logistics Division of VTG organizes the forwarding of goods by rail across Europe through an extensive network of national and international haulage companies. Here, VTG places great value on selecting the right transport partners.

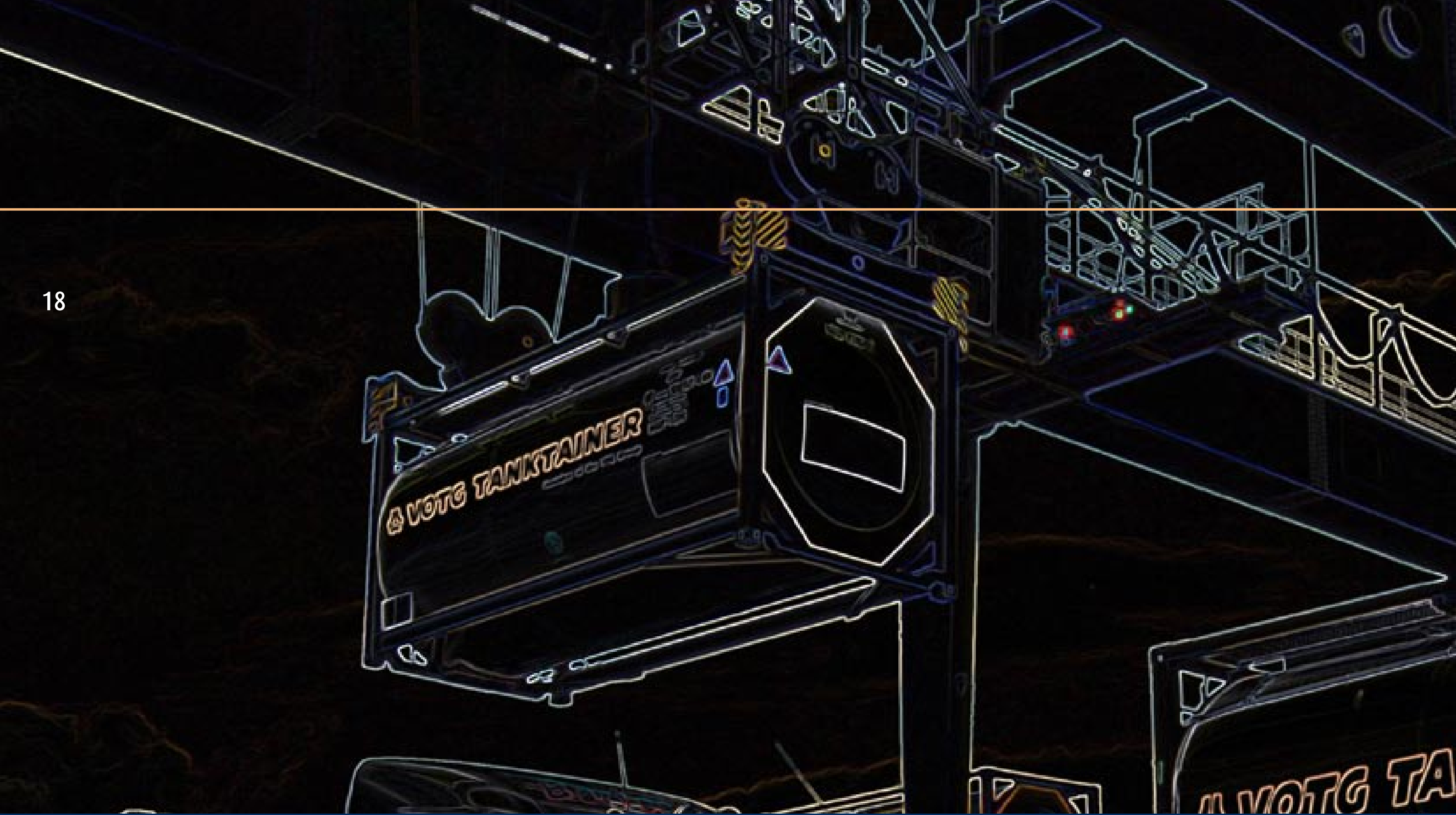
Reliable, Europe-wide coordination of these operations is the responsibility of the Rail Logistics Division's highly skilled staff. Their aim is to provide a high quality service, meeting both customer specifications and transport requirements. Quality assurance standards are complied with meticulously, as confirmed by regular audits by independent bodies: thus, in addition to ISO 9001 certification, VTG passed a Safety and Quality Assessment System (SQAS) Rail audit of the European Chemical Industry Council with an excellent rating. The company has also received the seal of quality of the Community of European Rail Forwarders. These commendations act as a reliable everyday guide for our customers. VTG employees could not be more committed to customer satisfaction: indeed, to ensure on-schedule transport even in the event of sudden changes to train operations, in October of last year, VTG set up a 24-hour service for block train traffic. VTG is just as committed to the customer when it comes to the supply of wagons. Through collaboration with the Wagon Hire Division and its large wagon fleet, VTG can respond flexibly to customers' needs and provide the right wagons even at short notice.

VTG is continually expanding its carefully thought out range of services, particularly in the growth regions of eastern and southeastern Europe. Indeed, the international sales and service network provides the foundation for high quality cross-border transport concepts. The fact that VTG has branches directly in the countries concerned means that customers can have direct contact and support.

VTG professionals get your goods safely to their destination:



VTG plans, oversees and coordinates rail freight transports across Europe – from international tracking, to wagon deployment, to management of procurement and distribution traffic. In all of these operations, our employees keep safety a priority: indeed, as a specialist in the transport and handling of dangerous goods, VTG has highly professional quality, emergency, and safety management procedures in place.



ON A SAFE TRACK

... TRANSLATED INTO DAILY LIFE

Last year, we safely

transported some

1,000,000 tonnes

of liquid chemicals in our tank containers.

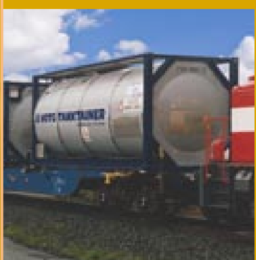
Precise processes for every supply chain

Through its Tank Container Logistics Division, VTG provides global, multi-modal transport and logistics services for liquid chemicals. The company has some 8,000 tank containers at its disposal for eco-friendly transport of goods across the globe. These can be used to transport goods from the place of production directly to the final recipient, since they can be unloaded from one type of carrier to another. The container as a whole is unloaded and reloaded along with the freight inside. Thus tank containers offer a safe, efficient method of forwarding liquid and temperature-controlled products from the chemical, petroleum, and compressed gas industries.

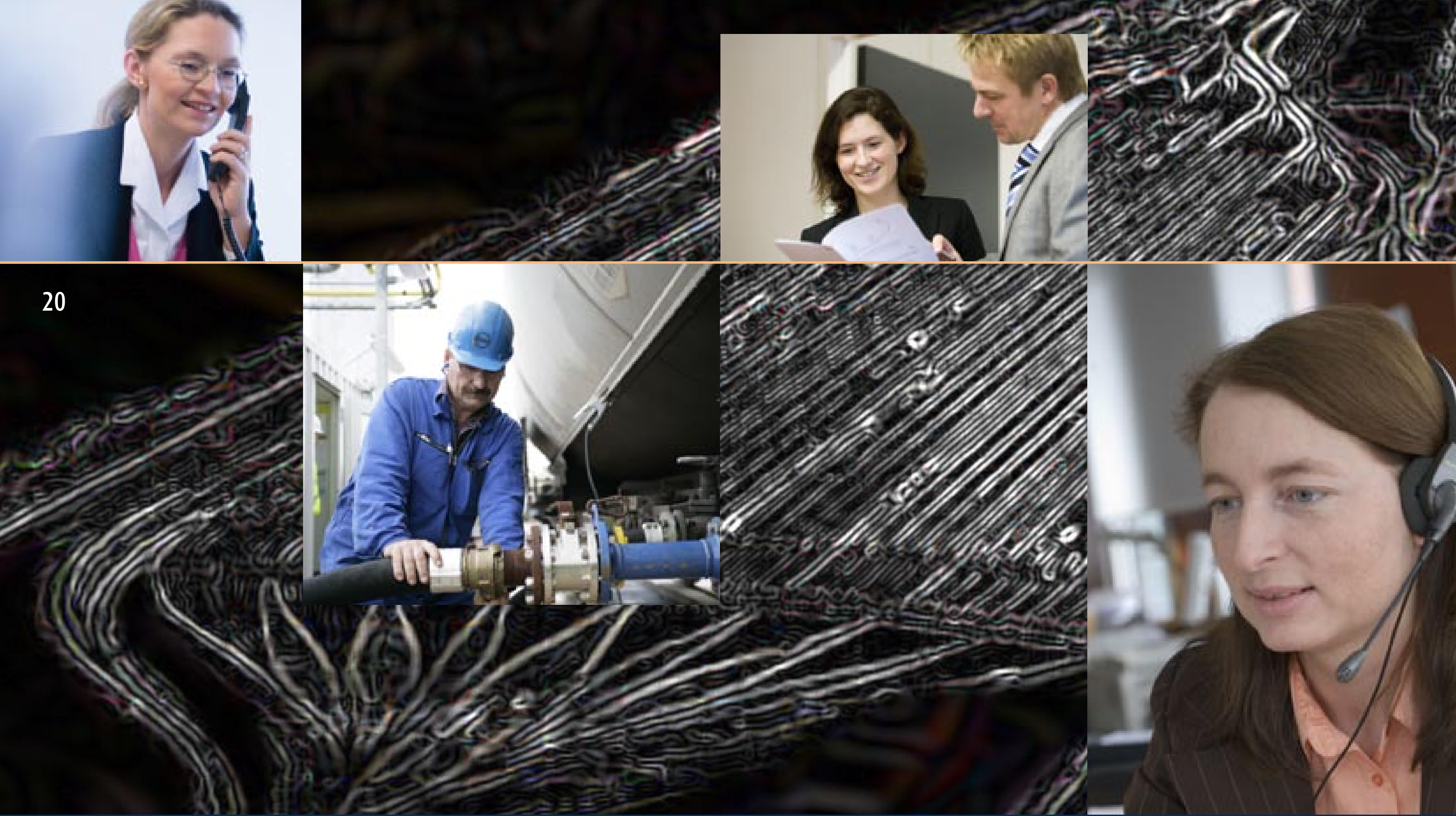
VTG is one of the world's largest providers of logistics services for liquid chemicals. Transporting these goods demands compliance with the highest standards of precision. VTG already has many years of experience in this area. Our company knows what is critical and pays the utmost attention to safe forwarding. This includes not only compliance with schedules but also technical reliability. Due to the sensitive nature of the goods, the containers used are not only checked at regular maintenance intervals by independent experts, but also undergo technical inspections.

Different carriers are used to transport goods around the world by tank container. Such global, intermodal logistics processes by their nature involve certain interfaces. Mastering and ensuring safety at these interfaces requires in-depth knowledge, including familiarity with both local and international regulations, their proper application, and careful selection of partners in the chain of transport. VTG executes its tasks for the customer responsibly, with smooth, safe workflows.

Sensitive goods, safe in VTG's hands:



goods can be forwarded in tank containers irrespective of the mode of transport. Tank containers are used primarily for transporting liquid and temperature-controlled products from the chemical, petroleum, and compressed gas industries. This ensures safer, more efficient transport as it is not the goods themselves but the container as a whole that is unloaded and reloaded – from rail to water or road, and vice versa.



ON A SAFE TRACK

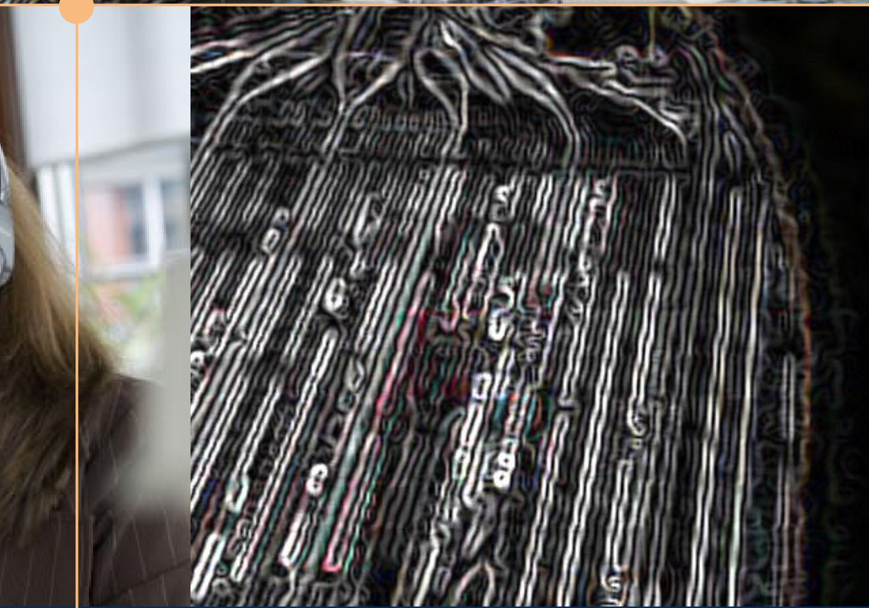
… TRANSLATED INTO DAILY LIFE

VTG experts spend over

750,000 hours

a year on overhauls

and tank inspections.



Always safely on the move through our Europe-wide network of workshops:

With our large network of partner workshops, we offer our customers repair and maintenance services across Europe. We carry out regular maintenance work in our own repair workshops, which in turn provides us with new insights into the demands made on the wagons. Our own repair work thus also provides an impetus for innovation and feeds into our base of technical expertise.

Staff expertise for safe solutions

In Wagon Hire, Rail Logistics, and Tank Container Logistics, VTG performs highly specialized services tailored to specific requirements. The wagons and tank containers – VTG's own and those of external providers – form the basis of these services. But more is required to produce perfectly fitting solutions: highly skilled people who ensure goods are transported properly and on schedule and that everything works for the customer. VTG's employees work with dedication to provide a service of indisputable quality. Every single member of our staff makes his own contribution to customer-centered solutions through his passion for the railway.

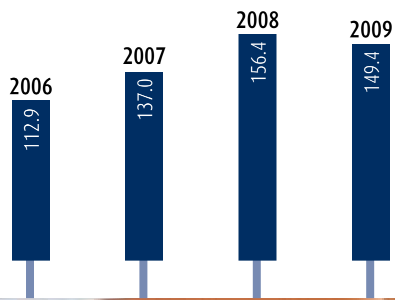
This passion also fuels our drive for continual improvement: our employees' commitment to quality means they pay great attention to customer requirements. They treat customers' wishes as their own, give these a lot of thought and provide the right solution every time. This goes hand in hand with our continual development of wagons, our quality standards and our reliable services, with safety a top priority.

Particularly when it comes to the transport of sensitive goods, broad knowledge and expertise is required which, to date, conventional educational approaches have been unable to impart. VTG thus places great value on employee training and professional development. Engendering staff loyalty to the company is also important. Often, employees have built up expertise over many years: keeping these employees is therefore a mainstay of VTG's quality concept. Part of this quality concept is also the sharing of knowledge. VTG is actively working on industry-wide developments such as further improvements to the already high standards of safety and emission reduction measures. Furthermore, every year, VTG trains several hundred customer employees as well as members of the fire service, the police, and public authorities in the handling of sensitive goods.

...shown in our performance

With our aim of ensuring safety, quality, and reliability and our enthusiasm about the possibilities offered up by the railway, we think ahead, committed to meeting the needs of our customers. Both of these elements contribute greatly to the stable development of our operations. Additionally, our customer base is broad, extending across various countries: this gives us additional room to maneuver in marketing the wagons. Moreover, customers use our wagons and services to secure their supply of basic materials and thereby their production processes. To ensure these constant flows of materials, the majority of contracts are concluded for a period of several years, which means we are relatively unaffected by short-term fluctuations in demand.

EBITDA VTG Group
in € m



We have thus been able to keep capacity utilization, revenue, and operating profit more or less stable under difficult market conditions.

The optimal constellation of stability and reliable forward planning in Wagon Hire along with flexibility and variable cost structures in the logistics divisions helps VTG not only ensure stable performance despite weak demand but also means we can take advantage of new opportunities. We have therefore been able not only to adapt capacities and optimize processes but also to push ahead with important modernization measures.

The steady nature of our business also makes us a reliable employer. Our employees can rely on us and, conversely, we can rely on them in the knowledge that our quality standards are safe in their hands. Every single member of staff is expert in his field, motivated and loyal. This strong cooperative bond is the foundation of our business, making us well placed for the future and keeping us on the right path of growth over the long term.

VTG IN THE CAPITAL MARKET: THE SHARE AND INVESTOR RELATIONS

Financial markets under great pressure

The year 2009 was dominated by the global financial and economic crisis. The negative after-effects of the real estate crisis in the US were first felt in autumn 2008 in the banking sector. In particular, the bankruptcy of the US investment bank Lehman Brothers and the difficulties of other big-name financial institutions led to increased uncertainty and a considerable loss of confidence in the financial markets which continued into 2009. This crisis in the financial markets grew into a global economic crisis. In the period that followed, governments and central banks around the globe applied new, sweeping fiscal and monetary policies to stabilize the capital market and the economy and restore the confidence of participants in the capital market.

Share data

WKN	VTG999
ISIN	DE000VTG9999
Stock exchange abbreviation	VT9
Index	SDAX, CDAX, HASPAX
Share type	Non-par-value bearer share
No. of shares (31.12.)	21,388,889
Market capitalization (31.12.)	€ 246.0 m
Stock exchanges	XETRA, Frankfurt, Berlin, Düsseldorf, Hamburg, Hanover, Munich, Stuttgart
Market segment	Prime Standard
Year-end-rate *	11.50 €
Annual high *	11.64 €
Annual low *	5.25 €
Average daily turnover	30.520 shares

* All share information is based on XETRA daily closing prices.

Share price VTG share (1st January to 31st December 2009)

Whereas in the first quarter of 2009 the uncertainties about the economic outlook and loss of confidence among market participants were reflected in price drops in shares and indices, the situation improved steadily thereafter. At some points during the first three months of the year, the DAX benchmark index of Deutsche Börse AG lost more than 20 % of its value. After various promising leading indicators, there followed a rapid price recovery that was sustained until the end of the year. By the end of the year, in addition to price rises in the indices with global importance, both the DAX and the SDAX small-cap index, which includes VTG, had seen prices rise by 20 % and 25 % respectively as against the beginning of the year.

VTG share performs much better than SDAX benchmark index

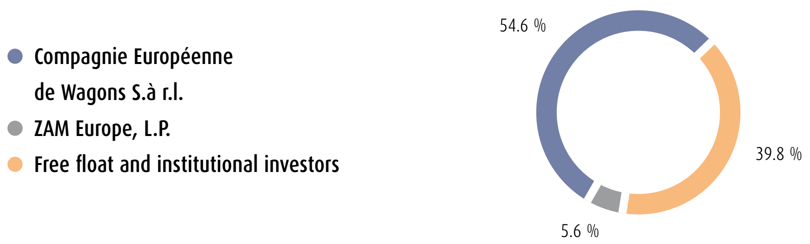
In 2009, the most influential factor affecting the VTG share price was the development of the global stock markets. On the first day of trading in 2009, the share was listed at € 7.51*. From there, it fell to its lowest daily closing price on February 6, at € 5.25. After several phases of consolidation, the subsequent price recovery took the share to its highest level for the year, on December 22, at € 11.64. At the end of the year, the share was listed at € 11.50, meaning an increase of 53 % in the price against the first day of trading in 2009. By comparison, the SDAX benchmark index surpassed the prices at the start of the year by only 25 %. As of the end of the year, the market capitalization of VTG was € 246.0 million.

* All share information is based on XETRA daily closing prices.

Inclusion in SDAX helps raise profile
The VTG share has been listed on the SDAX since September 22, 2008 and is predominantly traded on Xetra, the electronic trading system of Deutsche Börse AG. Trading also takes place on the trading floors in Frankfurt and on all other regional stock exchanges in Germany. Inclusion in the SDAX has helped raise the profile of the VTG share, both in the capital market and generally. It has also led to a significant increase in trading volume. In 2009, the average number of shares traded daily was 30,520 (previous year: 20,005).

No change in solid shareholder structure
The share capital of VTG consists of 21,388,889 no-par bearer shares. Compagnie Européenne de Wagons S.à r.l., Luxembourg, holds 54.57 % of the share capital of VTG AG. Additionally, ZAM Europe, L.P., Greenwich, Connecticut, USA has a 5.60 % share. Based on the latest available information as of December 31, 2009, this gives a free float of 39.83 %.

Shareholder structure



First dividend payment, continued payments planned

At the Annual General Meeting, held on June 4, 2009 in Hamburg, the payment of a dividend for the financial year 2008 of € 0.30 per share was approved. This was the first dividend payment since the IPO in June 2007.

The Executive Board of VTG intends to propose again to the 2010 Annual General Meeting the issue of a dividend for the financial year 2009 of € 0.30 per share. In economically difficult times too, VTG wants its shareholders to share in and in accordance with the success of the company. Furthermore, VTG has also set itself the objective of reliably continuing to pay dividends in future.

Continuous dialog with the capital market

The year 2009 was one of great uncertainty for the capital market. In this strained environment, it was particularly important for VTG to seek open dialog with shareholders, potential investors, and all those interested in the company. In the financial year 2009, we continued and stepped up our communications proactively. In addition to holding numerous one-on-one meetings with institutional and private investors, we organized roadshows and attended conferences in the key financial centers. At the Hamburg Stock Exchange Day held at the beginning of November, investors – mostly private – and other interested parties had the opportunity of finding out for themselves about VTG and talking to the Investor Relations Team.

Research coverage expanded further

In the year 2009, the focus was also on stepping up research coverage. At the end of 2009, 16 financial analysts were following VTG (SDAX range: approx. 8-10 analysts), regularly publishing studies and commentaries on the current development of the company. Thus we were able to strengthen contacts with financial analysts and the relevant financial institutions and significantly increase research coverage compared to the end of 2008 (10 financial analysts).

Reports of analysts on the VTG share *

Institution	Analyst	Date	Recommen-dation	Price target (€)
HSH Nordbank	Claudia Erdmann	05.03.2010	Buy	15.00
Goldman Sachs	O. Neal, E. Baldini	02.03.2010	Buy	13.10
Bankhaus Lampe	Sebastian Hein	25.02.2010	Buy	13.00
SRH Alsterresearch	Oliver Drebing	25.02.2010	Buy	14.00
UniCredit	C. Obst, J. Schroer	25.02.2010	Hold	11.50
Sal. Oppenheim	Markus Hesse	24.02.2010	Buy	14.30
CA Cheuvreux	Sebastian Kauffmann	24.02.2010	Underperform	8.00
SES Research	Finn Henning Breiter	24.02.2010	Buy	14.00
Kepler Capital Markets	Jörg-André Finke	24.02.2010	Buy	15.00
NordLB	Martina Noß	24.02.2010	Hold	11.30
Merck Finck	Robert Heberger	24.02.2010	Buy	12.00
Commerzbank	Johannes Braun	17.02.2010	Buy	13.00
UBS	Dominic Edridge	04.02.2010	Buy	12.70
Hamburger Sparkasse	Ingo Schmidt	17.11.2009	Buy	N/A
Berenberg Bank	Stefan Kick	29.09.2009	Hold	9.60
Viscardi	Robert Willis	03.09.2009	Buy	12.00

* To the best of our knowledge, this list contains the key sell-side analyses available to us on the VTG share. VTG accepts no liability for the completeness of this information. The opinions of the analysts, with their prognoses, estimates and predictions about the performance of the VTG share only reflect the views of these analysts and do not represent the views, prognoses, estimates or predictions of VTG or of the Executive Board of VTG.

This list is for information purposes only and does not constitute an invitation or solicitation to buy, hold or sell securities.

VTG's investor relations work excellent

The quality of the investor relations activities of VTG has also been given the seal of approval by investors and analysts. In the awarding of the 2009 Capital Investor Relations Prize by the business magazine Capital and the German Association for Financial Analysis and Asset Management (DVFA), the investor relations work of VTG went straight to a ranking of 4 out of 50 companies listed on the SDAX. We will continue systematically with our approach of open, active communication with the capital market in 2010 to further increase VTG's visibility and strengthen existing contacts. Our top priority remains, through transparent communications, to provide information that is clear, prompt, and reliable and so further build up confidence in VTG.

INTERVIEW with the Chief Financial Officer of VTG AG

The uncertainties in the capital market have led to a greater need for security on the part of investors. How have you been meeting this need?

Dr. Kleeberg: I see transparent and continuous communication as being more important than ever during this time. If you have the proper information, you feel more secure. If we thereby succeed in signaling that we are observing our markets carefully, are not ignoring reality, and have carefully thought through various scenarios, then trust can be built up. Thus we are also taking our forecasts very seriously, although it is more difficult than usual in these turbulent times to look accurately into the future. We are therefore most especially pleased that we have been able to keep to our forecast made in February. Particularly in stormy times, our investors expect precise appraisals that are on target – and rightly so, as I see it.

Conditions in general are currently difficult for negotiating financing. What does this mean for VTG?

Dr. Kleeberg: The financing we have in place is long-term in nature and we currently have no plans for refinancing. In this respect we are in a fundamentally comfortable position from which we can look optimistically to the future. However, we are already currently investigating how VTG's financing can be structured optimally over the long term. After all, sound and far-sighted investment and finance policies provide the basis for our strategic orientation.

What insights did you gain in 2009 from communication with the capital market and what will you take with you from this into 2010?

Dr. Kleeberg: That reliability in times of crisis is becoming even more important and thus also continuous, clear communication. We want to continue to strengthen the relationship of trust we have built up in 2010 too and keep providing the capital market with the same density and quality of information. In the end, it is in our interest too to position the VTG share as an attractive long-term investment. And for us this also means actively and regularly seeking direct dialog with analysts and investors. To do this even better, we expanded our IR team last year, for example. We thus have a good foundation for further improving our communication with the capital market.

BUSINESS MODEL AND MANAGEMENT

> Operations

Experts in complete rail-based infrastructure and logistics services
The VTG Group specializes in services covering all aspects of rail freight transport. The focus is on sensitive, particularly dangerous goods, the handling of which demands great expertise.

In the core operational division, Wagon Hire, VTG provides its customers with rail freight space as well as comprehensive technical support services and advice. Customers hire wagons tailored to their individual requirements, generally over the medium to long term. This in turn assures their flows of materials between the various plants and secures their production processes. They integrate the wagons fully into their infrastructure as a flexible, "mobile pipeline". VTG's customer base comprises a broad mix of well-known companies from almost every branch of industry, for instance the petroleum, chemical, automotive, and paper industries, in addition to railway companies.

Furthermore, VTG's two other divisions, Rail Logistics and Tank Container Logistics, offer traditional, but very specialized, logistics services. The Rail Logistics Division organizes rail freight transports across Europe as a forwarder. The Tank Container Logistics Division offers multimodal transport and logistics services with tank containers – by rail, road, and ship.

The Group thus offers customers an all-round service covering all aspects of rail freight transport and is one of Europe's leading providers. VTG enjoys excellent relations with its customers, some of whom the company has worked with for decades. In its core area of operations, wagon hire, VTG is Europe's market leader and has now been operating in this market for almost 60 years. The company has more than 50,000 wagons worldwide and the largest privately owned fleet in Europe.

Listed German stock corporation with strong major shareholder
The main shareholder of VTG AG is Compagnie Européenne de Wagons S.à r.l., Luxembourg, owned by a private US investor. As major shareholder, the company has an interest in the long-term strategic development of the company and supports the company's plans for growth. It thus affords VTG both the greatest room for maneuver and a high degree of security in planning its future.

Central management of three divisions and 44 companies, in 17 countries
The VTG Group, with its headquarters in Hamburg, is divided into three divisions: Wagon Hire, Rail Logistics, and Tank Container Logistics. These also form the segments for reporting in accordance with the International Financial Reporting Standards (IFRS). The Group has a holding structure comprising German, other European, and non-European subsidiaries and associated companies, giving a total number of 44 companies. There was no change as against 2008 in the companies in the consolidation. These comprise 28 fully consolidated companies, of which 12 are in Germany and 16 abroad. Additionally, two foreign companies were consolidated at equity.

> Management and control

Business model requires individual management of the divisions

Long-term, sustainable growth is at the center of VTG's strategy. The business model of the VTG Group with its three different operational divisions also requires individual management of both the Group and each division. The Wagon Hire Division, with its integration into the transport infrastructure, is the central focus of Group management due to the capital-intensive nature of its operations and high profit yield. The Rail Logistics and Tank Container Logistics divisions are managed in accordance with the special requirements of their logistics operations.

EBITDA and cash flow as key controls

EBITDA (earnings before interest, taxes, depreciation and amortization) plays a central role for VTG as a financial control parameter. This applies equally to the Group and all three divisions.

Wagon Hire operations are very capital-intensive, since the wagons in the fleet are high value assets and VTG also regularly invests large sums in maintaining, expanding and developing the fleet. By investing in these mobile assets with a long useful life, VTG is continually increasing the value of its fleet. These investments are financed mainly from cash flow and, to a lesser extent, through available lines of credit as required. Due to the fact that its wagon hire contracts are generally long-term in nature, the wagon fleet generates a constant, stable cash flow. EBITDA is therefore an important control parameter as a value similar to cash flow.

Ratio of net financial debt to EBITDA

The investment required in the wagon fleet brings with it borrowing that is typical for this type of business model. The ratio of net financial debt to EBITDA is therefore an important control parameter for keeping the borrowing of the VTG Group at a sustainable, balanced level appropriate for the business model. Net financial debt is calculated as financial liabilities plus pension provisions less financial resources.

ROCE and WACC

Another financial control tool results from the fact that companies have to generate at least the cost of the capital employed. This means that the ROCE (return on capital employed) should be higher than the WACC (weighted average cost of capital). In determining the ROCE, earnings before interest and taxes (EBIT) adjusted for special effects is placed in relation to the average capital employed. The cost of capital is calculated at VTG as the weighted average cost of equity capital and external capital. Thus, for VTG, the costs of equity capital result from risk-free interest and a market risk premium, while the costs of external capital are set at the average amount over the long term.

Gross profit and gross profit margin

Sales in the Rail Logistics and Tank Container Logistics divisions include a high proportion of transitory, variable costs, particularly freight costs. For this reason, the gross profit and gross profit margin – the ratio of EBITDA to gross profit – are important control parameters.

Reporting system supports individual management

The VTG Group is managed through detailed monthly reporting from the Finance, Controlling, Quality Assurance, Sales, and Technology divisions. Thus differences between targets and performance are recorded and analyzed and the causes for any differences determined. Appropriate measures are then defined and followed up on during implementation.

MARKETS AND STRATEGY

> Rail freight transport: the market of the future

VTG, with its divisions of Wagon Hire, Rail Logistics, and Tank Container Logistics, operates in attractive growth markets for rail freight and tank container transport. In all three divisions, it is one of the leading companies in the market. These markets also show good, long-term growth potential for the expansion of VTG's operations.

Market trends remain unaffected, despite the fact that the expansion of the global economy was temporarily interrupted by the financial and economic crisis. Key factors in the growth of the rail freight transport market include a general increase in international trade, the expansion of the European Union, the harmonization of rail freight traffic, and the environmentally friendly nature of the railway as a mode of transport. There are good opportunities for growth in the market for intermodal transport with tank containers, particularly intercontinentally and within eastern Europe and Asia.

Global growth will continue to positively impact rail freight traffic

With economic globalization, freight volume is also increasing. The division of labor in industry and outsourcing to suppliers mean that international demand for the transport of raw materials, semi-finished, and finished goods is continuing to rise. Industry experts expect the markets that are relevant to VTG to grow over the medium and long term. Thus the rail and logistics consulting firm SCI Verkehr expects the trend of growth in the global rail traffic markets to continue in the next ten years despite the global economic crisis. Moreover, according to SCI Verkehr, in the next five years, more than 189 billion euros will be invested worldwide in rail infrastructure.

EU expansion and harmonization of rail freight traffic – a plus for Rail Logistics

In the last few years, the increased efficiency of European rail freight traffic and the expansion of the EU have made the railway more appealing as a mode of transport. Cross-border transports are becoming simplified through the harmonization of the technical aspects of rail freight traffic. This in turn means that goods can be transported over ever-greater distances. Indeed, particularly when it comes to covering longer distances, the railway is the most attractive mode of transport – and not least because rail transports are now faster, cheaper, and more flexible than ever before.

The two-fold importance of the railway: for growth and for the environment

Through increased environmental awareness and rising energy costs, interest is growing in energy-saving transport concepts. This is benefiting the railway, as it performs much better in terms of damage to the climate, damage to the natural environment, and accident rates compared with other modes of transport. Trucks emit twelve times the amount of harmful pollutants emitted by the railway, and transport by road generates five times the quantity of greenhouse gases generated by rail transport. The railway also performs well in terms of external costs, such as the costs of damage to health and the environment through air pollution and the costs of climate change. Indeed, according to the German Pro-Rail Alliance, at € 19.00 per thousand tonne kilometers, the costs of the railway are significantly lower than the road transport rate of € 88.00. Moreover, from an economic viewpoint, the advantages in terms of energy efficiency and safety make the railway an attractive mode of transport for freight. To provide the same transport service, the railway requires only a quarter of the fuel of a truck. Additionally, the transport of dangerous goods by rail is forty times as safe as that by road: the dangerous goods accident rate by rail is only 0.34 per billion tonne kilometers.

Market for intermodal tank container transport

The key advantage of intermodal transport with tank containers is that it can accommodate the transport of goods in a pre-defined, complete logistics chain incorporating transport by rail, road, and ship. The railway is gaining increasing appeal for the transport of tank containers due to its reliability, safety, and environmental advantages, particularly for traffic within continental Europe. Despite the recent collapses in the economy brought about by the global crisis, a continual rise in demand for tank container transports can again be expected over the medium to long term in the overseas markets in Asia and the US. One reason for this is the fact that companies in the chemical industry, who are the main users of global tank container services, are increasingly globalizing their operations and penetrating new markets.

> Objectives and strategy

With its business model, VTG is pursuing a long-term, sustainable strategy of growth. The Executive Board and Supervisory Board are working closely together to implement this strategy. Our strategic approach is based on solid, far-sighted financial and investment policies that are in line with our business model. In 2009, VTG focused primarily on its core market of Europe, on optimizing processes and so increasing efficiency. It thus also slowed down somewhat its high rate of expansion of recent years. While carefully scrutinizing the opportunities and risks, the VTG Group is pushing ahead with growth with the following three strategic approaches:

Strengthening VTG's leading position in the core market of Europe
In its core market of Europe, VTG is in a strong market position in all three operational divisions. The intention is to further consolidate this position. Here, Wagon Hire's aim is to continually expand its fleet by acquiring further wagons. Moreover, the portfolio of services is being expanded to other branches of industry to include not only the focus on the rail tank car but also the development of new types of wagon. In addition to Wagon Hire, the Rail Logistics and Tank Container Logistics divisions are pursuing the strategy of further expanding and strengthening their position in eastern and southeastern Europe. It is also the aim of both logistics divisions, through individually tailored transport concepts and comprehensive, high quality service, to continue to build up customer loyalty and also acquire new customers.

Continued international growth
VTG intends to keep growing sustainably both in and beyond Europe. In North America, the existing fleet is to be expanded gradually through acquisitions of used wagons and thereby take part in the growth of the largest rail freight market in the world. The CIS (Commonwealth of Independent States), with the largest rail network in the world and its rich reserves of raw materials, also offers good prospects for growth. Through its subsidiary in Moscow, VTG is looking very carefully at the possibilities for entering this market. Beyond this, the outlook is good for Rail Logistics in Asia. This is due to the expected rise in international transports, both within the region and between Asia, Europe, and North America. Through its Tank Container Logistics Division, the company is playing a part in this growth. Through a joint venture with Cosco Logistics in China, the division is already enjoying direct access to the rapidly growing Chinese domestic freight transport market. The aim is to expand these operations through increased transport volumes.

Optimizing processes and increasing efficiency
Continued optimization of processes and the increased efficiency this brings represent the third pillar of VTG's growth strategy. The customer is always at the center of VTG's operations. Due to the variety of goods and the specific requirements of transportation, VTG wagons and services have to meet the most rigorous of standards. For this reason, VTG places great value on enhancing and monitoring quality. As part of its maintenance management program, in November 2009 VTG began fitting part of its fleet with stronger axles to push its high quality to an even higher level and offer customers an even greater safety margin. Another key element of this strategic pillar is the Graaff wagon construction plant. With this rail car manufacturer, VTG has expanded its value chain by adding wagon building capacity and thus strengthened the procurement process. VTG also benefits from the fact that innovations and enhancements can be tested directly at its own plant. Furthermore, the knowledge gained from enhancing maintenance concepts can also be implemented in the operation of the large wagon fleet.

MARKET TRENDS

> Economic conditions

In the wake of the financial crisis, the global economy suffered its greatest collapse since the Second World War at the end of 2008 and beginning of 2009. Originating in the US, the financial crisis became more acute in autumn 2008 and subsequently encroached on the real economy. This initially brought the expansion of the global economy to a halt and later led to a collapse. The drop in production and the broad reduction in capacities led to a global economic downslide. In response, many governments launched further economic programs and pushed on with their expansionary monetary policies. These measures had different effects on economic recovery. In the newly industrialized countries in Asia, these measures succeeded in getting the economy back on the road to recovery very rapidly, indeed in the first few months of 2009. The rising demand in Asia spread over the year to the global economy, so that, over the course of the year, a reversal in the trend could be seen in many countries. Although the economic situation has improved and the positive signs of a recovery are increasing, expert opinion is that the financial and economic crisis is not yet over. It thus remains to be seen to what extent the recovery in the economy proves sustainable.

Economic trends in the eurozone and Germany
At the turn of 2008/2009 and in the first six months of 2009, the eurozone was in an extremely deep recession. As a result of this, many experts also continually revised their forecasts downward for economic trends in 2009. In the middle of the year, overall economic production increasingly stabilized at a low level in the eurozone and showed a moderate rise again in the third quarter. Trends varied from member state to member state, however. In Germany, overall economic production was rising slightly again as early as the second quarter. This was primarily due to economy-boosting measures such as the vehicle scrappage program and the regulations concerning shorter working hours, which have had a stabilizing effect on employment and consequently on incomes. According to the Kiel institute for the World Economy, overall, real GDP dropped in 2009 by 4.0 % in the eurozone and by 5.0 % in Germany.

Economic trends in Asia
The newly industrialized countries in Asia, including the heavyweight China, were not spared the effects of the trend in the industrialized countries and were badly hit by the sharp drops in overall economic production. By contrast with the industrialized countries, however, the economy was revitalized rapidly, indeed in the first months of the year, through strong economy-boosting measures. Thus, over the rest of the year, there were high rates of growth again, particularly in China and India. According to the Institute for the World Economy in Kiel, GDP in 2009 rose by 8.6 % in China and 6.8 % in India.

> Market and industry trends

The VTG Group, with its three divisions, has performed well in a difficult economic environment. It has proven stable despite the fact that the economic crisis significantly affected many industries and rail freight transport.

In 2009, rail freight transport volumes in many logistics markets dropped considerably, by a double-figure percentage. However, the divisions of Wagon Hire and Rail Logistics were almost untouched by this downturn, although important industries served by VTG were also hit by the economic crisis.

The considerable collapses in global production particularly affected the automotive industry and then went on to affect the chemical industry in Germany and abroad. Chemical production dropped sharply, also in Germany. In the second half of the year, the chemical industry recovered again somewhat, but was still unable to match the levels of production achieved before the crisis. Due to the weak demand, 2009 was also a difficult year for the gas and petroleum industry, with a slight decline in the level of production. In the year under review, the automotive industry benefited, however, from the economic programs (e.g. the scrappage program, tax concessions). Thus registrations of new cars were pushed up slightly in Western Europe, while in Germany they went up by just under a quarter. Taken together, these developments, in particular the sharp drops in production, which in some cases were in a percentage range running into double figures, led to a significant decline in demand for freight space.

In Wagon Hire, the VTG Group however reported only a very modest drop of 3.7 percentage points in wagon capacity utilization. The wagons also remain integrated into customers' existing production process, with only some of the returns resulting from expiring contracts. Additionally, most contracts about to expire were renewed. The majority of returned wagons could be hired out again. Due to its focus on cross-border transports and its high level of service, Rail Logistics managed to escape the generally negative market trend, achieving thoroughly positive growth. Tank Container Logistics, which focuses on the global supply chains of the chemical industry, was worst hit by the collapse in demand, with significant drops in revenue and profit. In the second half of the year, demand stabilized again, although at a lower level.

The rail freight business should benefit in the medium term from the expected rises in transport volume, despite the fact that the current economic situation has led to declining demand for rail freight transport services. Moreover, the quality and efficiency of rail freight transport has increased markedly in recent years, adding to its appeal. It is likely that energy prices will also play an important role. These are expected to rise over the long term, which will be beneficial for the growth of rail freight traffic as an environmentally friendly, energy-saving mode of transport. The regulatory framework has also improved for this carrier, meaning that the long-term prospects for rail traffic remain good.

BUSINESS DEVELOPMENT

> Development of revenue and EBITDA

Group revenue: stable development against the market trend

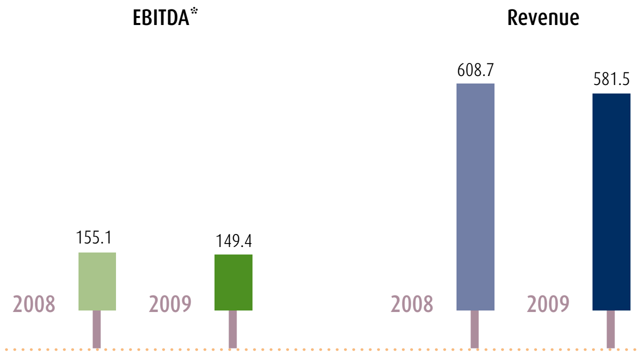
In the last financial year, VTG did very well in a market environment dominated by the economic crisis. The main reasons for this were the stable nature of its business model and the early implementation of far-sighted measures. Thus the VTG Group achieved revenue of € 581.5 million, only 4.5 % below the figure for the previous year of € 608.7 million.

In particular, the Wagon Hire Division helped the Group achieve stability. At € 289.0 million, the division's revenue was only very slightly, in fact only 1.7 %, below that of the previous year (€ 294.1 million). In the course of year, the slight decline in growth in some wagon segments slowed down, with some signs of a slight rise in the second half of the year.

Rail Logistics showed positive growth, with a rise in revenue of 1.0 %. This rise to € 179.4 million (previous year: € 177.7 million) thus contributed to the positive performance of the VTG Group. In particular, positive developments in block train and liquid gas transports compensated for the decline in chemical transports.

Revenue and EBITDA development

in € m



* EBITDA 2008 adjusted

Despite the extremely difficult market environment, Tank Container Logistics generated revenue of € 113.1 million, 17.4 % below the figure for the previous year of € 136.8 million. In the course of the year, the demand situation in this division improved slightly, with a modest upward trend visible. However, the economic crisis had a negative impact on the division's key customers in the chemical industry, resulting in a general decline in business.

Of Group revenue, € 265.1 million was generated through customers based in Germany (previous year: € 271.4 million), equaling a share of 45.6 % (previous year: 44.6 %). Thus business from customers abroad generated revenue of € 316.4 million (previous year: € 337.3 million).

EBITDA: good result of previous year almost matched

EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to € 149.4 million. This represents only a slight drop on the previous year of only 3.8 %, whereby the previous year's figure of € 155.1 million is adjusted to include a € 1.3 million one-off effect.

This good result in view of the economic situation was also achieved through the early implementation of measures that softened the impact of the economic crisis on the business of VTG. In addition to disciplined management of costs and continuous optimization of business processes, these measures included active management of tank container and wagon capacities.

In the last financial year, EBIT (earnings before interest and taxes) amounted to € 66.9 million, a drop of € 8.7 million on the previous year (€ 75.6 million). Group profit for the year, at € 22.5 million, was € 5.4 million below that of the previous year (€ 27.9 million).

> Operational divisions

Wagon Hire Division

With a global fleet of some 49,500 wagons, the VTG Group is Europe's leading wagon hire company and also serves the North American market. The Wagon Hire Division has a broad range of rail freight cars, consisting mostly of rail tank cars, modern high-capacity wagons and flat wagons.

Revenue in Wagon Hire shrank in 2009 by 1.7 %, to € 289.0 million (previous year: € 294.1 million). EBITDA fell by 4.0 %, to € 146.3 million (previous year: € 152.5 million). The EBITDA margin related to revenue, at 50.6 %, almost matched the level of 2008, however (51.8 %).

The business model of the Wagon Hire Division, with its tight integration of wagons into customer infrastructures, showed its full force in 2009 and proved extraordinarily stable in a difficult economic time. The impact of the economic crisis was softened for the division, which showed only a slight decline in performance. This stability is reflected, on the one hand, in the diversification of the customer portfolio, which makes VTG less dependent on the economic fortunes of individual sectors than companies specializing in a single sector. On the other hand, VTG benefits from the fact that its contracts are generally medium to long term in nature, with customers bearing the capacity utilization risk. Even in difficult economic times with lower transport volumes, customers still hold on for a long time to the wagons tailored to their needs. They do so in order to continue to secure their most important production processes and to be ready when demand picks up again. Thus the impact of an economic downturn is delayed and softened for the VTG Group, which helps create a high degree of stability in operations. Even when it comes to wagon returns, because of its widespread operational network, VTG is in a position to hire out its wagons flexibly in different countries and sectors and thereby further soften the impact of a recession.

The influence of the economic crisis led however to a very slight decline in performance in some wagon segments, which then improved significantly over the course of the year. Whereby capacity utilization fell in each of the first two quarters by 1.1 percentage points, this decline slowed in the third quarter by 0.8 percentage points and in the final quarter by 0.7 percentage points compared with the previous quarter. Overall, as of December 31, 2009, capacity utilization in Wagon Hire was 87.4 %, representing a slight drop compared with September 30, 2009 (88.1 %). Capacity utilization as of December 31, 2008 was 91.1 %.

Wagon Hire's construction and maintenance requirements are met by the wagon repair workshops and the wagon construction plant. Due to changes in the market environment in France, VTG has, after detailed analysis of workshop services in Europe, decided to merge the Joigny and Loyez workshops, with the closure of the Loyez workshop. In addition to providing for maintenance, the VTG workshops also perform reconditioning work on the wagon fleet. The workshops provide these services for both wagons in the VTG fleet and those of third parties.

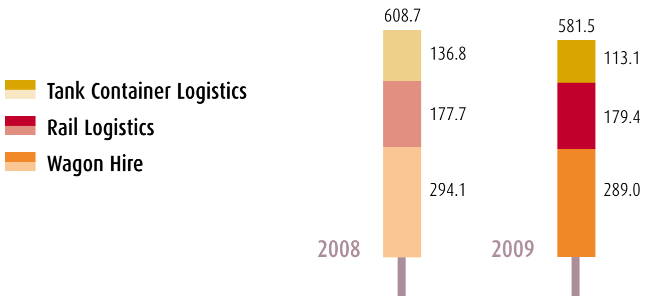
Rail Logistics Division

As one of Europe's leading providers of rail logistics services, the Rail Logistics Division specializes in organizing and managing transports by rail. This involves the forwarding of mainly petroleum and chemical products and liquefied gases and, increasingly, bulk goods and general cargo. Goods are transported across Europe in single wagons and block trains.

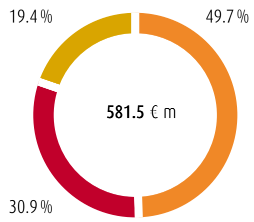
In 2009, revenue rose by 1.0 % to € 179.4 million (previous year: € 177.7 million). At € 6.7 million, EBITDA was also higher than the previous year's figure (as adjusted for a one-off effect) of € 6.3 million (5.9 %). The EBITDA margin on gross profit fell slightly, as a result of intensified competitive conditions, to 41.7 % (previous year, adjusted: 44.7 %).

In particular, the positive performance of Rail Logistics was due to the increase in block train transports and the positive developments in liquefied gas transports. Beyond this, the expansion of the portfolio of services and the acquisition of new customers and routes compensated for the drop in demand for chemical transports and ensured high capacity utilization of the leased wagon fleet. Important customer contracts were also extended by several years. This positive development was supported by active cost management and concentration on high-margin operations. Also, defaults in payment were averted through professional debtor management. Overall, due to its experience, professionalism, and operational expertise, Rail Logistics performed significantly better than other rail and forwarding companies.

Breakdown of revenue by business division
in € m



Percentage breakdown of revenue by business divisions



In 2009, the division pushed on further with its strategy of continuous expansion of international operations into eastern and southeastern Europe while fully exploiting the possibilities of the European network. The collaborative relationship entered into in 2009 with a rail forwarder in Turkey is thus opening up new sales opportunities. Furthermore, the Hamburg support center for block train customers has been operating around the clock since October 2009.

In December 2009, VTG took over the rail logistics operations of a medium-sized logistics company. This brought with it customer and supplier contracts, so further expanding VTG's customer base.

Tank Container Logistics Division

The Tank Container Logistics division provides multimodal transport and logistics services with its fleet of 8,100 tank containers. These can be transported equally by rail, road or ship. The goods transported are mainly liquid and temperature-controlled products from the chemical, petroleum, and liquefied gas industries. In addition to its forwarding activities, this division also leases its own tank containers and those managed for third parties. VTG is one of the world's largest providers of logistics services for chemical products.

Revenue in Tank Container Logistics dropped in 2009 by 17.4 %, to € 113.1 million (previous year: € 136.8 million). EBITDA fell by 24.3 %, to € 7.3 million (previous year: € 9.6 million). The EBITDA margin on gross profit narrowed to 41.4 % (previous year: 44.3 %).

The performance of Tank Container Logistics was impacted in particular by the economic crisis in the chemical industry. Whereas, in the first half of the year, the division was still feeling the effects of sharply declining demand, the volume of orders stabilized increasingly, although at a lower level than previously, in the subsequent quarters. In the last few months of the last financial year, there was also a moderate upward trend visible in intra-European transports. The economy-boosting programs in Asia, particularly in China, led to a very positive, rapid upturn in intra-Asian transports. This recovery in the region in turn generated growth in transports to and from Asia. The division benefited from this trend, above all due to its joint venture in China. Additionally, the volume of transports to and from the US stabilized in the first few months of the last financial year.

The drop in transport volumes together with the high volume of unused capacity led generally to increased pressure on prices, which eased off somewhat at the end of the last financial year. The division responded to the trend of lower prices by adapting its cost structure and secured its margin at a satisfactory level.

VTG's cost management measures concentrated particularly on prompt, flexible deployment of fleet capacity. Thus, in the first six months of 2009, excess capacity resulting from falling demand was hired out on a short-term basis, while in the second half of 2009, capacity was built up again systematically to meet rising demand.

FINANCIAL POSITION

> Financial management

Due to the capital-intensive nature of Wagon Hire operations, financial management is especially important for the VTG Group. Here, the objective is to manage all matters relating to finance carefully and in a forward-thinking manner, taking market circumstances into consideration. In the current situation, even greater attention has to be paid to such management. The Group’s head office in Hamburg assumes the central role in financial management. It generally assumes responsibility for all financial transactions for the companies in the Group and is responsible for financial risk management throughout the Group. The most important elements of VTG’s financial management system are the management of liquid assets, financial market risks, and the capital structure, including loans.

Management of liquid assets
Through liquidity planning, VTG manages the Group’s cash requirements. The requirements for funds for operations of companies in the Group are covered by shareholders’ equity, participation in cash pooling arrangements, bank loans, and intercompany loans. The companies in the Group report their liquidity requirement or surplus daily, which is called up or withdrawn by the companies via the automatic cash pool systems. The liquidity planning system is structured by the Group’s head office on the basis of the daily and monthly statements of requirements and surpluses supplied by the companies in the Group.

On December 31, 2009, cash and cash equivalents amounted to € 42.6 million (previous year: € 28.3 million). The VTG also has lines of credit to ensure that the Group can honor the payment obligations of VTG AG and its subsidiaries at all times. Cash flow from operating activities was stable, amounting to € 144.8 million in the year under review (previous year: € 149.6 million). This also provided a good basis for financing.

Management of financial market risks
The VTG Group operates on a global scale and is consequently exposed to a foreign currency risk due to changes in the exchange rates of the US dollar, the British pound, and the Swiss franc. This risk arises from initial payments made in foreign currencies that are not always ultimately paid out in the same currency, in the same amount, and on the same date. VTG counters this risk with foreign currency hedging contracts, which are of particular importance in the Tank Container Logistics Division.

Furthermore, the VTG Group is subject to an interest-rate risk that arises exclusively from the sensitivity of variable interest-bearing financial liabilities to banks as a consequence of a change in the market interest-rate. VTG limits this risk by using interest derivatives such as interest-rate swaps. The existing interest-rate hedges, with a volume of € 320.0 million, run until the middle of 2015. This secures at least 70 % of the future interest for loans taken up with Bayerische Hypo-Vereinsbank, London.

Capital structure management

Since the IPO and the refinancing in 2007, the financing of the Group has been secured through equity capital and long-term loan capital. This loan capital comes predominantly from a financing agreement with Bayerische Hypo-Vereinsbank, the lead arranger of this loan, which provides for agreed loans totaling € 640.0 million. Of these loans, € 461.7 million had been taken up as of December 31, 2009. The management of the VTG Group reviews the capital structure at regular intervals.

> Assets and capital structure

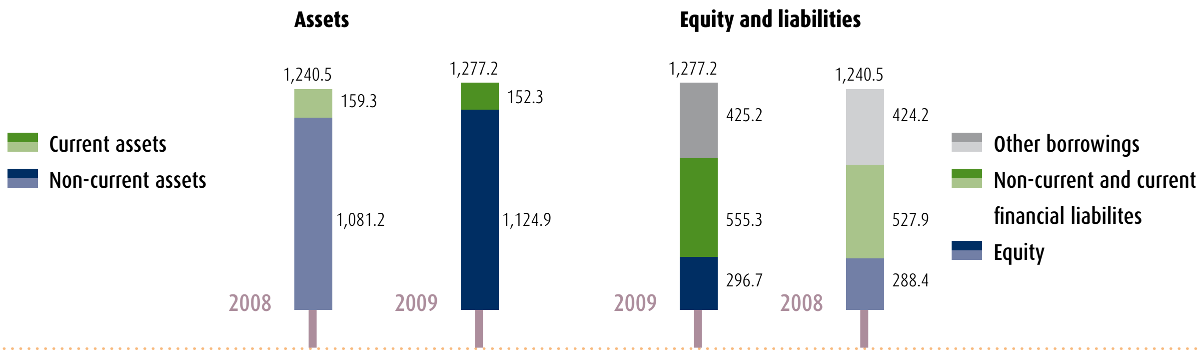
As of December 31, 2009, total assets had risen by 3.0 %, or € 36.7 million, to € 1,277.2 million (previous year: € 1,240.5 million). Overall, there was very little change in the structure of the balance sheet compared to the previous year.

The share of fixed assets increased to 86.2 % of total assets (previous year: 85.2 %). The share of current assets diminished accordingly. This is primarily due to the higher level of tangible fixed assets. Within current assets, cash and cash equivalents rose compared with the previous year.

As of December 31, 2009, the Group's equity had risen by € 8.3 million to € 296.7 million (previous year: € 288.4 million). This increase is primarily due to the fact the Group's profit for 2009 exceeded the dividend payment of € 6.4 million for the financial year 2008 and the interest hedges with no effect on profit. The equity ratio stood at 23.2 % as of the balance sheet date, matching the level of the previous year (23.3 %). The Group's financial liabilities increased by 5.2 % against those of the previous year due to the taking up of lines of credit for the financing of investments.

Balance sheet structure

in € m



To finance its wagons, in addition to on-balance sheet forms of financing, the VTG Group makes use of off-balance sheet financing in the form of operating lease agreements.

> Capital expenditure

In the economically difficult financial year of 2009, maintaining stability and security were more important for VTG than pushing ahead on its path of growth. For this reason, VTG modified its approach, scrutinizing potential investments even more carefully then previously, meaning that, in the course of the year, the planned rate and volume of investment was slowed down. As of December 31, 2009, the number of wagons on order and still awaiting delivery therefore amounted to only around 300 (previous year: 1,300). These wagons are to be delivered in the course of 2010.

In 2009, the Group's capital expenditure amounted to € 153.3 million (previous year: € 140.9 million), of which € 128.2 million was invested in fixed assets and € 25.1 million was financed by operating lease agreements. The majority of investment was in Wagon Hire in Europe, at 96.0 % (previous year: 93.5 %). These funds were used mainly to expand the wagon fleet in order to accommodate new market segments. Freight cars were added to the fleet for the transport of coal, sand, steel, iron ore, and limestone. Beyond this, there was investment in replacing wagons in the fleet of rail tank cars. Investments within Europe were made mainly in Germany, France, and the UK, with some 1,100 newly built wagons delivered over the year. The remaining 4.0 % of the sum invested went to the Rail Logistics and Tank Container Logistics divisions (previous year: 6.5 %), with most of this going to Tank Container Logistics, primarily for the building of new tank containers.

> Cash flow statement

Cash flows from operating activities shrank only slightly in the financial year 2009, by € 4.8 million, to € 144.8 million (previous year: € 149.6 million). The main reason for this was the drop in Group profit in 2009.

In the year under review, cash flows used in investing activities fell by € 36.9 million to € 121.5 million (previous year: € 158.5 million). This drop was primarily due to lower levels of investment in fixed assets, since, in the year under review, some wagons were financed via operating lease agreements amounting to € 25.1 million (previous year: zero).

Cash flows used in financing activities amounted to € 9.0 million, a reduction of € 1.3 million on the previous year (€ 10.3 million). € 55.0 million was made available to the VTG Group in this period from the taking up of lines of credit. There were also scheduled repayments of loans amounting to € 28.1 million. Furthermore, interest payments of € 28.5 million were made and a dividend of € 6.4 million was issued to shareholders for the financial year 2008.

> Share, shareholder structure, and dividend policy

On balance, the performance of the VTG share in 2009 was positive. At the beginning of the year, the share was listed at € 7.51. However, prices fell in subsequent weeks, with the share reaching it lowest price for the year on February 6, at € 5.25. It reached its highest point of € 11.64 on December 22, going on to close at the end of the year at € 11.50. This resulted in a market capitalization at the end of the year of € 246.0 million.

Based on the latest available information, as of December 31, 2009, there was no change in the shareholder structure as against the end of 2008. Compagnie Européenne de Wagons S.à r.l., Luxembourg, holds 54.57 % of the share capital of VTG AG. Additionally, ZAM Europe, L.P., Greenwich, Connecticut, USA has a share of 5.60 %. This gives a free float of 39.83 %.

At the Annual General Meeting, held on June 4, 2009, the payment of a dividend of € 0.30 per share was approved. The Executive Board of VTG intends to propose again to the 2010 Annual General Meeting the payment of a dividend for the financial year 2009 of € 0.30 per share. In terms of dividend policy, VTG's objective is to reliably continue to issue payments and to do so over the long term.

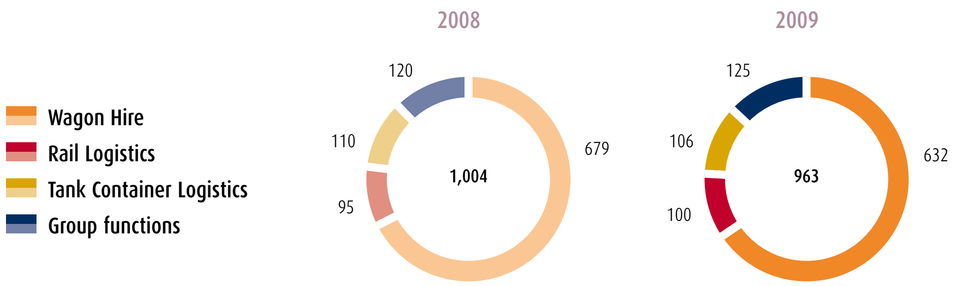
EMPLOYEES, PERFORMANCE AND RESPONSIBILITY

> Employees

Number of employees largely stable

As of December 31, 2009, the VTG Group employed 963 members of staff. Compared with the previous year (December 31, 2008: 1,004), this represented a drop of 41 in the number of employees. This is due to the merging of the workshops in France at the end of the year under review. As of the balance sheet date, there were 678 members of staff (previous year: 674) employed in Germany and the number of employees abroad was 285 (previous year: 330). The total number of wage-earning staff was 303 (previous year: 356), of which the great majority were employed in plant and workshops. Salaried employees numbered 621 (previous year: 612).

Number of employees by divisions



Continued commitment to professional development

In the last financial year, VTG gave young people the opportunity to enter working life and embark on a career. The opportunities on offer cover a broad range of careers with training. These include the combination of on-the-job training with university study and the systematic fostering of top performers through scholarships to study at private universities. VTG continued with its great commitment to professional development in the financial year 2009. Consequently, the number of trainees at VTG rose to 39 in Germany (previous year: 36). It also remains the objective of VTG, after successful training, to reliably offer its trainees good career prospects.

Fostering potential

The majority of VTG's employees have been in the business for a long time. They can draw on a breadth and depth of knowledge of the industry and many years of expertise. This applies equally to the experienced customer advisor with logistical or technical expertise, the engineer making purchases or developing technical solutions, the human resources specialist, and the financial expert. They are all playing their part, working together to achieve the goals of the company and secure its success.

The VTG is aware that its workforce is its most valuable asset. For this reason, fostering the potential of each individual is at the heart of our human resources policy. VTG's staff development measures are underpinned by the VTG Competency Model. This development model is used to identify the needs of each individual employee and foster their talents through individualized professional development measures. Moreover, VTG's international PEP! promotion program prepares young specialists and managers thoroughly for the future challenges of greater responsibility.

Furthermore, the issue of social responsibility plays a great role in how VTG shapes its employees' everyday working life. Here, the aim is to create the best work-life balance for employees, including support in this area through flexible working hours.

Responsibility towards employees

In addition to its responsibilities to members of staff working at VTG, the company is also conscious of its responsibilities to employees once the stage of active employment is over. The company continues to recognize this responsibility with the attractive benefits of its company pension. It thus helps its employees in the active stage of employment to create a financial foundation for life after work.

Additionally, the company health scheme offers VTG employees a range of preventive and advisory services.

Pre-emptive rights

There are no pre-emptive rights or stock options for either directors or members of staff.

> Research and development

Waggonbau Graaff: becoming a platform for innovation

At the VTG subsidiary Waggonbau Graaff (Graaff), new wagon types are built and freight cars in the existing fleet are enhanced to better accommodate customer needs. As part of the integration process, the plant is being developed into a platform for innovation for VTG and third-party customers. By the second half of the last financial year, Graaff had thus already secured a major contract for the building of 100 high-quality chemical rail tank cars.

Chemical rail tank cars are a key focus of development for the transport of dangerous goods in Europe. These are mainly rail tank cars made of various stainless steel materials. Additionally, various types of rail car are built according to the specifications of customers. In accordance with EU directives, the new rail car types must be approved in terms of the Technical Specifications for Interoperability (TSI).

The company is in possession of all the necessary certifications and permits for developing and building rail freight and rail tank cars. Other production lines are operated for bogie production and the conversion, reconditioning, and repair of freight cars.

VTG as a key partner in developing new freight cars

VTG is also an important partner of external rail car manufacturers in the development of new types of wagon and safety equipment. With enhancements and new concepts, VTG generally stipulates the requirements the new wagons have to meet. The exact technical design is drawn up by external providers such as rail car and fittings manufacturers. For example, VTG collaborated in the drawing up of the safety concept for the CPR tank car (crash protected rail tank car). Additionally, together with selected manufacturers, VTG has developed special fittings for rail tank cars, tank containers, and road tank vehicles.

> Safety and the environment

Being aware of responsibility

Constantly reviewing one's actions while seeking opportunities for improvement and alternatives: this describes VTG's corporate philosophy. By continually monitoring processes, VTG ensures that the needs of its customers, as well as those of society and the company, are met. This is not an isolated process, but one that involves the close involvement in quality management of all the operating divisions.

Performing audits and quality management

During the year under review, various audits of important suppliers were performed. The requirements of VTG and its customers, particularly in the Rail Logistics division, led to the implementation of various measures designed to further improve the suppliers' quality. These included holding training programs on specific topics and helping to introduce quality management systems.

The constant and intensive ties with the suppliers and service providers hired by VTG are also reflected in quality management. A continuous improvement process was also implemented for VTG's suppliers through joint audits and agreed targets which are regularly monitored.

Emergency response system and crisis management

The effectiveness of the crisis management system was once again demonstrated in 2009. Nevertheless, VTG further improved its emergency organization by further optimizing the flow of information and the way emergency situations are handled.

Environment

The proper selection and delivery of approved modes of transport and the provision of rail or intermodal transport services are as much a part of VTG's core competence as maintaining and cleaning wagons. VTG draws on this expertise and its many years of experience to fulfill its social and environmental responsibilities.

The environmental systems at the Brühl and Joigny plants (France) for handling rail tank cars used to transport hazardous materials were further modernized. The focus here was on protecting soil and water, reducing atmospheric emissions and controlling the use and consumption of energy and water.

VTG also extends these high tank wagon cleaning requirements to its suppliers, which as specialist providers must be able to demonstrate that they have the required permits and qualifications.

Health and safety in the workplace

The VTG Group places the highest priority on employee safety. Within the integrated management system, particular emphasis is placed on occupational health, safety and hazardous substances.

In safety walkabouts and workplace and risk analyses, weaknesses in all areas of service provision are systematically identified and analyzed and the necessary corrective actions are taken or steps are taken to prevent accidents.

In addition to the legally required training and instruction, VTG has a large number of additional measures in place that teach employees how to deal with issues of health and safety in the workplace and hazardous goods. These include not only targeted training programs, but also exercises specially designed to increase employee awareness and to improve employee behavior by simulating real-life situations.

VTG also shares its expertise and experience. It works closely with its customers and partners in the railway companies and in public agencies, as well as on both national and international committees, to promote increased safety and further improvement in environmental protection.

REQUIRED DISCLOSURES

> Required disclosures pursuant to § 315 (4) of the German Commercial Code

- The share capital of VTG AG amounts to € 21,388,889 and comprises 21,388,889 no-par-value bearer shares. Every share carries a voting right.
- There are no restrictions affecting voting rights or the transfer of shares.
- As of December 31, 2009, VTG was aware of the following shareholdings with a share of more than 10 % of the voting rights: According to the latest information received by VTG AG, Compagnie Européenne holds 54.57 % of the shares. With respect to the indirect shareholding ratios, we refer to the notes to the financial statements of VTG AG as of December 31, 2009.
- There are no shares with special rights that confer powers of control.
- The Executive Board of VTG AG does not know how any employees sharing in the capital of VTG AG intend to exercise their voting rights.
- The provisions on the nomination, dismissal and composition of the Executive Board are based on § 84 (1) of the German Stock Corporation Act (AktG) and § 6 of the Articles of Association of VTG AG and § 9 of the Rules of Procedure of the Supervisory Board. Where there are no mandatory legal provisions to the contrary, resolutions on changing the Articles of Association are passed by a simple majority of the votes cast and, where the law requires a capital majority beyond a majority vote (§ 179 (2) German Stock Corporation Act), by a simple majority of the share capital represented at the time of the passing of the resolution.
- With its resolution of June 22, 2007, the Annual General Meeting authorized the Executive Board of VTG AG to increase, with the approval of the Supervisory Board, the share capital for the period up to June 22, 2012 once or multiple times up to a total amount of € 10,694,444.00 (authorized capital) by issuing new no-par-value bearer shares against contributions in cash and/or kind. The Annual General Meeting on June 4, 2009 authorized the Executive Board of VTG AG in accordance with § 71 (1) No. 8 of the German Stock Corporation Act, and with the approval of the Supervisory Board, to acquire treasury shares equal to up to 10 % of the share capital during the period up to 3rd December 2010. VTG AG has not yet taken advantage of this authorization.
- There are no agreements subject to the condition of a change in control as a result of a takeover bid.
- No compensation agreements have been concluded with the members of the Executive Board or with employees covering the eventuality of a takeover bid.

> Remuneration report

Overall, the remuneration of the Executive Board comprises several components. These include a non-performance-related element, a performance-related bonus and pension benefits.

Until the German Act on the Appropriateness of Management Board Compensation (VorstAG) came into effect in August 2009, the Executive Committee (Praesidialausschuss) determined the appropriate level of remuneration of the members of the Executive Board on the basis of a performance assessment; since August 2009, the full Supervisory Board (Plenum) is required to set the Management Board’s compensa-

tion itself rather than delegating this decision to a committee of the Supervisory Board as was previously common; the Plenum now does this at the suggestion of the Committee for Board Nomination and Board Procedures and the Supervisory Board’s Rules of Procedure have been adjusted accordingly.

The non-performance-related portion of the remuneration consists of a fixed amount and various additional benefits. The additional benefits include the expenses incurred by Executive Board members in connection with their work and health and long-term care insurance benefits equivalent to the employer’s contribution to statutory health and long-term care insurance. Each member of the Executive Board also receives a company car as a benefit-in-kind. The performance-related component of remuneration is determined in accordance with the personal and economic goals laid down by the Supervisory Board. This is calculated for all Executive Board members on the basis of a target matrix which takes into account, among other things, certain performance-related factors which are agreed upon each year. The company has granted all members of the Executive Board vested pension rights. As a result of this pension commitment, each member of the Executive Board is entitled to the payment of certain pension benefits when certain pension situations arise. These situations include not only reaching the upper age limit of 65, but also cases of incapacity or death (pensions for widows and orphans) and where the employment contract of the CEO is terminated by the company before he reaches the age of 65. As of the balance sheet date of December 31, 2009, the company had set up provisions for pensions for members of the Executive Board amounting to € 2.0 million. Beyond the employment contracts, there are no further service agreements between the company, its subsidiaries and the respective members of the Executive Board under which any Executive Board member is eligible for benefits from the company or its subsidiaries in the event of the termination of his service.

Since 2006, the German Commercial Code has stipulated that the remuneration of Executive Board members be published with a separate entry for each member, broken down into fixed and performance-related components as well as into components with a long-term incentive effect. The required disclosures can be dispensed with if the Annual General Meeting passes a resolution to this effect by a three-quarters majority of the share capital represented at the passing of the resolution. The Annual General Meeting of VTG AG decided on May 22, 2007 not to publish this information for a period of five years up to and including the year 2011 by a unanimous vote of those present and entitled to vote. With regard to the changed provisions of § 285 (9) a, § 286 (5) sentence 1 and § 314 (1) number 6 a and § 315 (2) number 4 sentence 2 of the German Commercial Code, the Executive Board and Supervisory Board shall propose to the 2010 Annual General Meeting that the resolution of May 22, 2007 be repealed and a new resolution passed on exemption from the requirement for individual disclosure.

The total costs of remuneration of the Executive Board are given in the notes to the consolidated financial statements of VTG AG as of December 31, 2009.

The remuneration of the Supervisory Board consists of a fixed amount only. In addition, the members of the Supervisory Board are reimbursed for expenses incurred in the course of their work.

The total expenses for the remuneration of the Supervisory Board are given in the notes to the consolidated financial statements of VTG AG as of December 31, 2009.

CORPORATE GOVERNANCE STATEMENT
Relevant disclosures pursuant to § 289 a of the German Commercial Code

In this statement, in accordance with § 289 a of the German Commercial Code, the Executive Board of VTG AG reports on the management of the company and – also on behalf of the Supervisory Board – on corporate governance in accordance with section 3.10 of the German Corporate Governance Code.

> Declaration of Conformity and Corporate Governance Reporting

Corporate governance at VTG AG
The actions of VTG are oriented toward long-term success. Accordingly, VTG places great value on responsible and transparent management of the company. Corporate governance is the very foundation on which shareholders, employees and business partners can work together in complete trust. VTG largely complies with the recommendations of the German Corporate Governance Code.

Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act
The current and all previous declarations of conformity with the German Corporate Governance Code are permanently accessible on the website www.vtg.de (under Investor Relations – Corporate Governance – Declaration of Conformity).

Wording of the current Declaration of Conformity
In accordance with § 161 of the German Stock Corporation Act, the Executive Board and Supervisory Board state:

VTG AG complies to a large extent with the recommendations of the Commission of the German Corporate Governance Code as amended on June 18, 2009. The company has largely complied with this and with the recommendations of the previous version of June 6, 2008 since the issue of the last declaration of conformity on April 1, 2009. The following recommendations have not been/are not being implemented:

1. Section 3.8 sentence 4 of the Code
The directors' and officers' liability insurance taken out by the company for the members of the Executive Board and Supervisory Board does not provide for any deductible for those persons.

From contractual agreements concluded prior to August 5, 2009, the company is obliged to grant directors' and officers' liability insurance without a deductible for members of the Executive Board. The company shall continue to meet these obligations in accordance with § 23 of the Introductory Law to the German Stock Corporation Act (AktG) for the term of these contracts. For new executive board contracts, a deductible will be included in accordance with § 93 (2) sentence 3 of the German Stock Corporation Act. No deductible is planned in future for the members of the Supervisory Board.

In the view of the company, no deductible is necessary to increase the feeling of responsibility and motivation of the members of the Supervisory Board in the performance of their duties.

2. Section 4.2.3 of the Code

The existing executive board contracts do not include a "severance payment cap". In future too, the Supervisory Board cannot rule out concluding executive board contracts with provisions that in this respect do not accord with the code. The Supervisory Board is of the opinion that, in the interest of finding the optimal candidates for membership of the Executive Board, the existing freedom in the formulation of such contracts should not be restricted in advance in terms of individual elements thereof.

3. Section 4.2.4 of the Code

As a result of a resolution to this effect of the Annual General Meeting of May 22, 2007, the company has not published individual reports on the remuneration of the members of the Executive Board. With regard to the changed provisions of § 286 (5) and § 314 (2) of the German Commercial Code, the Executive Board and Supervisory Board shall propose to the Annual General Meeting of the company in 2010 that the resolution of May 22, 2007 be repealed and a new resolution passed relating to the exemption from the requirement for individual disclosure.

4. Section 5.3.2 of the Code

The company has decided, instead of setting up an audit committee, to entrust the Supervisory Board with all monitoring activities, since this is a central task of the Supervisory Board. Moreover, the company is of the opinion that the setting up of an audit committee with at least 3 members would hardly relieve the existing Supervisory Board of any work, as it has only 6 members.

5. Section 5.3.3 of the Code

In view of the small size of the Supervisory Board, the company has refrained from setting up its own nomination committee. The tasks of the nomination committee as provided for in the Code have been assigned to the Executive Committee, which, as with the Supervisory Board, comprises only representatives of the shareholders.

6. Section 5.4.1 sentence 2 of the Code

In making nominations for election as supervisory board members, the company has borne in mind that candidates should have the knowledge, skills and specialist experience necessary for performing their tasks. The company does not set any age limit in this respect. The company is of the opinion that age is not a suitable criterion for selecting qualified candidates.

7. Section 5.4.6 sentence 4 of the Code
The company considers that a fixed remuneration amount for supervisory board members is more suitable than a performance-related type of remuneration in terms of properly exercising the control function of the Supervisory Board independently of the company's success.

8. Section 7.1.2 sentence 2 of the Code
The company's Supervisory Board is of the opinion that, due to the continous reporting received by the Supervisory Board on all important events and due to the constant development of the business, discussion of the half-year and quarterly reports prior to publication is not absolutely necessary in order to properly exercise its function of monitoring and control.

9. Section 7.1.2 sentence 4 of the Code
The legal requirements are being observed. The company intends to come closer to meeting the deadlines set out in the Code in order to meet this recommendation as soon as possible.

Modus operandi of the Executive Board and Supervisory Board
The Executive Board and Supervisory Board work closely together in a relationship of trust in directing and overseeing the company. The Executive Board informs the Supervisory Board regularly, promptly and in detail about all important business issues, the situation of the Group including risk management, and compliance matters. Together with the Supervisory Board, the Executive Board discusses corporate planning, the development of corporate strategy and the implementation of required measures. For important business transactions, the rules of procedure for the Executive Board provide for the requirement of approval by the Supervisory Board.

Executive Board
The Executive Board currently comprises three members, from among whom one is appointed chair. The Executive Board has joint responsibility for directing the company. It is the individual responsibility of each member of the Executive Board to discharge the tasks assigned to him and approved by the Supervisory Board. The current duties allocated to members of the Executive Board are shown on the website www.vtg.de (under Company – Group – Organs – Executive Board).

In accordance with the rules of procedure drawn up by the Supervisory Board, the Executive Board meets twice monthly where possible. Resolutions are passed with a simple majority; in the event of an equality of votes, the chair of the Executive Board has the casting vote.

Supervisory Board
The Supervisory Board comprises six members elected by the Annual General Meeting. The members of the current Supervisory Board were elected by the Annual General Meeting on April 19, 2007. After the departure of a member, a new member was nominated by the Local Court of Hamburg (Amtsgericht Hamburg) from April 1, 2009 and this nomination was approved by the Annual General Meeting on June 4, 2009. The term of office of all members of the current Supervisory Board expires with the 2012 Annual General Meeting. The Supervisory Board holds a minimum of two ordinary meetings in each calendar year and, as required, also holds extraordinary meetings. The Supervisory Board has drawn up rules of procedure to which it is subject.

The Supervisory Board has formed an Executive Committee, comprising the chair of the Supervisory Board and two further members of the Supervisory Board. This organ also operates as the Nomination Committee. The committee meets several times a year as required. The Executive Committee performs the preparatory work for the nomination of the members of the Executive Board, including the terms of contracts of employment and remuneration. Additionally, the Executive Committee reviews the efficiency of the activities of the Supervisory Board at regular intervals. In the year under review, the Executive Committee had no conflicts of interest to address between members of the Executive Board or of the Supervisory Board.

Remuneration of the Executive Board and Supervisory Board

The remuneration report on page 48 f. provides details of the remuneration systems pertaining to the Executive Board and Supervisory Board.

Transparent, prompt communications

VTG AG promptly informs not only its shareholders but also analysts and the media about important business events and developments in the company. All key announcements, reports and presentations are published promptly on the VTG website www.vtg.de. All information of interest to investors is available in the Investor Relations section. In particular, this section contains the annual and quarterly reports, new (ad-hoc) announcements relating to operations and also the financial calendar. Shareholders and other visitors can also contact the relevant persons in Investor Relations or Public Relations directly via the website.

Share ownership of the Executive Board and Supervisory Board

In accordance with §15 a of the German Securities Trading Act, VTG AG is obliged to publish promptly all purchases and sales of shares by board members or by persons with whom they associate closely and to report this publication to the Federal Financial Supervisory Authority (BaFin). Accordingly, VTG publishes the announcements of these so-called directors' dealings on its website www.vtg.de. (These announcements can be found under Company – Investor Relations – Corporate Governance – Directors' Dealings). In the year under review, no such securities transactions subject to this requirement were announced. The total amount of shares held by all members of the Executive Board and Supervisory Board does not exceed 1 % of the shares issued by the company.

> Relevant Disclosures on Corporate Governance Practices: Compliance

Within the scope of their operations, the companies in the VTG Group come into contact with a large number of legal systems and rules. VTG views compliance with the laws in force as essential in underpinning the actions of the governing bodies, managers and employees of all companies in the Group. To ensure a consistent, optimal approach, a code of conduct has been drawn up for the entire Group which is intended to serve as a guide in dealing with ethical and legal challenges in everyday operations and also to provide orientation where situations of conflict arise. The code of conduct can be viewed on the website www.vtg.de (under Company – Group – Code of Conduct).

The compliance management system that is in place helps to ensure that the values set out in the code of conduct are firmly integrated into the entire Group at all levels. In the interest of all employees and that of the company, any compliance difficulties or incidences of non-compliance are investigated thoroughly and appropriate measures taken to eliminate the cause. The Executive Board and Supervisory Board are kept regularly informed about and up to date on compliance matters in the Group.

REPORT ON OPPORTUNITIES AND RISKS

> Internal monitoring and risk management system with a look at the Group's accounting process

Definitions of terms and elements of the internal monitoring and risk management system at the VTG Group
The VTG Group's internal control system encompasses all of the principles, processes and measures aimed at ensuring the profitability, reliability and accuracy of the accounting system and ensuring compliance with the relevant legal requirements in order to convey a true and accurate picture of the VTG Group's position. In the VTG Group, the internal monitoring system consists of its internal control system and its internal monitoring system.

Within the VTG Group, the monitoring system consists of both process-integrated and process-independent monitoring measures. In addition to monitoring processes manually (e.g., "dual-control or 'four-eyes' principle"), IT process controls are an essential part of the process-integrated steps. In addition, special committees (such as the Risk Committee) and specific Group functions are in charge of process-integrated monitoring. Moreover, Group guidelines and directives and accounting rules specify how the relevant requirements are to be applied within the VTG Group.

Because of the nature of the businesses in which it is engaged, the VTG Group is exposed to numerous risks that could have a negative impact on the company's performance. The objective is to detect such risks as quickly as possible and then to successfully control them. This is done by the risk management system – monitored by the VTG Group's Risk Committee – which identifies, analyzes, controls and monitors potential risks. The risk management system is constantly and systematically being enhanced and improved. This enables us to quickly implement measures to minimize or avoid any negative impact and, where appropriate, to reflect this in the accounting system. In this manner, VTG ensures that it is able to present a true and accurate picture of the company's situation. With potential risks, a distinction is drawn between market risks, financial risks, environmental and product risks and technological risks.

During the period under review, there were no discernible risks that endangered the company as a going concern or that could be expected to have any significant negative impact on the net assets, financial position or results of operations of VTG AG or the VTG Group.

The risk management system's functional reliability and adequacy are regularly tested by process-independent auditors.

The Supervisory Board, the Internal Audit department (Group Audit) and the Compliance Committee of VTG AG, as well as the Group auditors and other auditing bodies (e.g., tax auditors) carry out process-independent auditing activities and as such constitute a part of the VTG Group's internal monitoring system. In particular, the audit of the consolidated financial statements by the Group's auditors and/or the audit by their respective auditors of the separate Group company financial statements included in the consolidated financial statements constitute(s) the primary process-independent monitoring step performed with respect to the Group's accounting process.

Use of IT systems

The VTG Group's subsidiaries primarily use the centralized SAP accounting system to record accounting entries for their separate financial statements. For the preparation of the VTG Group's consolidated financial statements, the subsidiaries supplement their separate financial statements by entering additional information into standardized reporting packages and transferring these into a database-driven reporting tool. The reporting packages are audited by each subsidiary's local auditor.

The subsidiaries' reporting packages are imported into the SAP EC-CS consolidation system by the Group Accounting department. There, all of VTG AG's consolidation entries are made and documented. The Group auditor verifies that the data have been entered correctly and checks the individual consolidation steps.

Specific Group accounting-related risks

Specific Group accounting-related risks may arise if the Group enters into unusual or complex transactions, especially at the end of the financial year. Further, business transactions that are not routinely processed are exposed to a potential risk. The powers of discretion that have to be granted to employees for recognizing and valuing assets and liabilities may result in additional accounting-related risks. These risks are countered by working very closely, at an early stage, with the Group Controlling, Finance and Accounting departments and Group Auditing, as well as the auditors of the financial statements and, if necessary, additional auditors.

Main control and monitoring activities for ensuring the accuracy and reliability of the Group's accounting

The VTG Group's control and monitoring activities are designed to ensure the accuracy and reliability of the accounting records. An essential element here is the systematic separation of functions in the accounting-related processes, such as the administrative, fulfillment, invoicing and approval functions. Further, all available resources are used to carry out inventories according to customary standards. The same applies to the proper recognition, valuation and disclosure of assets and liabilities in the consolidated financial statements. The control and monitoring activities are also aimed at providing reliable, transparent and traceable information that is based on the accounting records.

Organizational efforts are directed at promptly and accurately recording company-wide or Group-wide restructuring measures or changes in specific divisions' business activities in the Group accounting system. The internal control system also ensures that changes in the VTG Group's economic or legal situation will be reflected and that new or amended legal requirements concerning Group accounting are applied.

At the Group level, specific monitoring activities designed to ensure the accuracy and reliability of Group accounting include analyzing and, if necessary, correcting the separate financial statements submitted by the individual Group companies. Automatic monitoring mechanisms have already been set up for this purpose in the reporting tools and/or the consolidation system.

> Discussion of major specific risks

The major specific risks to which the VTG Group is exposed by virtue of the business activities in which it is involved are discussed below:

Capacity utilization risk

The main exposure to the risk of a decline in capacity utilization is in the Wagon Hire division. Because of the fact that it has long-term contracts and a broad customer base of well-known companies extending across many different industries, VTG enjoys stable business even during economic downturns. Another reason for this stability is the fact that the wagons are mobile and are marketed both across different countries and different sectors, and thus can be deployed by customers flexibly. Moreover, VTG's wagons are integrated into customers' logistics chains in order to ensure efficient production workflows. As a result, they are much less susceptible to the business cycle. This aspect is also demonstrated by past capacity utilization figures, which have only fluctuated within a narrow range even in times of recession.

Default risk

The VTG Group and its companies have a well developed accounts receivable management system. However, even though the Group's customer base consists mainly of industrial clients with high credit ratings, there is still a risk associated with actual payment practice and capabilities. In order to counter the default risk, the company has been closely monitoring the economic situation of customers in the Wagon Hire division in light of the economic crisis and in some cases payment periods have been shortened. The two logistics divisions, which mostly advance funds to their customers for freight costs, are using all avenues to secure receivables, for example through bank guarantees and also increasingly through advance payment. Furthermore, recognized default risks relating to individual receivables are covered by appropriate specific reserves and general credit and collection risks by global write-downs based on experience. In addition, the Group has concluded credit risk insurance contracts.

Financial risks related to financial covenants

The VTG Group has entered into a series of loan agreements with various banks which contain contractual loan covenants. The main conditions specified in these financial covenants are that the Group must not exceed or fall below a certain defined cash flow to net debt ratio, a certain consolidated net financial liabilities to consolidated EBITDA ratio and a certain consolidated net financial liabilities to tangible fixed assets ratio. The covenants stipulate decreasing threshold values for some of these ratios over the term of the agreement, thereby reducing VTG's flexibility. Failure to comply with these covenants may have far-reaching consequences for VTG, including termination of specific loan agreements. For this reason, VTG is continuously monitoring the financial covenants in a pro-active manner and with the utmost diligence in order to ensure that it is in compliance at all times. It was in compliance with all covenants during the year under review.

Foreign-currency risk

The international business activities of the companies in the VTG Group expose them to exchange-rate fluctuations on the currency markets. The excess of trade receivables over trade payables in US dollars is at present causing a net loss to the companies in the VTG Group in this currency. In line with hedging policy, the planned cash flows are largely covered. In the course of the financial year, other anticipated surpluses of foreign currencies arising are hedged with individual forward currency contracts. Currency risks from planned operations will continue to be hedged in the future through forward transactions prior to receipt of payments.

General liability risks

The main type of risk affecting all divisions is liability claims, particularly those concerning culpable violation of maintenance obligations, serial loss with resulting loss of capacity and the steadily increasing requirements in terms of meeting environmental regulations and laws, particularly regarding the storage and transportation of hazardous materials, the recycling, treatment and disposal of waste and occupational safety.

The specific traffic, operational and environmental liability risks arising from operating activities are countered by the risk management system, which also includes the coverage of risks through insurance.

Liquidity risk

Liquidity planning is used to determine the cash requirements for the entire VTG Group; these requirements are primarily covered by operating cash flow, as well as by committed and as-yet-unused lines of credit.

Price-change risk

During difficult economic times, there is a greater risk of price changes, especially for the Wagon Hire division. In the past, the price trend has always been stable and so far, even during this difficult economic period, there are no indications that this has changed. In Wagon Hire, customers tend to react to declining demand for freight space by adapting freight volumes to the space required. The VTG Group believes that it can control this risk by closely monitoring the market.

Regulatory and technological risks

The VTG Group is deeply involved in the rail freight traffic sector, which is subject to numerous regulations (laws, ordinances, requirements, standards, etc.). This means that the VTG Group is obliged to react to changes in and/or new regulations imposed by legislators or the safety and/or supervisory agencies. Implementing these regulations may entail substantial investments and/or maintenance costs. In particular, the regulations may affect plants and the wagons and tank containers as a whole, or only components thereof.

For example, from a safety standpoint, a freight wagon's wheel sets are among the wagon's most sensitive components. The current public discussion regarding additional technical requirements for wheel sets to increase wagon safety may result in additional maintenance costs for the VTG Group that in part must be passed on to customers.

Although the government authorities have not specified binding regulations, VTG is continuously developing its maintenance management system for rail freight wagons in order to minimize technological risks. For example, in November 2009, VTG initiated a program to outfit the bulk of its wagon fleet with stronger axles over the next 8-10 years. Moreover, VTG is part of an international task force led by the European Railway Agency (ERA) that was set up to develop uniform standards for maintaining wheel sets.

The VTG Group intends in the future to continue to build upon its already strong safety record in operating rail freight cars.

Interest-rate risk

The VTG Group's interest-rate risk exposure arises exclusively from the sensitivity of payments with regard to variable interest-bearing financial liabilities to banks as a consequence of a change in the market interest-rate. To protect against and minimize fluctuations in cash flow, a substantial proportion of the Group's liabilities to banks is protected against interest-rate increases by interest-rate hedges and fixed-interest agreements with established banks running until 2015.

> Future business opportunities and risks

The VTG Group believes that it is well positioned to weather the current economic situation. However, if the improved economic mood should turn out to be unsustainable, this could cause trouble for the VTG Group's customers and lead to a sharp decline in demand for VTG's wagons and services. In such a case, the VTG Group would be compelled to introduce targeted cost-cutting measures in order to stabilize the earnings situation.

The VTG Group has policies to limit expenses, such as the efficient management of the tank container fleet, strict control over personnel and material costs and continuous process optimization. Further, it has developed additional preventative measures that can be implemented if the need arises.

With regard to liquidity, the VTG Group's consistently strong cash flow, long-term financing and credit lines ensure that adequate funds are and will continue to be available across the entire VTG Group.

The VTG Group also expects energy prices to increase over the long term. This could benefit VTG since rail freight traffic is considered an energy-saving, environmentally friendly mode of transport.

Wagon Hire

Wagon Hire is the most profitable division in the VTG Group. The economic trend improved in 2009. If this trend proves to be sustainable, then it is reasonable to assume that VTG will benefit as a result, thanks to its diversified fleet. If the trend is not sustainable, this could have a negative impact on the capacity utilization of the wagon fleet and, consequently, on rental income. With its tightly-integrated, transport-based infrastructural components, the VTG Group has a robust business model in Wagon Hire, particularly due to its broad customer base and long contract periods. As a result, there is usually a delay before the effects of economic disturbances are felt by the Group and when they are, they are generally somewhat attenuated.

By continually monitoring the market, the Wagon Hire division is able to detect new opportunities in existing and new regions. Furthermore, expanding the business by offering new wagon models, modernizing the wagon fleet and deploying standard wagons in Eastern and Southern Europe also offers strong opportunities for growth.

VTG sees opportunities for expanding its already existing business and generating additional growth in the North American wagon hire market - the world's biggest. Particularly in times of crisis, there can be opportunities to make additional acquisitions and so expand the wagon fleet. In this regard, VTG's particular focus is on entry-level prices that yield the expected returns and on long-term hire contracts for the wagons acquired. Due to the currently small size of the fleet and the existing portfolio of contracts, the risk to the operations of the VTG Group in North America is deemed to be low.

Further, VTG's subsidiary in Russia will give it the opportunity to enter the rail freight traffic market in the Commonwealth of Independent States. To prepare for this, the Group is carefully monitoring and evaluating the market conditions there. The requirement for wagon replacements in this market and the demand for freight space are high due to the rising production trend. This means that there could be good potential for developing VTG's operations in this region.

Its acquisition of the wagon manufacturer Graaff has helped VTG to add important production capacity for the construction of special freight cars and valuable expertise for wagon construction and development.

The public discussion about wheel sets and the licensing authorities' policies in this regard may prevent the rail freight traffic segment from running smoothly, thereby affecting the attractiveness of this mode of transport.

Continuing deregulation of rail freight traffic in member states of the European Union is leading to increasing competition among the individual railway companies and enabling new companies to enter the market. However, this desired effect could be delayed as a result of the international economic crisis, since so far the incentives to enter the market are lacking. The rules, regulations and standards put forward to date are not yet fully developed. In some cases, they even create obstacles to rail freight traffic. To some extent, the drastically needed overhaul work has already begun. Nevertheless, it is clear that the transition phase from the old world of state-owned railways to a deregulated railway market will take longer than originally expected.

Based on the worldwide economic recovery in 2009, fleet capacity utilization should continue to stabilize in 2010 and, based on this, the trend should also be positive in 2011, so we expect positive results for Wagon Hire in both 2010 and 2011.

Rail Logistics

In 2009, this division systematically expanded its product line by adding new product segments; this product-line diversification increased its flexibility/independence. Further, Rail Logistics acquired new customers and simultaneously renewed major customer contracts in the core markets for several more years, laying the foundation for the development of its business. On the one hand, it can now expand this business; on the other hand, it can offset declines in its core markets of petroleum and chemical products and liquefied gas by transporting new products or by adding new customers.

During the year under review, Rail Logistics took over the business of a rail forwarding company, thereby expanding its customer base. As the recovery in commodity trading continues, this could lead to additional revenue. Meanwhile, one of the companies in this division now has the ability to act as a rail operator, which gives it the opportunity to offer more services to its customers and, consequently, to generate additional orders.

Moreover, there could be further opportunities for growth from the Sales department’s focus on cross-border all-in operations, whereby the customer outsources all its own logistics activities to VTG. This division’s well integrated network of European sites could have a positive impact on the quality of cross-border transport concepts.

A cooperative arrangement set up in 2009 with a rail forwarder in Turkey opens up new opportunities for sales in the Southeastern Europe rail corridor. The legally mandated ethanol-gasoline blend is causing higher demand for transport which could benefit VTG’s Rail Logistics division. The resulting requirements planning by oil companies offers both opportunities and risks.

Customers from every industry are placing particularly high-volume transportation tender offers in order to take advantage of railway companies’ current overcapacity and to put pressure on prices. The incipient consolidation of the rail companies may be risky for the division if existing haulage partners disappear completely or no longer offer services.

Assuming that the economic recovery turns out to be sustainable and there is no further negative impact on the main industries in which the Rail Logistics division's customers operate, Rail Logistics should see moderate growth for each of the next two financial years.

Tank Container Logistics

In the logistics sector, the projected economic trends are different for each of the different regions. For example, confidence is rather restrained in the industrialized countries of Western Europe, while on the whole the mood in Asia is better. This makes it difficult to provide a reliable forecast for the logistics segment.

Early on, the Tank Container Logistics division positioned itself in the Asian market with its joint venture in China. This strategic orientation gives the division the opportunity to benefit, on the one hand, from the increasing flow of exports from and imports into the Chinese market and, on the other hand, to profit from the growing demand within China for logistical services for domestic trade.

In addition, Tank Container Logistics is well positioned to take advantage of the potential opportunities in the growth markets in Eastern and Southeastern Europe.

The strongly service-oriented approach and customized handling of transport needs offer additional opportunities for increasing customer loyalty and attracting new customers.

Due to the international nature of its activities, Tank Container Logistics processes a large proportion of its transactions in U.S. dollars. Therefore, it is possible that exchange-rate fluctuations could have a negative impact on earnings. Forward exchange transactions are used to hedge this risk.

Assuming there is no long-term negative impact on major customer industries (especially the chemical industry), we expect Tank Container Logistics volumes and, therefore, revenue to increase in 2010 and 2011.

MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

There were no events of special significance after the end of the financial year.

OUTLOOK

Global economic situation expected to recover slightly in 2010

At the end of 2008 and the beginning of 2009, the global economy experienced the severest downturn in the post-war period. Worldwide industrial production and, in turn, international trade declined sharply. The collapse of the global financial system was averted only through support for the banking sector, massive economic stimulus programs and monetary and fiscal policy measures. By mid-year, the global economy began to stabilize and it appears that we are now beyond the low-point of the recession. Still, experts believe that the recovery of the global economy will be slow. The Kiel Institute for the World Economy (Institut für Weltwirtschaft/IfW) expects the global economy to continue recovering from the recession over the next two years. It forecasts a mere 0.8 % increase in GDP in Europe in 2010, with slightly higher GDP growth of 1.2 % in Germany. However, the experts expect stronger GDP growth in the emerging economies of Asia, since production increases resumed much sooner in those countries.

Consequently, we are cautiously optimistic about the growth prospects for VTG's main industries in 2010. Following an extraordinarily difficult year in 2009, the chemical industry expects a moderate recovery in 2010 but will not yet return to the levels seen before the crisis. According to the German Association of the Automotive Industry (Verband der Automobilindustrie/VDA), taken together, the global automotive market should see a recovery. However, the number of new vehicle registrations is likely to drop in some countries due to the elimination of government incentive programs.

VTG expects stable business trend in 2010

Overall, current economic projections point to a slight recovery in the economic situation with moderate growth. A crucial factor will be just how sustainable, stable and resistant to setbacks the recovery will turn out to be. Based on current information, the VTG Group assumes that its three divisions – Wagon Hire, Rail Logistics and Tank Container Logistics – will perform well in 2010, even in light of the challenging market situation.

In Wagon Hire, fleet capacity utilization declined slightly in 2009, but this trend slowed markedly in the second half of the year. From today's perspective, we can assume that capacity utilization will increase moderately over the course of 2010, meaning that by the end of 2010 the wagon fleet utilization rate will once again exceed the level at the end of 2009. We expect the business trend to improve slightly in both of the logistics divisions.

The VTG Group's financing is on solid footing and is supported by a broadly based consortium of banks. Financing is secured through 2015, so no refinancing will be necessary in the near term. Further, for the bulk of the bank borrowings, interest-rates are fixed through 2015 through interest-rate hedges and fixed-rate agreements. As of December 31, 2009, cash and cash equivalents totaling € 42.6 million and the relatively stable cash flow are available to cover funding obligations.

From today's perspective, and assuming moderate economic growth, VTG AG's Executive Board expects the VTG Group's 2010 revenue and EBITDA to be at the same levels as those posted in 2009. This estimate is based on current economic forecasts and assumes that there will be no further downturns in the industries that matter to VTG. VTG's Executive Board also expects the VTG Group to achieve positive results in 2011. In addition, VTG's Executive Board will strive to continue VTG AG's steady dividend policy.

Consolidated financial statements of VTG Aktiengesellschaft

CONSOLIDATED FINANCIAL STATEMENTS of VTG Aktiengesellschaft as of 31st December 2009

CONSOLIDATED INCOME STATEMENT

for the period from January 1 to December 31 2009

€ '000	Notes	**1.1. to 31.12.2009**	1.1. to 31.12.2008
Revenue	(1)	581,484	608,653
Changes in inventories	(2)	1,003	2,809
Other operating income	(3)	17,888	19,937
Total revenue and income		**600,375**	**631,399**
Cost of materials	(4)	293,869	310,806
Personnel expenses	(5)	60,431	55,555
Impairment, amortization and depreciation	(6)	82,297	80,674
Other operating expenses	(7)	98,193	113,512
Total expenses		**534,790**	**560,547**
Income from associates		**1,471**	**1,730**
Financing income		1,079	6,304
Financing expenses		–32,768	–35,775
Financial loss (net)	(8)	**–31,689**	**–29,471**
Profit before taxes on income		**35,367**	**43,111**
Taxes on income	(9)	12,820	15,183
Group net profit		**22,547**	**27,928**
Thereof relating to			
Shareholders of VTG Aktiengesellschaft		21,574	27,005
Other shareholders (minorities)		973	923
		22,547	**27,928**
Earnings per share (in €)			
(undiluted and diluted)	(10)	**1.01**	**1.26**

The explanatory notes on pages 71 to 138 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

in accordance with IFRS

ASSETS

€ '000	Notes	31.12.2009	31.12.2008*
Goodwill	(11)	158,103	158,146
Other intangible assets	(12)	61,245	63,678
Tangible fixed assets	(13)	857,279	810,187
Investments in associates	(14)	17,102	16,857
Other financial assets	(15)	7,153	7,617
Fixed assets		**1,100,882**	**1,056,485**
Other receivables and assets	(18)	1,661	1,571
Deferred income tax assets	(19)	22,384	23,114
Non-current receivables		**24,045**	**24,685**
Non-current assets		**1,124,927**	**1,081,170**
Inventories	(16)	**20,866**	**22,751**
Trade receivables	(17)	64,347	73,441
Other receivables and assets	(18)	22,485	31,658
Current income tax assets	(19)	1,970	3,211
Current receivables		**88,802**	**108,310**
Cash and cash equivalents	(20)	**42,595**	**28,256**
Current assets		**152,263**	**159,317**
		1,277,190	**1,240,487**

* The figures for the comparable period have been adjusted.

The explanatory notes on pages 71 to 138 form an integral part of these consolidated financial statements.

SHAREHOLDERS' EQUITY AND LIABILITIES

€ '000	Notes	31.12.2009	31.12.2008 *
Subscribed capital	(21)	21,389	21,389
Additional paid-in capital	(22)	193,993	193,993
Statutory reserves	(23)	94,744	83,641
Revaluation reserves	(24)	–16,043	–13,282
Equity attributable to shareholders of VTG Aktiengesellschaft		**294,083**	**285,741**
Minority interests		**2,666**	**2,676**
Equity		**296,749**	**288,417**
Provisions for pensions and similar obligations	(25)	43,755	40,643
Deferred income tax liabilities	(26)	137,959	141,905
Other provisions	(27)	18,848	17,567
Non-current provisions		**200,562**	**200,115**
Financial liabilities	(28)	524,410	499,026
Other liabilities	(28)	1,779	2,660
Non-current liabilities		**526,189**	**501,686**
Non-current debts		**726,751**	**701,801**
Provisions for pensions and similar obligations	(25)	4,068	3,461
Current income tax accruals	(26)	25,295	22,086
Other provisions	(27)	48,038	50,771
Current provisions		**77,401**	**76,318**
Financial liabilities	(28)	30,885	28,885
Trade payables	(28)	106,171	109,574
Other liabilities	(28)	39,233	35,492
Current liabilities		**176,289**	**173,951**
Current debts		**253,690**	**250,269**
		1,277,190	**1,240,487**

* The figures for the comparable period have been adjusted.

The explanatory notes on pages 71 to 138 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

in accordance with IFRS

€ '000	Notes	1.1. to 31.12.2009	1.1. to 31.12.2008
Operating activities			
Group profit		22,547	27,928
Impairment, amortization and depreciation		82,479	80,814
Interest income		−1,079	−3,114
Interest expenses		32,586	35,635
Income tax expenses		12,820	15,183
SUBTOTAL		**149,353**	**156,446**
Other non-cash expenses and income		−773	−1,334
Dividends received from at-equity investments		1,225	1,434
Income taxes paid		−8,072	−8,487
Income taxes received		1,065	1,613
Profit/loss on disposals of fixed asset items		−2,252	−8,266
Changes in:			
inventories		1,885	−4,546
trade receivables		9,094	−1,834
trade payables		−3,403	8,107
other assets and liabilities		−3,355	6,429
Cash flows from operating activities		**144,767**	**149,562**
Investing activities			
Payments for investments in intangible and tangible fixed assets		−122,019	−156,127
Proceeds from disposal of intangible and tangible fixed assets		5,786	6,195
Payments for investments in financial assets and company acquisitions (less cash and cash equivalents received)		−5,878	−16,844
Proceeds from disposal of financial assets (less cash and cash equivalents rendered)		0	3,617
Changes in financial receivables		−31	2,518
Receipts from interest		595	2,170
Cash flows used in investing activities		**−121,547**	**−158,471**
Financing activities			
Payment of dividends by VTG Aktiengesellschaft		−6,417	0
Payments to other minorities		−1,021	−605
Receipts from the taking up of (financial) loans		55,000	51,364
Repayments of bank loans and other financial liabilities		−28,097	−29,195
Interest payments		−28,468	−31,850
Cash flow used in financing activities		**−9,003**	**−10,286**
Change in cash and cash equivalents		**14,217**	**−19,195**
Effect of changes in exchange rates		122	−672
Effect of changes in consolidation		0	92
Balance at beginning of period	(20)	28,256	48,031
Balance of cash and cash equivalents at end of period	**(20)**	**42,595**	**28,256**
of which freely available funds		**40,845**	**26,506**

A discussion of the cash flow statement may be found under "Other disclosures".

The explanatory notes on pages 71 to 138 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in accordance with IFRS

€ '000	Subscribed capital	Additional paid-in capital	Statutory reserves*	(thereof differences from currency translation)	Revaluation reserve*	Retained earnings of VTG Aktiengesellschaft (VTG AG)	Minority interest	Total
Notes	(21)	(22)	(23)		(24)			
As of 31.12.2007	**21,389**	**193,991**	**56,181**	**(−5,542)**	**4,856**	**276,417**	**2,310**	**278,727**
Changes to scope of consolidation			−463			−463		−463
Group net profit for the year			27,005			27,005	923	27,928
Dividend distribution						0	−514	−514
Hedge accounting and revaluation of financial instruments					−18,138	−18,138		−18,138
Actuarial gains and losses from pension provisions			851			851	13	864
Currency translation			154	(154)		154		154
Miscellaneous changes		2	−87			−85	−56	−141
Total changes	**0**	**2**	**27,460**	**(154)**	**−18,138**	**9,324**	**366**	**9,690**
As of 31.12.2008	**21,389**	**193,993**	**83,641**	**(−5,388)**	**−13,282**	**285,741**	**2,676**	**288,417**
Group net profit for the year			21,574			21,574	973	22,547
Dividend payment by VTG Aktiengesellschaft			−6,417			−6,417		−6,417
Dividend distribution						0	−930	−930
Hedge accounting and revaluation of financial instruments					−4,567	−4,567		−4,567
Actuarial gains and losses from pension provisions			−2,613			−2,613	−10	−2,623
Currency translation			388	(388)		388		388
Miscellaneous changes			−1,829		1,806	−23	−43	−66
Total changes	**0**	**0**	**11,103**	**(388)**	**−2,761**	**8,342**	**−10**	**8,332**
As of 31.12.2009	**21,389**	**193,993**	**94,744**	**(−5,000)**	**−16,043**	**294,083**	**2,666**	**296,749**

* The figures for the comparable period have been adjusted.

Explanations of shareholders' equity are given under Notes (21) to (24).

The explanatory notes on pages 71 to 138 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in accordance with IFRS

€ '000	1.1. to 31.12.2009	1.1. to 31.12.2008
Group net profit	22,547	27,928
Currency translation	388	154
Hedge accounting and revaluation of financial instruments	–4,567	–18,138
Actuarial gains and losses from pension provisions	–2,623	864
Other measurement changes not impacting profit	–21	–606
Total income and expenses for the year recognized in the financial statements (before deferred taxes)	**15,724**	**10,202**
Direct taxes relating to income and expenses recognized directly in equity	3,540	8,511
Comprehensive income	**19,264**	**18,713**
Thereof relating to		
Shareholders of VTG Aktiengesellschaft	18,296	17,839
Other shareholders (minorities)	968	874
	19,264	**18,713**
Earnings per share (in €) (undiluted and diluted)	**0.86**	**0.83**

€ '000	1.1. to 31.12.2009	1.1. to 31.12.2008
Deferred taxes from the change in the market valuation of cash flow hedges and the revaluation of financial instruments	2,250	8,934
Deferred taxes from the change in actuarial measurement differences	1,283	–432
Deferred taxes from the change in other measurement differences	7	9
Total	**3,540**	**8,511**

Explanations of shareholders' equity are given under Notes (21) to (24).

The explanatory notes on pages 71 to 138 form an integral part of these consolidated financial statements.

Explanations of the accounting principles and methods used in the consolidated financial statements

1. General information

VTG Aktiengesellschaft (VTG AG), registered in Hamburg, Nagelsweg 34, is the parent company of the VTG Group. The company is registered in the commercial register of the local court of Hamburg (HRB 98591). VTG AG and its subsidiaries operate in the business divisions of Wagon Hire, Rail Logistics and Tank Container Logistics.

The financial year of VTG AG and its consolidated subsidiaries corresponds to the calendar year.

VTG AG prepares its consolidated financial statements in accordance with IFRS pursuant to § 315 a (1) of the German Commercial Code. The consolidated financial statements and group management report are published in the electronic Federal Gazette.

The consolidated financial statements comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity, the consolidated statement of comprehensive income and the notes to the consolidated financial statements.

For better presentation, all amounts are given in thousands or millions of euros (€ ’000 or € million).

These consolidated financial statements were approved for publication by the Executive Board of VTG AG on March 8, 2010.

2. Principles of accounting

The consolidated financial statements of VTG AG were prepared in accordance with the International Financial Reporting Standards (IFRS) effective at the balance sheet date and as applicable in the EU and in accordance with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The provisions of § 315 a (1) of the German Commercial Code were also observed.

The consolidated financial statements were prepared in accordance with the historical cost convention, with the exception of the financial assets available for sale and financial assets and financial liabilities (including derivative financial instruments) carried at fair value through profit or loss.

Principles of consolidation
The consolidated financial statements include all entities over which VTG AG can exercise control by determining their financial and business policy such that the companies of the VTG Group benefit from the activity of these entities (subsidiaries). These entities are included in the consolidated financial statements from the date on which the VTG Group gains such potential for control. If this potential for control ceases, the companies in question withdraw from the group of consolidated companies.

All consolidated subsidiaries are included with their individual audited financial statements prepared for use in the consolidated financial statements of VTG AG. These were prepared using uniform accounting, measurement and consolidation methods.

Subsidiaries not included in the consolidated financial statements are insignificant for the presentation of the net assets, financial position and results of operations due to dormant operations or a low level of operations. Non-consolidated companies are generally recognized in the consolidated balance sheet at acquisition cost.

Investments in companies where the VTG Group is able to exercise significant influence over business policy (associates) are accounted for at equity. Entities with an ownership percentage of between 20 % and 50 % are, as a general rule, accounted for at equity. The first and last date of at-equity accounting is determined in line with the principles that apply for subsidiaries. The most recent financial statements of these entities serve as the basis for consolidation under the equity method. As of December 31, 2009, two companies are accounted for under the at-equity method. The complete list of equity investments is presented on pages 136 to 137.

Equity consolidation is performed by eliminating the carrying amount of the parent's investment in each subsidiary which is measured at fair value at the time of acquisition or on formation of the subsidiary (acquisition method). Goodwill is amortized exclusively in accordance with the impairment-only approach, under which it is subject to an annual impairment test and is subsequently measured at its original acquisition cost less any accumulated impairment losses.

Intra-group receivables and payables and provisions between the consolidated companies are eliminated.

Intra-group revenue and other intra-group income, as well as the corresponding expenses, are eliminated. Interim profits resulting from intra-group transactions are eliminated in full, including their impact on deferred taxes, except for insignificant transactions. Intra-group transactions are normally arm's-length transactions.

Currency translation
The items included in the financial statements of any Group company are measured in the currency which represents the currency of the primary economic environment in which the company operates (functional currency). The consolidated financial statements are prepared in euros, which represent the functional and reporting currency of VTG AG.

The annual financial statements of the foreign subsidiaries with a functional currency other than the euro are translated into euros as follows:

- Assets and liabilities are translated at the middle rate as of the balance sheet date.
- The items in the income statement are translated at the average rate for the year (unless use of the average rate does not lead to reasonable proximity to the accumulated effects which would have resulted from translation at the rates valid at the time of the transactions; in these cases the income and expenses are translated at their transaction rates).

All differences from the translation of single-entity financial statements of foreign subsidiaries and foreign companies recognized at equity are treated without effect on income and shown separately within equity as differences arising from currency translation. In the year of the de-consolidation of foreign subsidiaries, the currency differences are released to income.

For the translation into euros of financial statements of foreign companies recognized at equity, the same principles are used as for consolidated companies.

Foreign currency transactions are translated into the functional currency at the exchange rates at the time of the transaction. Gains and losses which result from the fulfillment of such transactions, as well as from the translation of monetary assets and liabilities maintained at the closing date, are recorded in the income statement, unless they are to be accounted for in equity as cash flow hedges.

The following exchange rates have been used for currency translation:

	Rate at the balance sheet date		Average rate	
1 Euro ≙	**31.12.2009**	31.12.2008	**2009**	2008
British Pound	0.8932	0.9600	0.8913	0.7958
Chinese Yuan Renminbi	9.7660	9.6090	9.5192	10.2273
Swiss Franc	1.4886	1.4860	1.5102	1.5883
US Dollar	1.4303	1.3977	1.3935	1.4716

There were no transactions performed in or with high-inflation countries during the financial year.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services within ordinary activities. Furthermore, revenue includes the currency differences from foreign currency transactions which have arisen from normal trading. Revenue is recorded without value added tax, discounts or price reductions and after the elimination of intra-group sales.

Revenue from services is not realized until the service has been fully rendered. There is no recognition in accordance with stage of completion due to the nature of the business. Income from the sale of goods is recognized if these have been delivered and the risk has been transferred.

Changes in inventories

Changes in inventories arise from the difference in the balance sheet measurements of the work in progress and finished goods valued at manufacturing cost at the start and end of the period under review.

Interest and investment income

Dividends are recorded as income when the claim is legally effective. Interest expenses and interest income are recognized proportionally, applying the effective interest method. Expenses and income from compensation for use are allocated to periods and recorded according to the economic substance of the relevant agreements.

Balance sheet structure

Assets and liabilities are shown in the balance sheet as non-current assets where the residual term is more than a year. Residual terms of less than a year are thus shown as current assets and liabilities. Liabilities are generally deemed non-current as long as there is no unqualified right to avoid performance in the next year. Deferred tax assets and liabilities are generally shown as non-current assets and liabilities. Conversely, current income tax assets and liabilities are shown as current assets and liabilities. If the assets and liabilities have non-current and current components, these are shown in accordance with the balance street structure as current/non-current assets and liabilities.

Unplanned impairment losses

Assets that have an indefinite useful life are not subject to scheduled depreciation or amortization. They are subject to an annual impairment test. Assets that are subject to scheduled amortization or depreciation are subject to an impairment test when relevant events or changes in circumstances indicate that the carrying value may no longer be recoverable. An impairment loss is recorded in the amount of the difference between the carrying value and recoverable amount. The recoverable amount is the higher of the fair value less selling expenses and the value in use. For the impairment test, assets are combined at the lowest level for which cash flows can be identified separately (cash-generating units). The cash-generating units are set out under Note (11), Goodwill. If the reasons for unplanned impairment losses accounted for in previous years cease to apply, corresponding impairment reversals are made. So far, the VTG Group has not needed to recognize any unplanned impairment losses and/or impairment reversals.

Goodwill

Goodwill is the amount by which the acquisition costs of the enterprise exceed the fair value of the shares held by the Group in the net assets of the acquired enterprise at the time of acquisition. Goodwill arising on acquisition of an enterprise is classified under intangible assets. Capitalized goodwill is not subject to scheduled amortization, but is instead subject to an impairment test at least once a year on the basis of the cash-generating unit to which it is allocated.

The VTG Group checks the following as part of the impairment test: A test is carried out to determine whether the present value of the projected cash flows from operations (so-called values in use) exceeds the carrying values of the units tested, including the goodwill allocated to the units.

Segmental goodwill is tested for impairment regularly as part of the annual budgeting process. The calculations are based on forecast cash flows that are derived from the long-term forecast approved by management. These include the detailed planning for the next few years and the subsequent terminal value.

Overall, the management is expecting moderate growth. The capitalization interest-rate plus a growth surplus of 1.0 % per year has been applied for the subsequent period. The calculation of cash flows is based on the empirical values from past financial years and takes account of future developments. In order to determine useful lives, risk-oriented interest-rates appropriate to the market were applied. Now that we have a sufficiently long trading record, we were able to apply an individual VTG-specific beta for the first time in 2009. The pre-tax interest-rates are between 6 % and 7.5 %, while for the previous year they were between 8% and 9%. Had this likewise been applied in 2008, this would have had no effect on balance sheet accounting

Other intangible assets
Other intangible assets comprise brand values and customer relationships as well as purchased intangible assets.

Brand values are not amortized; rather they are subject to an annual impairment test in which the book value of the brands is compared with the fair value. The fair values are determined in accordance with the relief from royalty method, whereby notional brand license payments are discounted with a market-specific capital cost rate and a tax amortization benefit is also added. The notional brand license payments are based mainly on the brand-specific revenue forecast within the detailed budgets for the next few years and the subsequent terminal value. The assumptions made about revenue growth are in line with those made in connection with the goodwill impairment test.

Customer relationships are initially recognized at fair value measured on the basis of residual profit and are amortized normally in the subsequent periods over 16 years.

Other intangible assets with finite useful lives acquired against payment are generally stated at acquisition cost and for the most part amortized on a straight-line basis over three years.

There are no internally generated intangible assets.

Tangible fixed assets
Tangible fixed assets are generally measured at acquisition or manufacturing cost less scheduled depreciation to reflect use and, in individual cases, unplanned impairment losses.

Acquisition costs comprise all consideration given to purchase an asset and to bring it to an operational state. Manufacturing costs are determined on the basis of direct costs as well as directly allocable overheads and depreciation. Finance costs for the purchase or manufacture of qualified assets are capitalized.

Interim profits arising from intra-group delivery of goods and services are eliminated with a corresponding effect on profit after taking deferred taxes into account.

Within purchase price allocations, parts of the tangible fixed assets are revalued on the basis of replacement cost and recognized at fair value.

Assets with a limited useful life are depreciated on a straight-line basis. This is based on a recoverable residual value that takes regional differences into account. Compound items are created for low-value assets (acquisition cost between € 500 and € 1,000) which are depreciated over five years.

Tangible fixed assets are subject to scheduled depreciation over their expected useful lives, as follows:

Tangible fixed assets	Useful life
Buildings	up to 50 years
Technical plant and machinery	up to 15 years
Containers	up to 12 years
Rail freight cars *	
Compressed gas tank wagons	up to 35 years
Petroleum and open freight cars, etc.	up to 30 years
Chemical wagons	up to 28 years
Operating and office equipment	up to 13 years

* Some wagon types in the U.S. have longer useful lives than those stated above.

Costs for maintenance and repair of items within tangible fixed assets are recorded as expenses. Expenses for renewal and maintenance are capitalized as subsequent manufacturing costs if they result in a substantial extension of the useful life, a significant improvement or a meaningful change in the use of the fixed asset. The costs of overhauling rail freight cars are capitalized as a separate component and depreciated over the term of the overhaul intervals. The term of the overhaul intervals is four to six years.

Lease agreements
Leased assets for which the entities of the VTG Group bear all significant risks and rewards (finance leases) are capitalized in accordance with IAS 17. These assets are capitalized at the fair value of the asset or the present value of the minimum lease payments, whichever is lower. Depreciation is recorded normally over the economic life or, if shorter, the term of the lease, using the depreciation method that applies for comparable purchased or manufactured fixed asset items. The payment obligations that arise for future lease installments are recorded as liabilities, disregarding the interest component. The interest portion of the lease installment is recorded as an expense in the consolidated income statement.

In the case of operating leases, the lease/hire payments are recorded directly as an expense in the income statement.

Financial instruments
IAS 32 defines a financial instrument as a contractually agreed right or obligation which gives rise to the inflow or outflow of financial assets or the issue of equity rights. Financial instruments include primary financial instruments such as trade receivables and payables, financial receivables and liabilities and derivative financial instruments, which are used to hedge against interest-rate and currency risks. Financial instruments are entered in the balance sheet where an obligation has been undertaken (trading date) to buy or sell an asset.

Primary financial instruments

When assets from primary financial instruments are acquired, they are subdivided into different categories. This classification influences whether the assets are recognized as non-current or current assets and therefore determines whether measurement is at amortized cost or fair value. Financial assets are derecognized where the rights to payments from the financial asset have expired or the Group has essentially transferred all risks and opportunities associated with the asset. At each balance sheet date, a review is undertaken as to whether there are any objective indications in respect of impairment of a financial asset or of a group of financial assets.

a. **Financial assets measured at fair value through profit or loss**
With the exception of derivative financial instruments, there are no assets in the VTG Group that come under this category.

b. **Loans and receivables**
Loans and receivables comprise fixed, definable payments and are not quoted on an active market. They arise where the Group provides money or services directly to a debtor without the intention of trading with this receivable. They qualify as current assets as long as they are not due twelve months or more after the balance sheet date. All other loans and receivables are shown as non-current assets. Loans and receivables are included in the balance sheet under other financial assets (loans), trade receivables and other receivables and assets. Loans and receivables are recognized at fair value less transaction costs when incurred and recognized in the balance sheet at amortized cost. With these items, account is taken of all identifiable specific risks and the general risk of default based on experience using appropriate provisions.

c. **Financial assets held to maturity**
There are no assets in the VTG Group that come under this category.

d. **Financial assets available for sale**
The item "Financial assets available for sale" contains either assets that were directly classified under this category or assets that did not fit under one of the other three given categories. The financial assets presented in the VTG Group are mainly investments in affiliated companies, which have not been consolidated because of their minor importance, and investments. They are classified as non-current assets, provided that management does not intend to sell them within twelve months of the balance sheet date. Financial assets held for sale are initially recognized at their fair value plus transaction costs (acquisition costs) and are recognized on subsequent balance sheet dates at their fair values to the extent that their market value can be determined reliably. In this case, the unrealized gains and losses arising from the change in the fair value are recognized in the revaluation reserve after accounting for tax effects. The shareholdings and investments are not traded and there are no market prices traded on an active market. These shares and other investments are recognized at amortized cost since it is not possible to determine their fair values reliably.

Liabilities for primary financial instruments can be measured either at amortized cost or at fair value through profit or loss. As a rule, the VTG Group measures financial liabilities at amortized cost. Financial liabilities are stated at their fair value on initial recognition, net of transaction costs. In subsequent periods they are measured at amortized acquisition costs. Any difference between the disbursement amount (after transaction costs) and repayment amount is charged to income over the term of the borrowing, applying the effective-interest method. Loan liabilities are classified as current if the Group does not have an unconditional right to repay the liability at a time later than twelve months after the balance sheet date. In the balance sheet, current account overdrafts are shown as current financial liabilities.

Foreign currency receivables and payables are recognized at the exchange rate applicable on the balance sheet date. Exchange differences arising from translation of foreign currency receivables are included in revenue as long as they are generated by normal operating activities. The exchange differences from foreign currency liabilities are shown in cost of materials. Exchange differences arising from other matters are included in other operating expenses and income.

Derivative financial instruments

Derivative financial instruments are recognized initially at their fair values, which are allocated on the day the contract is concluded. Subsequent valuation is also at the relevant fair value at each balance sheet date. To the extent that the derivative financial instruments are not part of a hedging relationship (hedge accounting), these have to be classified as held for trading in accordance with IAS 39. The method for recording profits and losses depends on whether the derivative financial instrument was classified as a hedging instrument and, if so, depends on the nature of the hedged item. The Group classifies derivative financial instruments either as hedges of the fair value of assets or liabilities (fair value hedge) or as hedges against the risks of fluctuating cash flows from future transactions with a high probability of occurring (cash flow hedge).

Derivative financial instruments are only concluded by the Group's head office within the framework of the valid guidelines and provisions. If a company independently concludes derivative financial instruments within the valid guidelines and provisions, this is done only with the prior approval of the Group's head office.

On concluding a transaction, the Group documents the hedging relationship between the hedging instrument and the underlying transaction, the objective of risk management and the underlying strategy when entering into hedging transactions. The effectiveness of the hedging relationship is reviewed at the beginning and on each balance sheet date.

The full fair value of the derivative financial instrument designated as a hedging instrument is presented as a non-current asset or non-current liability to the extent that the residual term of the underlying transaction covered by the hedge is longer than 12 months after the balance sheet date or as a current asset or current liability if the residual term is shorter. Derivative financial instruments held for trading purposes are shown as current assets or liabilities. The fair values of (derivative) financial instruments that are not traded in an active market are determined by applying risk-adjusted valuation models. The Group uses varying valuation models and makes assumptions on the basis of the market circumstances at the balance sheet date.

The effective portion of market value changes of derivative financial instruments which are deemed cash flow hedges is recorded, after accounting for deferred taxes, in the other equity items, without affecting income. The non-effective portion is recorded to the income statement. The amounts recorded to equity are reclassified to the income statement in the financial years in which the underlying transaction affects the income statement.

Derivative financial instruments are used within the framework of interest-rate and currency hedging agreements.

Inventories
Raw materials, supplies and consumables are valued at acquisition cost. The costs of work in progress comprise the costs for raw materials, supplies and consumables, direct personnel expenses, other direct costs and overheads attributable to production. For qualified assets, borrowing costs are included in the manufacturing costs. Inventories are recognized at the lower of acquisition/manufacturing costs and net realizable value. The net realizable value is defined as the estimated ordinary selling price less necessary variable selling expenses. Similar items of inventory are measured applying the average-cost method.

Provisions for pensions and similar commitments
Under IAS 19, provisions for pensions and similar commitments are recognized using the projected unit credit method, taking into account expected future increases in salaries and pensions. Actuarial gains and losses are offset directly against equity. The relevant interest portion of the pension obligations is shown under interest expenses.

Deferred taxes
Deferred taxes are recognized for all temporary differences between the tax basis of the assets and liabilities and their carrying values under the applicable IFRS. However if, as part of a transaction which does not represent a business combination, deferred tax arises on the first-time recognition of an asset or a liability which, at the time of the transaction, has neither an effect on the balance sheet nor on the tax profit or loss, then there is no deferred tax either on initial recognition or later. Deferred taxes are measured by applying tax rates (and tax laws) that are valid at the balance sheet date or which have been substantially enacted and are expected to apply to the period when the tax asset is realized or the liability settled.

Other provisions
Other provisions are set up for uncertain legal and constructive obligations to third parties, the occurrence of which will probably lead to an outflow of funds. They are formed taking into consideration all identifiable risks at the probable settlement amount and are not offset against any claims of recourse. Measurement is at the best estimate of the current obligation at the balance sheet date, discounting long-term obligations.

Estimates

In the preparation of the consolidated financial statements, assumptions have been made and estimates applied that have an impact on the level and the disclosure of the assets and liabilities, income and expenses and also on contingent liabilities. All estimates and related assumptions are revalued continually and are based on historical experience and other factors, including expectations with regard to future events that appear reasonable under the applicable circumstances. The amounts that actually materialize in the future may differ from the amounts determined on the basis of estimates and assumptions. Such differences will be taken to income when better estimates are available.

The following material estimates and related assumptions may affect the consolidated financial statements.

At least once a year, the Group carries out an impairment test of capitalized goodwill based on the cash-generating units to which it is allocated. The assumptions made here, including the methods applied, can have a material effect on the determination of the value in use and, subsequently, on the amount of impairment losses on goodwill. Management uses internal analyses and forecasts to project the earnings trend and external information sources for the other calculation parameters used. According to the existing models, potential impairment losses can only result when using the given growth parameters and interest-rates if scenarios arise that from a current point of view are improbable. With regard to the earnings situation, the goodwill allocated to the segments Rail Logistics and Tank Container Logistics would not be impaired even if there were a very unrealistic deterioration of future earnings before interest and taxes (EBIT) compared to budgeted EBIT. For example, the goodwill allocated to the Wagon Hire segment (not including Texas Railcar Leasing Company, Inc. (Texas Railcar)) of € 150.5 million is considered to be impaired where the future EBITs deteriorate by 33.6 % from forecast EBITs, assuming that all other parameters affecting impairment are constant.

Other assumptions and estimates primarily relate to the determination of economic useful lives uniformly across the Group and the realization of receivables. At least once a year, the Group reviews the useful lives applied. Should expectations deviate from current estimates, the required adjustments will be accounted for accordingly as changes in estimates. The determination of the useful lives is made on the basis of market observations and empirical values.

The Group has a duty to pay income taxes in various countries. For each tax subject, the expected effective income tax amount is to be determined and the temporary differences from the different treatment of certain balance sheet items in the IFRS financial statements and in the statutory tax financial statements are to be assessed. Where there are temporary differences, these lead to the capitalization of deferred tax assets or provisions for deferred tax liabilities. When calculating current and deferred taxation, the management has to make judgments, for example with regard to the probability of the future utilization of deferred tax assets. If the actual results differ from these assessments, then this can have an impact on the Group financial statements.

Tax estimates are made taking into account the provisions of country-specific legislation.

The Group has set up provisions for various risks. However, in accordance with the accounting and valuation methods described, such provisions are set up only if it is probable that they will be utilized. Naturally, various scenarios exist here. The assessment with regard to probability is based on past experience and on evaluations of specific business transactions. Facts already in existence at the balance sheet date which come to light later are accounted for.

Fair values of financial instruments not traded in an active market are determined using appropriate valuation techniques which are selected from numerous methods. The assumptions applied here are predominantly based on the market conditions existing at the balance sheet date.

3. New financial reporting standards

Some new standards, revisions of existing standards and interpretations became binding for the first time for financial years beginning on or after January 1, 2009. Overall, the new standards had no or little impact on the VTG Group's accounting.

IAS 1, "Presentation of Financial Statements" (amendment), mainly contains formal changes relating to the designations and content of individual components of the financial statements. The VTG Group has adjusted the presentation and the relevant comparable periods.

IAS 23, "Borrowing costs", deals with the way borrowing costs are shown in the balance sheet. Although IAS 23 has been applied to these consolidated financial statements, it had no impact on the VTG Group.

IAS 27, "Consolidated and Separate Financial Statements", and IFRS 1, "First-Time Adoption of International Financial Reporting Standards", describe how to treat the acquisition cost of investments in subsidiaries, jointly controlled entities and affiliated companies.

IFRS 7, "Improving Disclosures about Financial Instruments", provides for expanded disclosures about financial instruments in the notes to the financial statements. The first-time adoption of this standard led to expanded reporting on financial instruments in VTG's consolidated financial statements.

IFRS 8, "Operating Segments", introduces the "management approach" to segment reporting. The VTG Group has applied IFRS 8 since financial year 2007.

The applicable amendments and interpretations listed below do, to an extent, affect Group operations, but are not expected to lead to any substantial change in the information shown.

IAS 32, "Financial Instruments: Presentation" and IAS 1, "Presentation of Financial Statements", deal with puttable instruments and obligations arising on liquidation.

IFRS 2, "Share-based Payment", contains clarifications and a more precise definition of vesting conditions in terms of share-based payment arrangements.

IFRIC 11 IFRS 2, "Group and Treasury Share Transactions", addresses share-based payment arrangements under which an entity or its shareholders grants rights to equity instruments of the entity or equity instruments issued by other Group entities.

IFRIC 13, "Customer Loyalty Programs", addresses how loyalty award credits granted to customers when buying goods and services are accounted for and measured.

IFRIC 14 IAS 19, "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" provides general guidelines on determining the upper limit of the excess amount of a pension fund that can be recognized as an asset in accordance with IAS 19.

"Improvements to IFRS" is a collective standard for amending different IFRS. It is mainly concerned with amendments that are viewed as non-essential, such as the elimination of inconsistencies between standards and clarifying ambiguous phraseology.

Listed below are amendments and interpretations to be applied in the future which will, to an extent, affect Group operations, but are not expected to lead to any substantial change in the information shown.

IFRS 3, "Business Combinations", and IAS 27, "Consolidated and Separate Financial Statements", will result in some material changes to the way business combinations, disposals of investments and acquisitions of non-controlling interests (NCI, formerly called minority interests) are handled compared to their previous accounting treatment.

IAS 32, "Financial Instruments: Presentation", contains changes concerning the classification of rights issues.

IAS 39, "Financial Instruments: Recognition and Measurement – Eligible Hedged Items" contains information about using hedging transactions to hedge inflation risks.

"Improvements to IFRS" is a collective standard for amending different IFRS. This refers primarily to amendments to IFRS 5, "Planned Sale of a Controlling Interest in a Subsidiary".

4. Scope of consolidation in financial year 2009

In 2009, as in 2008, the consolidated financial statements include, in addition to VTG AG, also a total of 11 domestic and 16 foreign subsidiaries.

The consolidation group as of December 31, 2009 comprised the following companies:

No.	Name and registered office of the company	Ownership in %
	Fully consolidated companies	
1	VTG Aktiengesellschaft, Hamburg	
2	Alstertor Rail France S.à r.l., Joigny	100.0
3	Alstertor Rail UK Limited, Birmingham	100.0
4	Ateliers de Joigny S.A.S., Joigny	100.0
5	CAIB Benelux BVBA, Berchem/Antwerp	100.0
6	CAIB Rail Holdings Limited, Birmingham	100.0
7	CAIB UK Limited, Birmingham	100.0
8	Deichtor Rail GmbH, Garlstorf	100.0
9	Eisenbahn-Verkehrsmittel GmbH & Co. KG für Transport und Lagerung, Garlstorf	98.6
10	Etablissements Henri Loyez S.A.S., Libercourt	100.0
11	EVA Eisenbahn-Verkehrsmittel-GmbH, Hamburg	100.0
12	EVA Holdings Deutschland GmbH, Hamburg	100.0
13	Klostertor Rail GmbH, Garlstorf	100.0
14	Texas Railcar Leasing Company, Inc., McAllen, Texas	100.0
15	Transpetrol Austria GmbH, Vienna	100.0
16	Transpetrol GmbH Internationale Eisenbahnspedition, Hamburg	74.9
17	VOTG Tanktainer GmbH, Hamburg	100.0
18	VTG Austria Ges.m.b.H., Vienna	100.0
19	VTG Deutschland GmbH, Hamburg	100.0
20	VTG France S.A.S., Paris	100.0
21	VTG ITALIA S.r.l., Milan	100.0
22	VTG North America, Inc., Hinsdale, Illinois	100.0
23	VTG RAIL ESPAÑA S.L., Madrid	100.0
24	VTG Rail UK Limited, Birmingham	100.0
25	VTG Schweiz GmbH, Basel	100.0
26	VTG Vereinigte Tanklager und Transportmittel Gesellschaft mit beschränkter Haftung, Hamburg	100.0
27	Waggonbau Graaff GmbH, Elze	100.0
28	Waggonwerk Brühl GmbH, Wesseling	100.0
	Associates	
29	Waggon Holding AG, Zug	50.0
30	Shanghai COSCO VOTG Tanktainer Co., Ltd., Shanghai	50.0

Associates

Waggon Holding AG (Waggon Holding) and Shanghai COSCO VOTG Tanktainer Co., Ltd. (Shanghai Tanktainer) continue to be valued using the equity method.

The associates Waggon Holding and Shanghai Tanktainer show the following key financial information in their financial statements as of December 31, 2009:

	Waggon Holding		Shanghai Tanktainer	
€ '000	**31.12.2009**	31.12.2008	**31.12.2009**	31.12.2008
Assets	4,767	3,187	2,334	2,042
Liabilities	17	19	1,097	985
Income	2,781	3,464	6,682	7,280
Net profit for the year	2,739	3,421	202	117

This information includes both the group share and minority share of assets, liabilities and income statement items.

The following is a reconciliation showing the VTG Group's share, inclusive of acquisition cost, of the net profit of Waggon Holding AG and Shanghai Tanktainer as additions to investments in associates, as reported in the "Development of fixed assets" statement:

	Waggon Holding		Shanghai Tanktainer	
€ '000	**31.12.2009**	31.12.2008	**31.12.2009**	31.12.2008
Share of net profit for the year	1,370	1,711	101	19
Elimination of dividend	–1,225	–1,434	0	0
Balance, shown as additions to investments in associates	**145**	**277**	**101**	**19**

Segment reporting

Explanations of the segments
The Group is segmented on the basis of internal company control. The individual companies and company divisions are allocated to the segments solely on the basis of economic criteria, independently of their legal corporate structure. The segments apply the same valuation and accounting principles.

In addition to the leasing of its own rail freight cars, the **Wagon Hire** segment also covers management, the provision of technical support for, the administration of and maintenance of its own and external wagon fleets. Furthermore, this segment includes three of VTG's own wagon repair workshops and the Waggonbau Graaff wagon construction plant.

The **Rail Logistics** segment covers the rail forwarding services of the Group. In this segment, the VTG Group operates as an international provider of rail-related logistics solutions.

The **Tank Container Logistics** segment brings together tank container transport operations for products from the chemical, petroleum and compressed gas industries. It also covers the leasing of tank containers.

The companies VTG Deutschland GmbH (VTG Deutschland), VTG France S.A.S. (VTG France), VTG RAIL ESPAÑA S.L. (VTG España) and VTG ITALIA S.r.l. (VTG Italia) and their business activities are allocated to several segments.

VTG AG, VTG Vereinigte Tanklager und Transportmittel Gesellschaft mit beschränkter Haftung (VTG GmbH) and the non-operational parts of VTG Deutschland are active across the entire Group and are therefore grouped together with the consolidation entries in a Group reconciliation item.

Explanations of the segment data
As a rule, revenue between the segments is generated according to the arm's-length principle, just as is the case with transactions with external third parties.

Segment assets comprise assets less income tax assets, current and non-current financial receivables and cash and cash equivalents. They include the relevant goodwill as allocated.

Segment liabilities include external capital less income tax liabilities as well as current and non-current financial liabilities.

In segment reporting, the following key performance indicators are shown: segment gross profit (segment revenue and changes in inventories less cost of materials of the segments), EBITDA (earnings before interest, taxes, depreciation and amortization), EBIT (earnings before interest and taxes) and EBT (earnings before taxes), since these key figures are used as a control basis for value-oriented company management.

Key figures by segment

Based on internal reporting, the figures for the segments for the financial year ended December 31, 2009 were as follows:

€ '000	Wagon Hire	Rail Logistics	Tank Container Logistics	Adjustment	Group
External revenue	288,997	179,398	113,089	0	581,484
Internal revenue	13,112	1,142	245	-14,499	0
Changes in inventories	1,003	0	0	0	1,003
Segment revenue	**303,112**	**180,540**	**113,334**	**-14,499**	**582,487**
Segment cost of materials *	-36,642	-164,432	-95,713	16,027	-280,760
Segment gross profit	**266,470**	**16,108**	**17,621**	**1,528**	**301,727**
Other segment income and expenses	-120,171	-9,392	-10,330	-12,481	-152,374
Segment earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)	**146,299**	**6,716**	**7,291**	**-10,953**	**149,353**
Impairment, amortization of intangible and depreciation of tangible fixed assets and current assets	-76,789	-1,119	-3,880	-509	-82,297
Impairment of financial assets	-165	0	-17	0	-182
Segment earnings before interest and taxes (EBIT)	**69,345**	**5,597**	**3,394**	**-11,462**	**66,874**
Thereof earnings from associates	1,370	0	101	0	1,471
Net interest expense **	-33,113	-116	-674	2,396	-31,507
Interest income	1,758	208	119	-1,006	1,079
Interest expense	-34,871	-324	-793	3,402	-32,586
Earnings before taxes (EBT)	**36,232**	**5,481**	**2,720**	**-9,066**	**35,367**
Taxes on income					-12,820
Group net profit for the year					**22,547**

* To a minor extent, income has been offset against the cost of materials of the segments

** For details of the reconciliation of the interest result in segmental reporting to the financial loss in the income statement, please refer to Note (8).

The figures for the segments for the previous year are as follows:

€ '000	Wagon Hire	Rail Logistics	Tank Container Logistics	Adjustment	Group
External revenue	294,137	177,682	136,834	0	608,653
Internal revenue	11,256	1,244	270	–12,770	0
Changes in inventories	2,809	0	0	0	2,809
Segment revenue	**308,202**	**178,926**	**137,104**	**–12,770**	**611,462**
Segment cost of materials *	–36,347	–164,732	–115,373	14,588	–301,864
Segment gross profit	**271,855**	**14,194**	**21,731**	**1,818**	**309,598**
Other segment income and expenses	–119,391	–6,597	–12,096	–15,068	–153,152
Segment earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)	**152,464**	**7,597**	**9,635**	**–13,250**	**156,446**
Impairment, amortization of intangible and depreciation of tangible fixed assets and current assets	–75,578	–926	–3,842	–328	–80,674
Impairment of financial assets	0	0	0	–140	–140
Segment earnings before interest and taxes (EBIT)	**76,886**	**6,671**	**5,793**	**–13,718**	**75,632**
Thereof earnings from associates	1,711	0	19	0	1,730
Net interest expense **	–31,619	11	–6	–907	–32,521
Interest income	2,646	258	651	–441	3,114
Interest expense	–34,265	–247	–657	–466	–35,635
Earnings before taxes (EBT)	**45,267**	**6,682**	**5,787**	**–14,625**	**43,111**
Taxes on income					–15,183
Group net profit for the year					**27,928**

* To a minor extent, income has been offset against the cost of materials of the segments

** For details of the reconciliation of the interest result in segmental reporting to the financial loss in the income statement, please refer to Note (8).

Segment assets and segment liabilities at the balance sheet date and at the prior year balance sheet date can be seen from the following table.

€ '000		Wagon Hire	Rail Logistics	Tank Container Logistics	Adjustment	**Group**
Segment assets						
	31.12.2009	1,118,618	32,602	44,158	12,919	1,208,297
	31.12.2008	1,091,216	35,140	45,863	11,999	1,184,218
Thereof investments in associates						
	31.12.2009	16,232	0	870	0	17,102
	31.12.2008	16,088	0	769	0	16,857
Segment liabilities						
	31.12.2009	112,584	29,986	33,390	61,824	237,784
	31.12.2008	124,369	29,126	29,233	59,874	242,602
Investments in intangible assets						
	31.12.2009	1,400	668	0	318	2,386
	31.12.2008	114	668	42	167	991
Investments in tangible fixed assets						
	31.12.2009	120,677	52	4,736	326	125,791
	31.12.2008	131,562	109	7,737	493	139,901
Additions from investments in finance leases						
	31.12.2009	0	0	0	0	0
	31.12.2008	25	0	0	0	25
Additions to intangible and tangible fixed assets from first-time consolidation						
	31.12.2009	0	0	0	0	0
	31.12.2008	20,720	0	0	0	20,720
Changes in provisions for pensions and similar obligations and in other provisions						
	31.12.2009	1,338	442	–1,100	1,586	2,266
	31.12.2008	2,722	–89	938	1,653	5,224

Reconciliation of segment assets and segment liabilities to the consolidated balance sheet

€ '000	31.12.2009	31.12.2008
Segment assets	**1,208,297**	**1,184,218**
Cash and cash equivalents	42,595	28,256
Other current financial assets	1,944	1,688
Current income tax assets	1,970	3,211
Deferred income tax assets	22,384	23,114
Consolidated balance sheet assets	**1,277,190**	**1,240,487**
Segment liabilities	**237,784**	**242,602**
Current financial liabilities	92	267
Liabilities from finance leases	30,052	37,382
Non-current financial liabilities	525,151	490,417
Current income tax liabilities	25,295	22,086
Current tax liabilities	141	298
Deferred income tax liabilities	137,959	141,905
Other reconciliation items	23,967	17,113
Consolidated balance sheet external capital	**980,441**	**952,070**

"Other reconciliation items" essentially comprises liabilities from interest and forward currency hedges.

Key figures across all segments

The following table shows key segment reporting figures by the location of Group companies:

€ '000		Germany	Abroad	Group
Segment assets				
	31.12.2009	962,295	246,002	1,208,297
	31.12.2008	940,554	243,664	1,184,218
Segment liabilities				
	31.12.2009	196,022	41,762	237,784
	31.12.2008	199,553	43,049	242,602
Investments in intangible assets				
	31.12.2009	2,386	0	2,386
	31.12.2008	989	2	991
Investments in tangible fixed assets				
	31.12.2009	98,145	27,646	125,791
	31.12.2008	96,817	43,084	139,901
Additions from investments in finance leases				
	31.12.2009	0	0	0
	31.12.2008	0	25	25
External revenue by location of companies				
	31.12.2009	423,442	158,042	581,484
	31.12.2008	453,134	155,519	608,653

Notes to the consolidated income statement

(1) Group revenue

€ '000	2009	2008
Wagon Hire	288,997	294,137
Rail Logistics	179,398	177,682
Tank Container Logistics	113,089	136,834
Total	**581,484**	**608,653**

The business of the VTG Group is affected only to a minor degree by seasonal fluctuations.
As expected, the economic situation resulted in a decline in business for the Tank Container Logistics segment.

Within the Rail Logistics segment, the company Transpetrol Italia S.r.l. merged with VTG Italia effective September 30, 2008 and, along with Waggonbau Graaff GmbH, has been a part of the consolidated Group since the fourth quarter of 2008.

(2) Changes to inventories

€ '000	2009	2008
Changes in inventories	**1,003**	**2,809**

The changes to inventories are attributable primarily to Waggonbau Graaff.

(3) Other operating income

€ '000	2009	2008
Income from sales of materials	4,198	4,705
Book profit from the sale of fixed assets	2,390	5,151
Recharged services	2,191	2,018
Income from investments	1,801	1,869
Other ancillary operating income	1,437	1,082
Exchange gains	325	439
Other income	5,546	4,673
Total	**17,888**	**19,937**

Other ancillary operating income mainly comprises rebates from suppliers.

Other income mainly comprises reimbursements related to payments to the Federal and State Government Employees' Retirement Fund Agency (Versorgungsanstalt des Bundes und der Länder), insurance reimbursements and rental and leasing income.

(4) Cost of materials

€ '000	2009	2008
Raw materials, consumables and supplies	19,477	14,910
Cost of purchased services	274,392	295,896
Total	**293,869**	**310,806**

Cost of purchased services includes leasing expenses for operating lease contracts amounting to € 16.1 million (previous year: € 17.2 million).

The decrease was mainly attributable to the Tank Container Logistics segment, where the cost of materials declined along with revenue.

(5) Personnel expenses

€ '000	2009	2008
Wages and salaries	45,907	43,211
Social security, post-employment and other employee benefit costs	14,524	12,344
Thereof for pensions	(3,165)	(2,791)
Total	**60,431**	**55,555**

The costs for pensions include the expense for defined-benefit obligations. The relevant interest portion of the pension obligations is shown under "Financial loss (net)". There is a detailed presentation of pension commitments under Note (25).

(6) Impairment, amortization and depreciation

€ '000	2009	2008
Impairment, amortization of intangible and depreciation of tangible fixed assets	81,633	78,797
Impairment, write-downs of current assets	664	1,877
Total	**82,297**	**80,674**

(7) Other operating expenses

€ ’000	2009	2008
Repairs and working capital requirements	54,754	60,204
Selling expenses	9,594	11,091
Rents/leases	4,961	4,718
Charges, fees, consultancy costs	4,069	5,588
IT costs	3,899	4,232
Other costs of materials and personnel expenses	3,075	2,880
Insurance	2,209	2,134
Travel costs	1,916	2,225
Administrative expenses	1,169	3,078
Advertising	1,056	1,147
Other taxes	1,040	1,972
Audit fees	931	809
Donations and contributions	749	801
Money and financial transactions/exchange losses	708	1,047
Other expenses	8,063	11,586
Total	**98,193**	**113,512**

(8) Financial loss (net)

€ ’000	2009	2008
Income from other investment securities and long-term loan receivables	10	34
Interest and similar income	1,069	3,080
thereof from affiliated companies	(3)	(1)
Interest and similar expenses	−32,586	−35,635
thereof to affiliated companies	(−4)	(−41)
thereof to pensions	(−2,567)	(−2,440)
Net interest expense	**−31,507**	**−32,521**
Income from the sale of an investment	0	3,190
Impairment of financial assets	−182	−140
Total	**−31,689**	**−29,471**

The item “Interest and similar expenses” includes interest expense of € 5.9 million (previous year: € 4.5 million) relating to cash flow hedges.

(9) Taxes on income

€ '000	2009	2008
Current taxes	12,608	12,990
Thereof out of period	(–24)	(–2)
Deferred tax expense	212	2,193
Total	**12,820**	**15,183**

The actual tax result of € 12.8 million differs by € 1.1 million from the expected expense for taxes on income of € 11.7 million which would arise if the domestic tax rate were applied to the annual result of the Group before taxes on income. The reconciliation of the expected income tax expense to the actual income tax expense can be seen in the following table:

€ '000	2009	2008
Net Group profit before taxes on income	**35,367**	**43,111**
Income tax rate of VTG AG	33 %	33 %
Expected income tax expense (tax rate of VTG AG)	11,671	14,227
Tax effect of non-deductible expenses and tax-free income	1,660	3,773
Tax effect on tax-free investment income	–585	–586
Tax effect on the income from associates	–463	–547
Tax effect from the adjustment of tax assets to tax-loss carryforwards	–427	305
Tax effect on tax-loss carryforwards	826	–959
Tax expense/income unrelated to accounting period	671	–2
Tax effect due to changes in the income tax rate on effects of the prior year	–39	–49
Tax effect due to deviations from the expected tax rate	–652	–1,309
Other deviations	158	330
Actual income tax expense	**12,820**	**15,183**
Tax charge	**36.2 %**	**35.2 %**

In the year under review, an average tax rate of 33 % consisting of the corporate tax rate, the solidarity surcharge and the municipal trade tax was applied to calculate current taxes for domestic companies. Foreign income taxes are calculated on the basis of the laws and regulations in force in the individual countries in question.

For the German companies in the VTG Group, the following tax rates were used for measuring deferred taxes:

In %	31.12.2009	31.12.2008
Expected future corporate tax rate	15.17	15.17
Solidarity surcharge	0.83	0.83
Expected future municipal trade tax rate	17.00	17.00
Expected future Group tax rate	**33.00**	**33.00**

Taxes on income represent an expense in the period under review and equal 36.2 % of the result before tax. In the same period in the previous year, a tax expense of 35.2 % of the result before taxes on income was posted.

Further explanations of taxes on income can be found under Note (26).

(10) Earnings per share

The undiluted earnings per share are calculated in accordance with IAS 33 based on the Group profit attributable to the shareholders of VTG AG divided by the weighted average number of shares in issue during the period under review.

	1.1. – 31.12.2009	1.1. – 31.12.2008
Group net income attributable to the VTG AG shareholders (in € ’000)	21,574	27,005
Weighted average number of shares	21,388,889	21,388,889
Undiluted earnings per share (in €)	**1.01**	**1.26**

Earnings per share are diluted if the weighted average number of shares is increased by the issue of potential shares from option or conversion rights. There have been no dilution effects during the period under review.

Notes to the consolidated balance sheet

Fixed assets

Changes to the individual items in fixed assets for the period under review and for the previous year are shown in the "Development of fixed assets" statement on pages 132 to 135.

(11) Goodwill

€ '000	31.12.2009	31.12.2008
Wagon Hire segment	152,364	152,407
Rail Logistics segment	3,992	3,992
Tank Container Logistics segment	1,747	1,747
Total	**158,103**	**158,146**

The change in goodwill in the Wagon Hire segment was due to currency translation effects on the balance sheet date.

(12) Other intangible assets

€ '000	31.12.2009	31.12.2008
"VTG" brand	9,538	9,538
"Transpetrol" brand	421	421
"Railtrans" brand	100	100
Customer relationships, Wagon Hire	37,644	40,781
Customer relationships, Transpetrol block train	2,004	2,171
Customer relationships, Transpetrol all-in business	4,833	5,236
Customer relationships, Railtrans	2,827	3,033
Concessions and industrial trademarks	2,754	2,382
Advance payments made	1,124	16
Total	**61,245**	**63,678**

(13) Tangible fixed assets

In respect of **Finance leases,** as of the balance sheet date, fixed assets with a book value before purchase price allocation of € 35.5 million (previous year: € 41.8 million) were recognized. Leased assets are primarily shown under wagon fleet, at € 33.1 million (previous year: € 38.7 million) and under containers, at € 2.4 million (previous year: € 3.1 million).

For more detailed information on finance leases, see Note (28).

(14) Investments in associates
For the associated companies measured according to the equity method, Waggon Holding and Shanghai Tanktainer, proportional changes in equity are shown under additions to investments in associates.

(15) Other financial assets
The VTG Group's **other financial assets** primarily involve shares in affiliated, non-consolidated companies and investments.

16) Inventories

€ '000	31.12.2009	31.12.2008
Raw materials, consumables and supplies	16,350	19,166
Work-in-progress	4,515	3,513
Advance payments made	1	72
Total	**20,866**	**22,751**

Work-in-progress relates to the three wagon repair workshops and the wagon construction plant and includes orders begun but not yet completed as of the balance sheet date.

(17) Trade receivables
Trade receivables are all due within one year, as in the previous year.

For an analysis of the default risk of trade receivables, please refer to the due dates in the table below. The selected time bands correspond to the time bands usually generally used in the receivables management system of the VTG Group.

			Of which not impaired at the year-end date and overdue in the following time bands			
€ '000	Book value as of 31.12.2009	Of which neither impaired nor overdue at the year-end date	Less than 30 days	30 to 60 days	61 to 90 days	More than 90 days
Due from third parties	61,042	49,115	7,682	1,539	1,018	1,688
Due from affiliated, non-consolidated companies	1,984	1,439	354	189	2	0
Due from companies in which an investment is held	1,092	1,092	0	0	0	0
Due from companies measured at equity	229	229	0	0	0	0
Total	**64,347**	**51,875**	**8,036**	**1,728**	**1,020**	**1,688**

The trade receivables that were more than 90 days overdue were settled in mid-February 2010.

For the previous year, the aging schedule for trade receivables was as follows:

€ '000	Book value as of 31.12.2008	Of which neither impaired nor overdue on the balance sheet date	Of which not impaired at the year-end date and overdue in the following time bands: Less than 30 days	30 to 60 days	61 to 90 days	More than 90 days
Due from third parties	71,139	49,030	11,477	2,919	3,055	4,658
Due from affiliated, non-consolidated companies	1,221	1,168	96	−43	0	0
Due from companies in which an investment is held	916	247	668	1	0	0
Due from companies measured at equity	165	165	0	0	0	0
Total	**73,441**	**50,610**	**12,241**	**2,877**	**3,055**	**4,658**

With regard to the trade receivables which are neither impaired nor overdue, there were no indications at the balance sheet date that the debtors would not honor their payment obligations.

The allowances for trade receivables developed as follows in the period under review:

€ '000		Opening balance 1.1.	Changes to scope of consolidation	Currency difference	Utilization	Reversals	Additions	Closing balance 31.12.
Allowances	2009	3,930	0	5	874	451	2,162	**4,772**
Allowances	2008	3,143	149	-22	171	319	1,150	**3,930**

The total amount of additions, amounting to € 2.2 million (previous year: € 1.2 million), includes the increase in specific allowances amounting to € 1.9 million (previous year € 0.4 million) and allowances on a portfolio basis amounting to € 0.3 million (prior year € 0.8 million). Specific allowance reversals amounted to € 0.1 million (previous year: € 0.2 million) and allowances on a portfolio basis amounted to € 0.4 million (previous year: € 0.1 million).

The following table shows expenses for the full write-off of trade receivables and income from receipts relating to trade receivables written off:

€ '000	31.12.2009	31.12.2008
Expense for the full write-off of receivables	350	207
Income from receipts relating to receivables written off	57	64

All expenses and receipts from the write-off of trade receivables are shown under other expenses and other income.

(18) Other receivables and assets

€ '000	31.12.2009 Total	31.12.2009 Residual term more than1 year	31.12.2008 Total	31.12.2008 Residual term more than 1 year
Other receivables from affiliated companies	73	0	43	0
Claims from refund of other taxes	11,393	0	12,012	0
Outstanding income invoice from management of rail freight cars	4,049	0	3,468	0
Receivables from derivative financial instruments	758		1,243	
Other assets	7,442	1,661	15,851	1,571
Prepaid expenses	431	0	612	0
Total	**24,146**	**1,661**	**33,229**	**1,571**

The other receivables from affiliated companies relate to receivables from affiliated companies that are not consolidated.

Other assets include loans and credit granted amounting to € 1.2 million (previous year: € 0.4 million). None of these was impaired or overdue at the year-end date.

With regard to receivables being neither impaired nor overdue, there were no indications at the balance sheet date that the debtors would not honor their payment obligations.

(19) Income tax assets

€ '000	31.12.2009	31.12.2008
Deferred income tax assets	22,384	23,114
Current income tax assets	1,970	3,211
Total	**24,354**	**26,325**

Deferred tax assets are recognized to the extent that it is probable that a taxable profit will be available against which the temporary differences can be used.

Deferred income tax assets developed as follows:

€ '000	Opening balance 1.1.2009	Changes not affecting income	Change in offsetting with deferred income tax liabilities	Changes affecting income	Closing balance 31.12.2009
Deferred income tax assets (gross) affecting income	39,977	0	0	993	40,970
Offsetting against deferred income tax liabilities affecting income	–21,509	0	–5,793	0	–27,302
Deferred income tax assets (net) affecting income	**18,468**	**0**	**–5,793**	**993**	**13,668**
Deferred income tax assets (gross) not affecting income	6,412	3,185	0	0	9,597
Offsetting against deferred income tax liabilities not affecting income	–1,766	0	885	0	–881
Deferred income tax assets (net) not affecting income	**4,646**	**3,185**	**885**	**0**	**8,716**
Total	**23,114**	**3,185**	**–4,908**	**993**	**22,384**

The change in deferred income tax assets not affecting income was mainly due to the creation of liabilities relating to derivative financial instruments for hedging foreign currency transactions.

Further explanations of deferred taxes can be found under Note (26).

(20) Cash and cash equivalents

€ '000	31.12.2009	31.12.2008
Bank balances	42,558	28,175
Cash, German Central Bank balances and checks	37	81
Total	**42,595**	**28,256**

Bank balances mainly relate to cash deposits accessible at short notice and which attract variable interest.

The bank balances sum includes an amount of € 1.8 million that is not freely accessible.

Shareholders' equity

The changes to shareholders' equity are shown in the statement of changes in equity. An adjustment was made to the way shareholders' equity is structured whereby beginning in financial year 2009 changes in the value of hedges are now reflected in the revaluation reserve. In order to ensure comparability, the prior-year figures have been adjusted accordingly. Further, the changes required by IAS 1 were applied. This did not result in any changes to accounting or valuation methods. The amended disclosure requirements had no effect on the total amount of shareholders' equity shown (before/after non-controlling [minority] interests), total assets or earnings.

Income and expenses recognized directly in equity without affecting profit or loss are shown separately in the Statement of Comprehensive Income. In this statement, the tax effects on the items in question have already been taken into account.

(21) Subscribed capital

The subscribed capital of VTG AG consists of no-par bearer shares, each with an equal participation in the share capital. The amount of the shared capital attributable to each share is equal to € 1. As of December 31, 2009, the subscribed capital amounted to € 21.4 million. The equity is divided into 21,389,000 shares.

The Extraordinary General Meeting of June 22, 2007 also approved the creation of authorized capital. This resolution authorizes the executive board of VTG AG to increase the company's share capital by an amount of up to € 10.7 million through June 22, 2012, subject to the Supervisory Board's consent.

(22) Additional paid-in capital

The additional paid-in capital mainly comprises the premium from the placement of shares at the issue price of € 18.00 and the incorporation of the voluntary contribution of the shares of Deichtor Rail GmbH (Deichtor) and Klostertor Rail GmbH (Klostertor) at no charge by Compagnie Européenne de Wagons S.à r.l., Luxembourg.

(23) Statutory reserves

These refer exclusively to other revenue reserves. They include contributions and withdrawals related to the results for the financial year and earlier years and currency translation differences with no income impact from the financial statements of foreign subsidiaries. Furthermore, adjustments not affecting income derived from the first-time application of new IAS or IFRS have been transferred to retained earnings or offset against them. Additionally, revenue reserves also include the gains and losses accounted for with no income impact from the change in actuarial parameters in connection with the measurement of pension obligations in accordance with IAS 19.

(24) Revaluation reserve

The revaluation reserve includes measurement differences from forward exchange transactions and interest hedging transactions, net of deferred taxes, as of the closing date. These are cash flow hedges.

(25 Provisions for pensions and similar obligations

The company pension plan involves both defined contribution and defined benefit commitments. The pension plans depend on the legal, tax and economic conditions in the country concerned and are generally related to the service period and remuneration of the employees.

Under the defined contribution plans, the company pays contributions to state pension schemes and private pension bodies on the basis of statutory or contractual regulations. Once the contributions have been paid, the company does not have any further obligations to provide benefits. The current contribution payments are recorded as an expense for the period and in 2009 amounted to € 1.9 million (previous year: € 2.3 million). This amount includes payments to the Federal and State Government Employees' Retirement Fund Agency (Versorgungsanstalt des Bundes und der Länder).

Provisions for pensions are set up on the basis of pension commitments relating to retirement, disability and survivor benefits. Provisions are set up solely for defined benefit commitments, where the company has guaranteed employees a specific pension level.

Annual actuarial computations and assumptions form the basis for the measurement of the pension obligations. The defined benefit pension commitments are determined using the projected unit credit method, taking into account future development in remuneration and pensions.

A 1 % increase or decrease in assumed healthcare cost trends will have only an extremely small impact on the amount of the pension commitments.

Key actuarial assumptions applied:

% p.a.	2009	2008
Assumed interest-rate	5.25 %	6.0 %
Salary trend	2.5 %	2.0 % – 2.5 %
Pension trend	2.0 %	1.5 % – 1.83 %
Fluctuation rate	2.0 %	2.0 %
Expected return on plan assets	3.4 %	3.25 %
Mortality, etc.	Heubeck RT 2005G	Heubeck RT 2005G

These assumptions relate to staff employed in Germany, who account for the bulk of the pension obligations. For staff employed outside Germany, different, country-specific assumptions are made.

The assumed interest-rate is intended to reflect, as of the balance sheet date, the market-specific effective interest-rate for highly rated corporate bonds whose term corresponds to that of the pension commitment. The assumed interest-rate was systematically based on the previous year's "iBoxx Corporate € AA 10+", taking into account any changes in ratings effective as of the balance sheet date. We matched the maturity of the obligation by extrapolating along the German Central Bank's government bond curve.

The present value of the defined benefit obligation under pension commitments solely funded by provisions amounts to € 47.7 million (previous year: € 43.9 million).

The plan assets exist solely for the purpose of financing the defined benefit obligation for the Swiss BVG plans of € 1.1 million (previous year: € 1.0 million). The expected long-term return on plan assets is based on the actual long-term profit of the portfolio, historic total market returns and a forecast of the expected returns on the types of securities held by the portfolio. The portfolio structure of the fund set up by Swisslife in which the plan assets are invested mainly comprises fixed-interest securities (€ 0.6 million), property including mortgage receivables (€ 0.2 million) and shares and bonds (€ 0.1 million). These do not include any property used by VTG itself or any of VTG's own financial instruments. The actual return on the plan assets in the year under review was € 17 thousand.

Pension provisions can be broken down as follows:

€ '000	2009	2008
Present value of funded benefit obligations	1,060	964
Fair value of the plan assets	–924	–791
Provision for funded benefit obligations	**136**	**173**
Present value of unfunded benefit obligations	47,687	43,931
Total provision	**47,823**	**44,104**

The pension provisions were set up primarily for German pension plans.

€ '000	2009	2008
Germany	46,156	42,784
Rest of Europe	1,667	1,320
Total	**47,823**	**44,104**

The expense for defined-benefit obligations comprises the following items:

€ '000	2009	2008
Current service cost	395	396
Past service cost	480	0
Interest expense	2,567	2,463
Expected return on plan assets	–26	–23
Additions to pension provisions	**3,416**	**2,836**
Contributions to pension security fund	627	70
Total	**4,043**	**2,906**

Both current and past service cost expenses are shown under personnel expenses; interest expense and the expected return on plan assets are shown under "Financial loss (net)".

The net pension commitments accounted for in the financial year were as follows:

€ '000	2009	2008
Balance at beginning of period	44,104	46,298
Additions	3,416	2,836
Pension payments made	–3,517	–3,750
Actuarial gains/losses	3,911	–1,304
Changes due to scope of consolidation	0	7
Currency effect	–1	17
Contributions to the plan	–90	0
Recognized present value of pension obligations at end of period	**47,823**	**44,104**

The present value of the defined benefit obligation and the plan assets changed as follows during the financial year:

€ '000	2009	2008
Defined benefit obligation at beginning of period	**44,895**	**46,980**
Current service cost	395	396
Past service cost	480	0
Interest expense	2,567	2,463
Pension payments made	–3,554	–3,750
Employee contributions	62	15
Actuarial gains/losses	3,902	–1,303
Changes due to scope of consolidation	0	7
Currency effect	0	87
Defined benefit obligation at end of period	**48,747**	**44,895**
Fair value of plan assets at beginning of period	**791**	**682**
Expected return on plan assets	26	23
Employer contributions	54	77
Employee contributions	98	15
Pension payments from plan assets	–37	–77
Actuarial gains/losses	–9	1
Currency effect	1	70
Fair value of plan assets at end of period	**924**	**791**

The actuarial gains and losses are offset against equity without affecting income and result in a change in the present value of the pension obligations and the fair value of the plan assets without affecting income. The actuarial gains and losses recognized directly in equity changed as follows:

€ '000	2009	2008
Balance at beginning of period	–4,816	–3,512
Actuarial gains and losses recorded during the financial year without affecting income	3,911	–1,304
Total actuarial gains and losses recorded without affecting income	**–905**	**–4,816**

Of the new actuarial gains and losses recorded during financial year 2009, € +0.6 million (previous year: € – 0.2 million) relate to changes in the portfolio and € +3.3 million (previous year: € – 1.1 million) to changes in the valuation parameters.

The following changes occurred in the present value of the benefit obligations, the fair value of the plan assets, the resulting shortfall and the actuarial gains and losses from experience adjustments to the obligation and the plan assets:

€ '000	**2009**	2008
Present value of benefit obligations	48,747	44,895
Fair value of the plan assets	924	791
Pension provision (unfunded amount)	47,823	44,104
Benefit obligation experience adjustments	632	-198
Plan asset experience adjustments	– 9	1

Expected payments to beneficiaries in the next period total € 4.2 million (previous year: € 3.5 million). In addition, contributions to the plan assets are expected to total € 0.1 million (previous year: € 0.1 million).

(26) Income tax liabilities

€ '000	**31.12.2009**	31.12.2008
Current income tax liabilities	25,295	22,086
Deferred income tax liabilities	137,959	141,905
Total	**163,254**	**163,991**

Deferred income tax liabilities changed as follows during the year under review:

€ '000	**Opening balance 1.1.2009**	Currency difference	Utilization	Reversals	Additions	**Closing balance 31.12.2009**
Current income tax liabilities	22,086	24	2,842	5	6,032	25,295

The current income tax liabilities shown are due in less than a year.

Deferred income tax liabilities changed as follows during the year under review:

€ '000	**Opening balance 1.1.2009**	Currency difference	Changes not affecting income	Change in offsetting with deferred income tax assets	Changes affecting income	**Closing balance 31.12.2009**
Deferred income tax liabilities (gross) affecting income	164,308	112			1,205	165,625
Offsetting against deferred income tax assets affecting income	–21,509			–5,793		–27,302
Deferred income tax liabilities (net) affecting income	**142,799**	**112**		**–5,793**	**1,205**	**138,323**
Deferred income tax liabilities (gross) not affecting income	872		–355			517
Offsetting against deferred income tax assets not affecting income	–1,766			885		881
Deferred income tax liabilities (net) not affecting income	**–894**		**–355**	**855**		**–364**
Total	**141,905**	**112**	**–355**	**4,908**	**1,205**	**137,959**

The deferred taxes were determined on the basis of the tax rates for the specific countries (33 % for Germany; 23.95 % to 35.90 % for other countries).

The changes to deferred tax assets and deferred tax liabilities not affecting income relate to deferred taxes on actuarial gains and losses for pension provisions that are offset against equity with no impact on income, deferred taxes for derivative financial instruments not affecting profit and deferred taxes on unrealized gains and losses arising from the change in the fair value of financial assets categorized as available for sale.

The amount from temporary differences relating to shares in subsidiaries and associates (for which, in accordance with IAS 12.39, no deferred tax liabilities were recognized in the year under review) totaled € 6.6 million. In accordance with IAS 12.81 (f), the resulting non-recognized tax liabilities amounted to € 2.3 million.

Deferred tax assets are recognized on tax-loss carryforwards at the amount at which it is probable that there will be future taxable profits against which the tax loss carryforwards can be offset.

The following deferred tax assets and liabilities reported in the balance sheet relate to recognition and measurement differences in the individual balance sheet items:

€ '000	31.12.2009 Assets	31.12.2009 Liabilities	31.12.2008 Assets	31.12.2008 Liabilities
Intangible assets	0	17,965	18	19,188
Tangible fixed assets	1,580	133,482	1,611	129,501
Financial assets	389	2,803	498	3,357
Receivables and other assets	3,986	594	5,209	1,035
Special item with reserve component	0	84	0	405
Pension provisions	3,771	363	2,849	600
Miscellaneous provisions	7,424	9,932	5,414	8,785
Liabilities	25,969	919	23,931	2,309
Tax-loss carryforwards	7,448	0	6,859	0
Subtotal	**50,567**	**166,142**	**46,389**	**165,180**
Offsetting	−28,183	−28,183	−23,275	−23,275
Total	**22,384**	**137,959**	**23,114**	**141,905**
thereof with a term of more than 1 year	3,577	134,088	3,842	137,318

Deferred tax assets and liabilities are generally netted within the same national tax authority jurisdiction.

Tax savings of € 7.7 million were not capitalized (previous year: € 7.0 million), since the utilization of the underlying loss carryforwards is not probable.

The forfeitability of the deferred tax assets not capitalized and the level of the underlying loss carryforwards can be seen from the following table:

€ '000	Loss carryforward	Related non-capitalized deferred tax savings	Forfeitability of the non-capitalized deferred tax savings			
			Expiring within 1 year	Expiring within 5 years	Expiring after 5 years	Vested non-capitalized deferred tax savings
Corporate tax loss carryforwards, German companies	11,428	1,828	0	0	0	1,828
Trade tax loss carryforwards, German companies	10,422	1,772	0	0	0	1,772
Tax loss carryforwards of foreign entities	13,730	4,144	0	0	912	3,232
Total	**35,580**	**7,744**	**0**	**0**	**912**	**6,832**
Previous year	**32,648**	**6,985**	**0**	**0**	**1,082**	**5,903**

In the year under review, in calculating current taxes for domestic companies, an average tax rate of 33 % was applied, comprising the corporate tax rate, the solidarity surcharge and the municipal trade tax. Foreign income taxes are calculated on the basis of the laws and regulations in force in the individual countries in question.

(27) Other provisions

€ '000	**Opening balance 1.1.2009**	Currency difference	Transfers	Utilization	Reversals	Additions	**Closing balance 31.12.2009**
Provisions for personnel expenses	20,593	5	0	8,348	1,251	8,480	19,479
Provisions for typical operational risks	9,983	12	–23	1,783	460	1,905	9,634
Miscellaneous provisions	37,762	19	150	5,675	884	6,401	37,773
Other provisions	**68,338**	**36**	**127**	**15,806**	**2,595**	**16,786**	**66,886**

The additions include the discounting effect on the long-term provisions.

The maturities of the other provisions are as follows:

€ '000	Residual terms Up to 1 year	More than 1 year	31.12.2009 Total	Residual terms Up to 1 year	More than 1 year	31.12.2008 Total
Provisions for personnel expenses	16,245	3,234	19,479	15,697	4,896	20,593
Provisions for typical operational risks	4,118	5,516	9,634	4,900	5,083	9,983
Miscellaneous provisions	27,675	10,098	37,773	30,174	7,588	37,762
Other provisions	**48,038**	**18,848**	**66,886**	**50,771**	**17,567**	**68,338**

The expected cash outflows match the residual terms of the provisions.

The provisions for personnel expenses mainly comprise obligations for redundancy plans (€ 5.4 million; previous year: € 3.6 million), for contributions to the restructuring of VBL (€ 2.5 million; previous year: € 3.2 million), for outstanding vacations (€ 2.3 million; previous year: € 2.9 million), for long-term service (€ 0.8 million; previous year: € 0.8 million), for early part-time retirement (€ 0.8 million; previous year: € 0.9 million) and for year-end compensation.

The provisions for typical operational risks relate primarily to the threat of losses from uncompleted transactions from operating lease contracts of VTG France and VOTG Tanktainer GmbH.

The miscellaneous provisions mainly contain provisions relating to the wagon fleet (€ 13.4 million; previous year: € 15.0 million) and provisions for interest-rate risks.

(28) Liabilities

€ '000	31.12.2009 Total	31.12.2009 Residual term more than 1 year	31.12.2009 Residual term more than 5 years	31.12.2008 Total	31.12.2008 Residual term more than 1 year	31.12.2008 Residual term more than 5 years
Liabilities to banks	525,151	499,601	398,780	490,417	469,022	369,217
Liabilities from finance leases	30,052	24,809	5,650	37,382	30,004	7,372
Financial liabilities to affiliated companies	92	0	0	112	0	0
Financial liabilities	**555,295**	**524,410**	**404,430**	**527,911**	**499,029**	**376,589**
Trade payables						
due to third parties	105,090	0	0	109,225	0	0
due to affiliated companies	854	0	0	320	0	0
due to companies in which an investment is held	227	0	0	29	0	0
Trade payables	**106,171**	**0**	**0**	**109,574**	**0**	**0**
Other liabilities						
Miscellaneous liabilities	39,098	0	0	36,062	620	0
thereof relating to derivative financial instruments	23,968	0	0	17,114	0	0
thereof relating to taxes	2,944	0	0	4,151	0	0
thereof relating to social security	1,630	0	0	1,464	0	0
thereof relating to employees	409	0	0	342	0	0
thereof relating to members of the management bodies	168	0	0	168	0	0
thereof other liabilities	9,979	5	0	12,823	620	609
Deferred income	1,914	1,774	0	2,090	2,040	0
Other liabilities	**41,012**	**1,779**	**0**	**38,152**	**2,660**	**609**
Total	**702,478**	**526,189**	**404,430**	**675,637**	**501,686**	**377,198**

The trade payables due to affiliated companies relate to affiliated, non-consolidated companies.

Liabilities to banks

The VTG Group is financed predominantly through a financing agreement with the Bayerische Hypo-Vereinsbank, London (Hypo-Vereinsbank), as syndicate leader. The financing agreement provides for committed credit lines of up to a total of € 640 million. Under these facilities, € 461.7 million had been utilized as of the balance sheet date (excluding accrued interest).

The borrowers are VTG GmbH, VTG Deutschland, VTG Rail UK Ltd. and Texas Railcar.

The companies Klostertor and Deichtor have agreed lines of credit with DVB Bank Frankfurt (DVB Bank), and the Kreditanstalt für Wiederaufbau, Frankfurt, (KfW Bank). The bank liabilities of Klostertor and Deichtor amounted to € 74.0 million (excluding accrued interest) as of the balance sheet date.

With regard to the collateral provided for liabilities to banks, please refer to the explanatory notes on contingent liabilities.

Liabilities from finance leases

Reconciliation of future lease payments with liabilities from finance leases:

€ '000	Total	Residual term Up to 1 year	From 1 to 5 years	More than 5 years
Future lease payments	34,080	6,229	21,562	6,289
Interest portion	−4,028	−986	−2,403	−639
Liabilities from finance leases as of 31.12.2009	**30,052**	**5,243**	**19,159**	**5,650**

For the previous year, the reconciliation of future lease payments with liabilities from finance leases is as follows:

€ '000	Total	Residual term Up to 1 year	From 1 to 5 years	More than 5 years
Future lease payments	43,488	8,921	26,111	8,456
Interest portion	−6,106	−1,543	−3,479	−1,084
Liabilities from finance leases as of 31.12.2008	**37,382**	**7,378**	**22,632**	**7,372**

The leases have an average term of 13 years. The interest-rates for these are between 4.78 % and 7.15 %. The leased assets comprise rail freight cars, tank containers and other operating and office equipment.

Reporting on financial instruments

Financial instruments are contractual agreements which lead to rights or obligations for the Group. These lead to outflows and inflows of financial assets. According to IAS 32 and 39, there are primary and derivative financial instruments. Primary financial instruments comprise in particular bank balances, receivables, liabilities, credits, loans and interest accrued or prepaid. The derivative financial instruments within the VTG Group are forward exchange contracts and interest-rate swaps.

Fair values and book values of financial instruments by valuation category

The IFRS 7 classification was made on the basis of balance sheet items. As part of this process, homogenous items such as trade receivables from and payables to third parties, to affiliated, non-consolidated entities and to other investments were combined. The following table shows the fair values and book values for the individual balance sheet items under financial assets and financial liabilities for the financial year 2009 and for the previous year.

Balance sheet item € '000	Valuation category in accordance with IAS 39	Book value as of 31.12.2009	Measurement in accordance with IAS 39: Amortized cost	Measurement in accordance with IAS 39: Fair Value, no income impact	Balance sheet measurement under IAS 17	Fair Value 31.12.2009
Assets						
Other financial assets	AfSFA	7,153	7,153	–	–	
Trade receivables	LaR	64,347	64,347	–	–	64,347
Other receivables and assets, thereof	n.a.	73,947	–	–	–	–
Loan receivables	LaR	1,185	1,185	–	–	1,185
Outstanding income invoice from management of rail freight cars	LaR	4,049	4,049	–	–	4,049
Receivables from derivative financial instruments	n.a.	758	–	758	–	758
Miscellaneous receivables and assets	n.a.	18,154	–	–	–	–
Liquid assets	LaR	42,595	42,595	–	–	42,595
Liabilities						
Trade payables	Flmaac	106,171	106,171	–	–	106,171
Financial liabilities, thereof		555,295	–	–	–	–
Liabilities to banks	Flmaac	536,360	536,360	–	–	537,367
less transaction costs	n.a.	11,209	–	–	–	–
Disclosure in the balance sheet	n.a.	525,151	–	–	–	–
Liabilities from finance leases	n.a.	29,035	–	–	29,035	32,918
plus purchase price allocation	n.a.	1,017	–	–	–	–
Disclosure in the balance sheet	n.a.	30,052	–	–	–	–
Financial liabilities to affiliated companies	Flmaac	92	92	–	–	92
Other liabilities, thereof	n.a.	41,012	–	–	–	–
Liabilities from dividends	Flmaac	159	159	–	–	159
Liabilities from derivative financial instruments with a hedging relationship	n.a	23,968	–	23,968	–	23,968
Miscellaneous liabilities	n.a	16,885	–	–	–	–
Thereof aggregated by valuation category in accordance with IAS 39						
Loans and receivables (LaR)		112,176	112,176	–	–	112,176
Available-for-sale financial assets (AfSFA)		7,153	7,153	–	–	0
Financial liabilities measured at amortized cost (FLmaaC)		642,782	642,782	–	–	643,789

n.a.: Balance sheet items are not allocable to any valuation category

Balance sheet item € '000	Valuation category in accordance with IAS 39	Book value as of 31.12.2008	Measurement in accordance with IAS 39		Balance sheet measurement under IAS 17	Fair Value 31.12.2008
			Amortized cost	Fair Value, no income impact		
Assets						
Other financial assets	AfSFA	7,617	7,617	–	–	
Trade receivables	LaR	73,441	73,441	–	–	73,441
Other receivables and assets, thereof	n.a.	33,229	–	–	–	–
Loan receivables	LaR	444	444	–	–	444
Outstanding income invoice from management of rail freight cars	LaR	3,468	3,468	–	–	3,468
Receivables from derivative financial instruments	n.a.	1,243	–	1,243	–	1,243
Miscellaneous receivables and assets	n.a.	28,074	–	–	–	–
Liquid assets	LaR	28,256	28,256	–	–	28,256
Liabilities						
Trade payables	Flmaac	109,574	109,574	–	–	109,574
Financial liabilities, thereof		527,911	–	–	–	–
Liabilities to banks	Flmaac	503,644	503,644	–	–	507,524
less transaction costs	n.a.	13,227	–	–	–	–
Disclosure in the balance sheet	n.a.	490,417	–	–	–	–
Liabilities from finance leases	n.a.	35,949	–	–	35,949	38,096
plus purchase price allocation	n.a.	1,433	–	–	–	–
Disclosure in the balance sheet	n.a.	37,382	–	–	–	–
Financial liabilities to affiliated companies	Flmaac	112	112	–	–	112
Other liabilities, thereof	n.a.	38,152	–	–	–	–
Liabilities from dividends	Flmaac	155	155	–	–	155
Liabilities from derivative financial instruments with a hedging relationship	n.a	17,114	–	17,114	–	17,114
Miscellaneous liabilities	n.a	20,883	–	–	–	–
Thereof aggregated by valuation category in accordance with IAS 39						
Loans and receivables (LaR)		105,609	105,609	–	–	105,609
Available-for-sale financial assets (AfSFA)		7,617	7,617	–	–	0
Financial liabilities measured at amortized cost (FLmaaC)		613,485	613,485	–	–	617,365

n.a.: Balance sheet items are not allocable to any valuation category

Trade receivables, loan receivables and the other receivables and liquid funds shown have short residual terms. Therefore, their book values represent their fair values at the balance sheet date.

Trade payables, liabilities from dividends and liabilities from affiliated, non-consolidated companies related to financial transactions usually have short residual terms, so the amounts recognized represent their fair values.

Liabilities to banks and liabilities from finance leases are measured at amortized cost. The fair value of liabilities to banks and liabilities from finance leases was determined by discounting the expected future cash flows at interest-rates for similar financial liabilities with comparable residual terms.

The majority of the financial liabilities attract variable interest. In most cases, the fixed-interest period as of the balance sheet date was up to six months. As part of the VTG Group's interest-rate hedging strategy, the Group effectively hedges interest-rate exposure. For the receivables and liabilities shown, it is assumed that the nominal amount less impairments is equal to the fair value.

In order to measure financial instruments that are not traded on an active market, valuation models such as the DCF method are used to determine fair value.

Subsequent valuation of derivative financial instruments is at fair value. Fair value is determined in the first instance through the use of quoted prices in active markets for identical assets or liabilities. If this is not possible, the next level for determining fair values is the use of observable market transactions for comparable assets or liabilities. Finally, fair values are determined with models that use parameters for measuring assets and liabilities, whereby the parameters used are based on observable market data. As of December 31, 2009, there were receivables from forward currency transactions totaling € 0.8 million that are classified under level 2 of the fair-value hierarchy. As of December 31, 2009, there were liabilities from derivative financial instruments (interest-rate hedges) totaling € 24.0 million that are classified under level 2 of the fair-value hierarchy.

Net result by valuation category

As of December 31, 2009, the net result by valuation category was as follows:

€ '000	From interest	From currency translation	Impairment	From disposal	31.12.2009
Loans and receivables	581	50	–1,711	–293	–1,373
Available-for-sale financial assets	0	0	–182	0	–182
Financial liabilities measured at amortized cost	–20,117	–394	0	0	–20,511
Total	**–19,536**	**–344**	**–1,893**	**–293**	**–22,066**
Other items	–11,971	0	0	0	–11,971
Total	**–31,507**	**–344**	**–1,893**	**–293**	**–34,037**

The net result for the previous year was as follows:

€ '000	From interest	From currency translation	Impairment	From disposal	31.12.2008
Loans and receivables	2,136	130	–831	–142	1,293
Available-for-sale financial assets	0	0	–140	3,190	3,050
Financial liabilities measured at amortized cost	–31,717	–181	0	0	–31,898
Total	**–29,581**	**–51**	**–971**	**3,048**	**–27,555**
Other items	–2,940	0	0	0	–2,940
Total	**–32,521**	**–51**	**–971**	**3,048**	**–30,495**

"Other items" consist of interest income and interest expenses not covered in the valuation categories above. The interest income results from the purchase price allocation and hedging. The interest expense results from pension provisions, transaction costs and finance leases.

The net gains and losses from the valuation category "Loans and receivables" comprise interest income, changes in impairments, gains and losses on the removal of receivables as well as payment receipts and revaluations of originally written off receivables. Impairment losses comprise additions and reversals of allowances on trade receivables. The net gains from currency translation relate to trade receivables.

The net losses from the valuation category "Available-for-sale financial assets" result from financial asset write-downs.

The net losses in the valuation category "Financial liabilities measured at amortized cost" result from both interest expenses and the currency translation of trade payables.

Hedging strategy and risk management

Within the framework of its business activities, the VTG Group is exposed to various financial risks. Specifically, these include default risk, liquidity risk and financial market risk, as described below.

For further information on the risk management system of the VTG Group, please refer to the explanations in the Report on Opportunities and Risks within the Group Management Report.

Default risk
On the one hand, the default risk includes the risk that outstanding receivables will be paid late or not at all. On the other hand, it entails the risk that suppliers will not satisfy their advance payment obligations.

The risk of default is countered through an effective accounts receivable management system.

In order to cover payments on account in connection with investment activities, suppliers obtain bank guarantees from financial institutions with top credit ratings. As collateral for payments on account, the Group has accepted bank guarantees from suppliers amounting to € 7.3 million (previous year: € 19.4 million). As of December 31, 2009, as in previous years, no guarantees from suppliers had been utilized.

Liquidity risk
Liquidity planning is used to determine the cash requirements for the whole VTG Group. These requirements are covered first and foremost by operating cash flow, and then by agreed, as yet unused lines of credit until 2015. This ensures that VTG AG and its subsidiaries can meet their financial obligations at all times.

The loan amounts, including accrued interest, and the amounts due within a year are shown in the table below:

€ '000	Bank	Purpose	Original credit amount	Loan balance as of 31.12.2009	Thereof due within a year
VTG GmbH	Hypo-Vereinsbank	Redemption of various loans	121,100	109,602	6,176
VTG Deutschland	Hypo-Vereinsbank	Redemption of various loans	298,900	270,667	15,244
VTG Deutschland	Hypo-Vereinsbank	Working capital line	50,000	0	0
VTG Deutschland	Hypo-Vereinsbank	Capex facility	85,000	55,003	0
VTG Rail UK Ltd.	Hypo-Vereinsbank	Purchase of rail freight cars	20,000	13,780	694
Texas Railcar	Hypo-Vereinsbank	Purchase of rail freight cars	15,000	12,865	0
Klostertor	DVB Bank	Purchase of rail freight cars	46,000	38,625	3,000
Deichtor	DVB Bank	Purchase of rail freight cars	39,153	35,653	1,850
Total			**675,153**	**536,195**	**26,964**

The loan amounts, purpose and amounts due within a year as of December 31, 2008 are shown in the following table:

€ '000	Bank	Purpose	Original credit amount	Loan balance as of 31.12.2008	Thereof due within a year
VTG GmbH	Hypo-Vereinsbank	Redemption of various loans	121,100	114,576	4,980
VTG Deutschland	Hypo-Vereinsbank	Redemption of various loans	298,900	282,911	12,406
VTG Deutschland	Hypo-Vereinsbank	Working capital line	50,000	0	0
VTG Deutschland	Hypo-Vereinsbank	Capex facility	85,000	0	0
VTG Rail UK Ltd.	Hypo-Vereinsbank	Purchase of rail freight cars	20,000	13,403	581
Texas Railcar	Hypo-Vereinsbank	Purchase of rail freight cars	15,000	13,164	0
Klostertor	DVB Bank	Purchase of rail freight cars	46,000	41,864	3,364
Deichtor	DVB Bank	Purchase of rail freight cars	39,153	37,654	2,002
Total			**675,153**	**503,572**	**23,333**

According to the balance sheet, the VTG Group shows liabilities to banks totaling € 525.1 million. The following table shows a reconciliation of the loan amounts presented above to the liabilities to banks as disclosed in the balance sheet.

€ '000	31.12.2009	31.12.2008
Loan from Hypo-Vereinsbank	461,918	424,054
Loan from DVB Bank	74,277	79,518
Deduction of transaction costs under IAS 39	−11,209	−13,227
Current account overdrafts at various banks	165	72
Liabilities to banks	**525,151**	**490,417**

For the due dates for liabilities to banks, please refer to Note (28). With regard to Group leasing transactions, see Note (28) for a discussion of finance leases. For operating leases, please refer to “Other financial commitments”.

The following liquidity analysis shows the payments that will probably have to be made over the next few years as a result of the financial liabilities covered by IFRS 7. It also shows payments from financial assets. Please refer to Note (28) for the liquidity analysis for trade payables.

€ '000	Book value 31.12.2009	Cash flows 2010			Cash flows 2011		
		Fixed interest	Variable interest	Repayment	Fixed interest	Variable interest	Repayment
Primary financial liabilities							
Liabilities to banks before deduction of transaction costs	536,360	2,485	10,043	27,129	2,535	9,580	27,063
Liabilities from finance leases excl. purchase price allocation	29,035	1,444	0	4,907	1,164	0	4,410
Financial liabilities							
from affiliated, non-consolidated companies	92	0	0	92	0	0	0
from investments	0	0	0	0	0	0	0
Derivative financial liabilities and assets							
Other liabilities from derivative financial instruments							
Currency derivatives in connection with cash flow hedges	0	0	0	0	0	0	0
Interest derivatives in connection with cash flow hedges	23,968	10,719	0	0	10,629	0	0
Other assets from derivative financial instruments							
Currency derivatives	758	0	0	758	0	0	0
Interest derivatives in connection with cash flow hedges	0	0	0	0	0	0	0

€ '000	Cash flows 2012–2014 Fixed interest	Cash flows 2012–2014 Variable interest	Cash flows 2012–2014 Repay-ment	Cash flows 2015–2017 Fixed interest	Cash flows 2015–2017 Variable interest	Cash flows 2015–2017 Repay-ment	Cash flows 2018 ff. Fixed interest	Cash flows 2018 ff. Variable interest	Cash flows 2018 ff. Repay-ment
Primary financial liabilities									
Liabilities to banks before deduction of transaction costs	6,410	25,733	82,315	4,500	20,721	92,650	3,362	38,758	307,203
Liabilities from finance leases excl. purchase price allocation	1,798	0	14,068	639	0	5,650	0	0	0
Financial liabilities									
from affiliated, non-consolidated companies	0	0	0	0	0	0	0	0	0
from investments	0	0	0	0	0	0	0	0	0
Derivative financial liabilities and assets									
Other liabilities from derivative financial instruments									
Currency derivatives in connection with cash flow hedges	0	0	0	0	0	0	0	0	0
Interest derivatives in connection with cash flow hedges	31,956	0	0	4,837	0	0	0	0	0
Other assets from derivative financial instruments									
Currency derivatives	0	0	0	0	0	0	0	0	0
Interest derivatives in connection with cash flow hedges	0	0	0	0	0	0	0	0	0

The liquidity analysis of the previous year is as follows:

€ ’000	Book value 31.12.2008	Cash flows 2009 Fixed interest	Cash flows 2009 Variable interest	Cash flows 2009 Repayment	Cash flows 2010 Fixed interest	Cash flows 2010 Variable interest	Cash flows 2010 Repayment
Primary financial liabilities							
Liabilities to banks before deduction of transaction costs	503,644	2,890	18,430	23,406	2,707	17,463	26,993
Liabilities from finance leases excl. purchase price allocation	35,949	2,013	0	7,097	1,627	0	4,733
Financial liabilities							
from affiliated, non-consolidated companies	0	0	0	0	0	0	0
from investments	112	0	3	112	0	0	0
Derivative financial liabilities and assets							
Other liabilities from derivative financial instruments							
Currency derivatives in connection with cash flow hedges	412	0	0	412	0	0	0
Interest derivatives in connection with cash flow hedges	16,702	3,034	0	0	4,025	0	0
Other assets from derivative financial instruments							
Currency derivatives	1,243	0	0	1,243	0	0	0
Interest derivatives in connection with cash flow hedges	0	0	0	0	0	0	0

€ '000	Cash flows 2011–2013 Fixed interest	Cash flows 2011–2013 Variable interest	Cash flows 2011–2013 Repay-ment	Cash flows 2014–2016 Fixed interest	Cash flows 2014–2016 Variable interest	Cash flows 2014–2016 Repay-ment	Cash flows 2017 ff. Fixed interest	Cash flows 2017 ff. Variable interest	Cash flows 2017 ff. Repay-ment
Primary financial liabilities									
Liabilities to banks before deduction of transaction costs	7,062	46,304	80,718	5,093	37,060	83,935	7,967	55,741	288,592
Liabilities from finance leases excl. purchase price allocation	2,874	0	16,747	1,007	0	4,265	77	0	3,107
Financial liabilities									
from affiliated, non-consolidated companies	0	0	0	0	0	0	0	0	0
from investments	0	0	0	0	0	0	0	0	0
Derivative financial liabilities and assets									
Other liabilities from derivative financial instruments									
Currency derivatives in connection with cash flow hedges	0	0	0	0	0	0	0	0	0
Interest derivatives in connection with cash flow hedges	11,890	0	0	5,706	0	0	0	0	0
Other assets from derivative financial instruments									
Currency derivatives	0	0	0	0	0	0	0	0	0
Interest derivatives in connection with cash flow hedges	0	0	0	0	0	0	0	0	0

In the overview, the contractually agreed non-discounted interest and capital payments of the primary financial liabilities and the derivative financial instruments are shown with positive and negative fair values. Included are all instruments that were held at December 31, 2009 and for which payments were already contractually agreed. Forecast figures for new liabilities are not included. The variable interest payments from financial instruments were determined on the basis of the interest-rates last fixed prior to December 31, 2009.

Financial market risk

The main financial market risks facing the VTG Group are interest-rate and currency risks.

For the presentation of market risks, IFRS 7 requires sensitivity analyses to be performed which show the effects of hypothetical changes in relevant risk variables on profit or loss and shareholders' equity. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments as of the balance sheet date. It is ensured that the balance at the reporting date is representative for the year as a whole.

The following sensitivity analyses contain hypothetical information that therefore involves risk. Due to unforeseeable developments in the global financial markets, actual developments may deviate from the hypothetical ones.

Interest-rate risk

The VTG Group's interest-rate risk exposure arises exclusively from the sensitivity of payments relating to variable interest-bearing financial liabilities to banks as a consequence of a change in the market interest-rate. The VTG Group limits such risks by using interest-rate derivatives such as interest-rate swaps. Since the Group has a short interest-rate position, the interest risks that exist are mainly from an increase in interest-rates on the market.

The loans from Hypo-Vereinsbank stated under "Liquidity risk" are subject to variable interest. The loans from DVB and KfW Bank have 70 % fixed and 30 % variable interest-rates.

The hedge also includes future borrowings under the loan agreement with Hypo-Vereinsbank. Klostertor and Deichtor have secured the great majority of their loans against interest-rate changes with fixed interest-rate agreements through 2015.

In the financial year, after taking into account deferred tax effects, expenses (previous year: income) from the revaluation of the hedging relationship of € 4.9 million (previous year: € 14.7 million) were recognized in equity without affecting income.

The amounts invested over the short term with banks are subject to interest-rate fluctuations. The funds available for investment are needed for the current investment plans, so there is no significant interest-rate risk from these fluctuations. Due to the minor importance to the Group of the other interest-bearing assets and liabilities, the risk of changes in interest-rates is not significant for the VTG Group.

In order to assess the risk of changes in interest-rates for financial liabilities, a change in the market interest-rate of 100 basis points was simulated. For this purpose, the actual interest-rates for the financial year 2009 were each changed by 100 basis points. Such a change in the interest level would change Group profit for the year by € 1.5 million (previous year: € 1.2 million) and would result in a € 14.9 million change in shareholders' equity. This calculation already takes account of the concluded interest-rate hedging transactions.

Currency risk

The scope of currency transactions is small within the Group. If a company independently concludes derivative financial instruments within the valid guidelines and provisions, this is done only with the prior approval of the Group's head office. For currency hedging, currency receipts and payments in the same currency and with the same maturity are initially offset at group level (netting). All hedging transactions of the Group are thus based on an appropriately recognized or future underlying transaction. These are exclusively fixed-price, arm's-length transactions with financial companies with excellent credit ratings.

The change in the market value of the forward exchange contracts classified as cash flow hedges is included in the other items of equity. As of December 31, 2009, derivative financial instruments with a maximum term of 3 months (previous year: 15 months) were held in order to hedge exchange risks in connection with planned transactions in foreign currency.

Within the meaning of IFRS 7, currency risks arise from primary and derivative financial instruments issued in a currency other than the functional currency of a company. The following sensitivity analysis covers, on the one hand, the presentation of equity effects resulting from foreign currency transactions that are a part of operating activities. Here, the foreign currency translation of USD transactions of a Group company within the VTG Group is analyzed; other foreign currency transactions that are a part of operating activities are less important. In addition, the effect of different translations of financial statements of Group companies with a reporting currency other than the euro (here: CHF, GBP and USD) is simulated. The observed effects are allocated to components affecting income and not affecting income.

The foreign currency sensitivity analysis is based on two potential scenarios. One scenario involves increasing and the other involves decreasing the exchange rates prevailing as of December 31, 2009 by 10 %. Scenario 1 thus simulates the effects of an increase in the foreign currencies compared to the euro and Scenario 2 simulates a decrease in the foreign currencies compared to the euro.

	Year-end rate 31.12.2009	Year-end rate Scenario 1	Year-end rate Scenario 2
CHF	1.4886	1.3397	1.6375
GBP	0.8932	0.8039	0.9825
USD	1.4303	1.2873	1.5733

	Average rate 2009	Average rate Scenario 1	Average rate Scenario 2
CHF	1.5102	1.3592	1.6612
GBP	0.8913	0.8022	0.9804
USD	1.3935	1.2542	1.5329

Based on the assumptions made, Scenario 1 results in € 3.4 million of effects affecting income and € −3.1 million of effects not affecting income. Scenario 2 results in € −2.7 million of effects affecting income and € 2.5 million of effects not affecting income.

Management of the capital structure

The Group manages its capital with the objective of maximizing the income of those with an investment in the company by optimizing the relationship between equity and debt and securing the long-term profitability and future of the company. This ensures that all Group companies can operate under the going-concern assumption.

The Group's capital structure consists of debt, including the borrowings stated under Note (28), cash and cash equivalents and equity attributable to shareholders of the parent company. Equity comprises shares issued, additional paid-in capital and statutory reserves.

A key control parameter used in capital structure management is the ratio of adjusted net financial debt to EBITDA. The adjusted net financial debt is equal to the net financial debt plus pension provisions.

Net financial debt is defined as the balance of cash and cash equivalents, investment securities and financial receivables less financial debt. It does not include those components in financial liabilities that have been entered as part of a purchase price allocation. Moreover, there is no deduction of transaction costs within the meaning of IAS 39 in determining net financial debt (see also "Liquidity risk").

The (adjusted) financial debt is determined as follows:

€ '000	**31.12.2009**	31.12.2008
Cash and cash equivalents	42,595	28,256
Investment securities	427	393
Financial receivables	1,184	444
Financial liabilities	–555,295	–527,911
Correction, deduction of transaction costs	–11,209	–13,227
Correction, purchase price allocation	1,017	1,433
Net financial debt	**–521,281**	**–510,612**
Pension provisions	–47,823	–44,104
Adjusted net financial debt	**–569,104**	**–554,716**

The ratio of adjusted net financial debt to EBITDA is shown in the following table:

€ '000	**31.12.2009**	31.12.2008
Adjusted net financial debt	569,104	554,716
EBITDA	149,353	156,445
Ratio of adjusted net financial debt/EBITDA	**3.8**	**3.5**

Notes to the consolidtaed cash flow statement

The cash flow statement of the VTG Group shows the inflows and outflows of funds for operating, investing and financing activities for the financial year 2009 and for the previous year.

The decline in cash flow from operating activities was due primarily to the slight decrease in Group net income compared to the previous year. This decrease in cash flow was partially offset by the increase in net current assets.

Investments in intangible assets and tangible fixed assets and other assets were mainly for purchases and modernization of rail freight cars.

Investments in financial assets led to payments of € 5.9 million. These primarily related to the payment of the rest of the purchase price for Waggonbau Graaff, which was acquired in 2008.

The Annual General Meeting held on June 4, 2009 approved the payment of a dividend of € 0.30 per share. A total amount of € 6.4 million was paid out to shareholders.

The cash flow from financing activities was also affected by VTG Deutschland's borrowings from Hypo-Vereinsbank totaling € 55.0 million.

Repayments of € 28.1 million included scheduled repayments of existing loans from Hypo-Vereinsbank, DVB and KfW (€ 22.9 million) and repayments under finance leases (€ 5.2 million).

Other disclosures

Contingent liabilities

A total of ten companies in the VTG Group have guaranteed the repayment to the Hypo-Vereinsbank of loans totaling € 508.4 million taken up by the companies within the VTG Group.

Four companies within the VTG Group have assigned as collateral their rail freight cars registered in Germany and in England respectively at their carrying amounts of € 547.9 million.

In addition to the abovementioned guarantees, two Group companies have, in order to secure their bank liabilities to DVB and the KfW Bank, pledged bank accounts with a carrying value of € 1.8 million and pledged as collateral rail freight cars with carrying values of € 94.8 million.

Should the VTG Group fail to satisfy its obligations under the loan agreements, the lenders are, in certain circumstances, entitled to realize the pledged collateral.

Other financial commitments

The nominal values of the other financial commitments are as follows for the financial year 2009 and the previous year:

€ '000	Due within 1 year	Between 1 and 5 years	Over 5 years	31.12.2009 Total
Obligations from rental, leasehold and leasing agreements	37,391	83,843	36,005	157,239
Purchase commitments	22,225	0	0	22,225
Total	**59,616**	**83,843**	**36,005**	**179,464**

€ '000	Due within 1 year	Between 1 and 5 years	Over 5 years	31.12.2008 Total
Obligations from rental, leasehold and leasing agreements	35,309	80,970	16,204	132,483
Purchase commitments	92,256	30,235	0	122,491
Total	**127,565**	**111,205**	**16,204**	**254,974**

The obligations from rental, leasehold and leasing agreements relate exclusively to rental agreements where the companies of the VTG Group are not considered the economic owners of the leased assets (rail freight cars and tank containers) under the regulations of the IASB. The operating leases shown under this item have an average term of 11 years and include purchase options at maturity which approximate to the fair value.

Purchase commitments relate exclusively to investments in tangible fixed assets.

The total rental, leasehold and lease expense for financial year 2009 totaled € 46.9 million (previous year: € 46.6 million).

Auditors' fees

In financial year 2009, the following fees, recorded in other operating expenses, were incurred in relation to the auditors of the annual and consolidated financial statements (disclosure in accordance with § 314 (1) number 9 in conjunction with § 315 a (1) of the German Commercial Code).

€ '000	2009	2008
Fees for auditing the annual report and consolidated financial statements	447	553
Fees for other services related to the audit opinion	80	119
Other services	65	170

Average number of employees

	2009	2008
Salaried employees	625	576
Wage-earning staff	344	278
Trainees	35	30
Total	**1,004**	**884**
Thereof abroad	329	310

Material events after the balance sheet date (Supplemental Report)

There were no events of special significance between the balance sheet date and the time of publication.

Related-party disclosures

Besides the subsidiaries included in the consolidated financial statements, VTG AG is related directly or indirectly with affiliated, non-consolidated companies and with other equity investments in the normal course of its business activities. In addition, the following companies and persons were identified in particular as related parties in accordance with IAS 24:

Name and registered office of company
Compagnie Européenne de Wagons S.à r.l., Luxembourg
El Vedado, LLC, New York
Euro Wagon I, L.P., Cayman Islands
Euro Wagon II, L.P., Cayman Islands
IPE Eurowagon, L.P., Jersey
Platon MPP Beteiligungs GmbH & Co. KG, Hamburg
Platon MPP Beteiligungs S.à r.l., Luxembourg
Platon MPP Verwaltungs GmbH, Hamburg
Ross Expansion Associates, L.P., New York
Ross Expansion GP, LLC, New York
Wilbur L. Ross jr., New York
WLR Euro Wagon Management Ltd., New York
WLR Recovery Associates II, LLC, New York
WLR Recovery Associates III, LLC, New York
WLR Recovery Fund II, L.P., New York
WLR Recovery Fund III, L.P., New York
WL Ross Group, L.P., New York

The following transactions involved related parties:

Income and expenses from affiliated, non-consolidated companies and other equity investments

€ '000	**2009**	2008
Income and expenses from affiliated, non-consolidated companies		
Revenue and other operating income	7,542	6,588
Expenses	5,175	7,802
Interest income	3	1
Interest expense	4	41
Income and expenses from other equity investments		
Revenue and other operating income	2,908	2,900
Expenses	2,474	2,592
Interest expense	28	103

Receivables and liabilities

€ '000	**31.12.2009**	31.12.2008
Receivables from affiliated, non-consolidated companies		
trade receivables	1,984	1,221
other receivables	73	43
Receivables from other equity investments		
trade receivables	1,321	1,081
other receivables	704	0
Liabilities to affiliated, non-consolidated companies		
trade payables	854	320
financial liabilities	92	112
Liabilities to other equity investments		
trade payables	227	29
under finance leases	21,960	27,865

All transactions with related parties were conducted on an arm's-length basis.

Remuneration of the Executive Board, the Supervisory Board and persons in key management positions

The Executive Board, Supervisory Board and those in key management positions in the Group and their close family members represent related parties within the meaning of IAS 24, whose remuneration is to be disclosed separately.

€ '000	2009	2008
Short-term employee benefits	3,118	3,797
thereof Executive Board	(1,295)	(2,140)
thereof Supervisory Board	(159)	(159)
Post-employment benefits	383	190
thereof Executive Board	(333)	(64)
Total	**3,501**	**3,987**

Pension provisions for members of the Executive Board amounted to € 2.0 million as of the balance sheet date. Provisions for other key management personnel amounted to € 0.2 million on the balance sheet date.

There are pension provisions totaling € 4.6 million for obligations to former members of the Executive Board and their survivors. Pension payments to former Executive Board members and their survivors amounted to € 0.3 million.

The members of the Supervisory Board and of the Executive Board of VTG AG are listed separately.

Declaration on the Corporate Governance Code

The Supervisory Board and Executive Board have issued a declaration of conformity in accordance with § 161 of the German Stock Corporation Act and made it permanently accessible to shareholders on the VTG website at www.vtg.de.

Hamburg, March 8, 2010

The Executive Board

Dr. Heiko Fischer

Jürgen Hüllen

Dr. Kai Kleeberg

Members of the Supervisory Board

Dr. rer. pol. Wilhelm Scheider, Basel
Consultant
Chairman

Dr. rer. pol. Klaus-Jürgen Juhnke, Hamburg
Former Managing Director of VTG Vereinigte Tanklager und Transportmittel GmbH, Hamburg
Deputy Chairman of the Supervisory Board

Dr. jur. Bernd Malmström, Berlin
Attorney

Dr. sc. pol. Jost A. Massenberg, Duisburg
Member of the Executive Board of ThyssenKrupp Steel Europe AG

Dr. jur. Christian Olearius, Hamburg
Banker
M.M. Warburg & CO Kommanditgesellschaft auf Aktien, Hamburg

Gunnar Uldall, Hamburg
Senator (retired)

Members of the Executive Board

Dr. rer. pol. Heiko Fischer, Hamburg
MBA
Chairman

Jürgen Hüllen, Hamburg
Dipl.-Kaufmann (Degree in Business Administration)

Dr. rer. pol. Kai Kleeberg, Hamburg
Dipl.-Kaufmann (Degree in Business Administration)

Appointments of the Supervisory Board *)

Dr. rer. pol. Wilhelm Scheider, Basel

b) Hydac Technologie GmbH [1]
Hydac Electronic GmbH

Dr. rer. pol. Klaus-Jürgen Juhnke, Hamburg

a) Flughafen Hamburg GmbH [1]

Dr. jur. Bernd Malmström, Berlin

a) Lehnkering GmbH [1]
HHLA - Intermodal GmbH
K + S AG

b) IFCO-Systems B.V., Netherlands [1]
Stinnes-Corporation, USA [1]
time: matters GmbH [1]
BLG Logistics Group AG & Co. KG
DAL Deutsche Afrika Linien GmbH & Co. KG
SBB AG, Switzerland

Dr. sc. pol. Jost A. Massenberg, Duisburg

a) ThyssenKrupp Stahl-Service-Center GmbH [1]
EHW Eisen- u. Hüttenwerke AG
Hoesch Hohenlimburg GmbH
Rasselstein GmbH
ThyssenKrupp Umformtechnik GmbH

a) Membership of statutory supervisory boards.
b) Membership of comparable controlling bodies of business enterprises in Germany and abroad.

*) All information relating to appointments applies as of December 31, 2009.
1) Chairman
2) Deputy Chairman

Appointments of the Executive Board *)

b) Acciai di Qualità, Centro Lavorazione Lamiere S.p.A, Italy [2]
ThyssenKrupp Steel North America Inc., USA [2]
Thyssen Ros Casares S.A., Spain [2]
ANSC–TKS Galvanizing Co. Ltd., China
Felix Schoeller Holding GmbH & Co. KG
Grupo ThyssenKrupp S.L., Spain
Siegwerk GmbH & Co. KG
ThyssenKrupp Steel USA, LLC, USA
ThyssenKrupp Verkehr GmbH

Dr. jur. Christian Olearius, Hamburg

a) Bankhaus Hallbaum AG [1]
Bankhaus Löbbecke AG [1]
M.M. Warburg & CO Geschäftsführungs-AG [1]
M.M. Warburg & CO Hypothekenbank AG [1]
Hapag-Lloyd AG
KanAm Grund Kapitalanlagengesellschaft mbH

b) Bankhaus Carl F. Plump & Co. [1]
Degussa Bank GmbH [1]
M.M. Warburg Bank (Schweiz) AG, Switzerland [1]
Marcard, Stein & CO AG [1]
GEDO Grundstücksentwicklungs- und Verwaltungsgesellschaft mbH & Co KG [2]

Gunnar Uldall, Hamburg

a) Daimler Luft- und Raumfahrt Holding AG
HanseMerkur Holding AG
HanseMerkur Krankenversicherung auf Gegenseitigkeit

b) BDO Deutsche Warentreuhand Aktiengesellschaft
Kühne School of Logistics and Management GmbH

Dr. rer. pol. Heiko Fischer, Hamburg

b) TRANSWAGGON-Gruppe, Switzerland [2]
„Brückenhaus" Grundstücksgesellschaft m.b.H.
Kommanditgesellschaft „Brückenhaus" Grundstücksgesellschaft m.b.H. & Co.
TRANSWAGGON AG, Switzerland
Waggon Holding AG, Switzerland

Jürgen Hüllen, Hamburg

b) Transpetrol GmbH Internationale Eisenbahnspedition [1]
TRANSWAGGON-Gruppe, Switzerland

Dr. rer. pol. Kai Kleeberg, Hamburg

b) Shanghai COSCO VOTG Tanktainer Co., Ltd., China
Transpetrol GmbH Internationale Eisenbahnspedition

a) Membership of statutory supervisory boards.
b) Membership of comparable controlling bodies of business enterprises in Germany and abroad.

*) All information relating to appointments applies as of December 31, 2009.
1) Chairman
2) Deputy Chairman

DEVELOPMENT OF FIXED ASSETS

from 1st January to 31st December 2009

€ '000	Balance at 1.1.2009	Currency adjustment	Additions	Disposals	Reclassifications	Balance 31.12.2009
	Acquisition and manufacturing costs					
Intangible assets						
Concessions, trademarks and and similar rights and values and licences in such rights and values	3,717	0	1,262	3	16	4,992
Brand values	10,059	0	0	0	0	10,059
Customer relationships	62,598	0	0	0	0	62,598
Goodwill	158,146	–43	0	0	0	158,103
Payments on account	16	0	1,124	0	–16	1,124
	234,536	**–43**	**2,386**	**3**	**0**	**236,876**
Tangible assets						
Wagon fleet	932,623	2,010	67,754	1,622	7,944	1,008,709
Containers and chassis	32,122	0	4,720	17	103	36,928
Land and buildings including on third party land	8,339	0	46	0	395	8,780
Technical plant and machinery	4,919	0	516	4	369	5,800
Other equipment, operating and office equipment	5,367	13	1,106	77	–4	6,405
Payments on account, assets under construction	13,062	–2	51,649	2,775	–8,811	53,123
	996,432	**2,021**	**125,791**	**4,495**	**–4**	**1,119,745**
Financial assets						
Shares in affiliated companies	5,967	0	225	0	0	6,192
Investments in associates	16,857	0	245	0	0	17,102
Other investments	749	0	183	0	0	932
Fixed asset securities	417	0	32	0	0	449
Other loans	751	0	0	14	–709	28
	24,741	**0**	**685**	**14**	**–709**	**24,703**
Fixed assets	**1,255,709**	**1,978**	**128,862**	**4,512**	**–713**	**1,381,324**

Impairment, amortization and depreciation						Book values	
Balance at 1.1.2009	Currency adjustment	Impairment, amortization and depreciation in financial year	Disposals	Reclassifications	Balance 31.12.2009	**31.12.2009**	31.12.2008
1,335	0	903	0	0	2,238	2,754	2,382
0	0	0	0	0	0	10,059	10,059
11,377	0	3,913	0	0	15,290	47,308	51,221
0	0	0	0	0	0	158,103	158,146
0	0	0	0	0	0	1,124	16
12,712	**0**	**4,816**	**0**	**0**	**17,528**	**219,348**	**221,824**
168,274	353	71,011	899	−60	238,679	770,030	764,349
10,446	0	3,736	16	0	14,166	22,762	21,676
3,804	0	280	0	0	4,084	4,696	4,535
1,075	0	751	0	56	1,882	3,918	3,844
2,645	7	1,039	34	−2	3,655	2,750	2,722
0	0	0	0	0	0	53,123	13,062
186,244	**360**	**76,817**	**949**	**−6**	**262,466**	**857,279**	**810,187**
103	0	0	0	0	103	6,089	5,864
0	0	0	0	0	0	17,102	16,857
140	0	183	0	0	323	609	609
24	0	−2	0	0	22	427	393
0	0	0	0	0	0	28	751
267	**0**	**181**	**0**	**0**	**448**	**24,255**	**24,474**
199,223	**360**	**81,814**	**949**	**−6**	**280,442**	**1,100,882**	**1,056,485**

DEVELOPMENT OF FIXED ASSETS

from 1st January to 31st December 2008

	Acquisition and manufacturing costs						
€ '000	Balance at 1.1.2008	Changes due to scope of consolidation	Currency adjustment	Additions	Disposals	Reclassifications	Balance 31.12.2008
Intangible assets							
Concessions, trademarks and and similar rights and values and licences in such rights and values	2,158	578	0	975	3	9	3,717
Brand values	10,059	0	0	0	0	0	10,059
Customer relationships	62,598	0	0	0	0	0	62,598
Goodwill	156,211	1,838	97	0	0	0	158,146
Payments on account	0	0	0	16	0	0	16
	231,026	**2,416**	**97**	**991**	**3**	**9**	**234,536**
Tangible assets							
Wagon fleet	799,078	15,894	−5,473	121,251	2,805	4,678	932,623
Containers and chassis	24,489	0	0	7,449	26	210	32,122
Land and buildings including on third party land	5,185	2,827	0	271	0	56	8,339
Technical plant and machinery	2,819	1,268	0	830	4	6	4,919
Other equipment, operating and office equipment	3,928	153	−37	1,402	132	53	5,367
Payments on account, assets under construction	8,715	0	0	9,358	0	−5,012	13,062
	844,214	**20,142**	**−5,510**	**140,561**	**2,967**	**−9**	**996,432**
Financial assets							
Shares in affiliated companies	7,441	−1,575	0	103	2	0	5,967
Investments in associates	15,811	0	0	1,046	0	0	16,857
Other investments	609	0	0	140	0	0	749
Fixed asset securities	417	0	0	0	0	0	417
Other loans	761	0	0	3	13	0	751
	25,039	**−1,575**	**0**	**1,292**	**15**	**0**	**24,741**
Fixed assets	**1,100,279**	**20,983**	**−5,413**	**142,844**	**2,985**	**0**	**1,255,709**

* The impairments of securities include effects from the revaluation of securities recorded without affecting income.

Impairment, amortization and depreciation							Book values	
Balance at 1.1.2008	Changes due to scope of consolidation	Currency adjustment	Impairment, amortization and depreciation in financial year	Disposals	Reclassifications	Balance 31.12.2008	**31.12.2008**	31.12.2007
616	0	0	722	3	0	1,335	2,382	1,542
0	0	0	0	0	0	0	10,059	10,059
3,707	0	0	3,912	0	0	11,377	51,221	55,133
0	0	0	0	0	0	0	158,146	156,211
0	0	0	0	0	0	0	16	0
8,081	**0**	**0**	**4,634**	**3**	**0**	**12,712**	**221,824**	**222,945**
104,861	0	−456	65,708	1,839	0	168,274	764,349	694,217
6,854	0	0	3,618	26	0	10,446	21,676	17,635
487	0	0	3,317	0	0	3,804	4,535	4,698
568	0	0	507	0	0	1,075	3,844	2,251
1,753	0	−22	1,013	99	0	2,645	2,722	2,175
0	0	0	0	0	0	0	13,062	8,715
114,523	**0**	**−478**	**74,163**	**1,964**	**0**	**186,244**	**810,187**	**729,691**
303	−200	0	0	0	0	103	5,864	7,138
0	0	0	0	0	0	0	16,857	15,811
0	0	0	140	0	0	140	609	609
4	0	0	20 *	0	0	24	393	413
0	0	0	0	0	0	0	751	761
307	**−200**	**0**	**160**	**0**	**0**	**267**	**24,474**	**24,732**
122,911	**−200**	**−478**	**78,957**	**1,967**	**0**	**199,223**	**1,056,485**	**977,368**

LIST OF EQUITY INVESTMENTS

as of 31st December 2009

Name und headquarters of company	Currency	Share of capital in % Direct	Indirect	Equity capital in '000 currency units	Result in '000 currency units
A. Consolidated affiliated companies					
Alstertor Rail France S.à r.l., Joigny, France	EUR		100.00	–989	–5,655
Alstertor Rail UK Limited, Birmingham, UK	GBP		100.00	5,804	–2,850
Ateliers de Joigny S.A.S., Joigny, France	EUR		100.00	1,475	–178
CAIB Benelux BVBA, Berchem/Antwerpen, Belgium	EUR		100.00	2,046	954
CAIB Rail Holdings Limited, Birmingham, UK	GBP		100.00	–7,511	510
CAIB UK Limited, Birmingham, UK	GBP		100.00	18,330	0
Deichtor Rail GmbH, Garlstorf	EUR	100.00		3,862	–469
Eisenbahn-Verkehrsmittel GmbH & Co. KG für Transport und Lagerung, Garlstorf	EUR		98.56	32,470	0 [1]
Etablissements Henri Loyez S.A.S., Libercourt, France	EUR		100.00	–884	–1,656
EVA Eisenbahn-Verkehrsmittel-Gesellschaft mbH, Hamburg	EUR		100.00	38,632	0 [1]
EVA Holdings Deutschland GmbH, Hamburg	EUR		100.00	8,498	0 [1]
Klostertor Rail GmbH, Garlstorf	EUR	100.00		3,600	–791
Texas Railcar Leasing Company, McAllen, Texas, USA	USD		100.00	4,961	875
Transpetrol Austria GmbH, Vienna, Austria	EUR		100.00	456	170
Transpetrol GmbH Internationale Eisenbahnspedition, Hamburg	EUR		74.90	5,012	4,012
VOTG Tanktainer Gesellschaft mit beschränkter Haftung, Hamburg	EUR		100.00	4,145	596
VTG Austria Ges.m.b.H, Vienna, Austria	EUR		100.00	10,980	2,321
VTG Deutschland GmbH, Hamburg	EUR		100.00	151,034	0 [1]
VTG France S.A.S., Paris, France	EUR		100.00	16,318	3,065
VTG ITALIA S.r.l., Milan, Italy	EUR		100.00	1,662	52
VTG North America, Inc., Hinsdale, Illinois, USA	USD	100.00		28,717	528
VTG RAIL ESPAÑA S.L., Madrid, Spain	EUR		100.00	2,152	26
VTG Rail UK Limited, Birmingham, UK	GBP		100.00	12,243	782
VTG Schweiz GmbH, Basel, Switzerland	CHF		100.00	25,314	2,745
VTG Vereinigte Tanklager und Transportmittel Gesellschaft mit beschränkter Haftung, Hamburg	EUR	100.00		149,850	0 [1]
Waggonbau Graaff GmbH, Elze	EUR	100.00		1,260	109
Waggonwerk Brühl GmbH, Wesseling	EUR		100.0	–1,684	366
B. Companies consolidated at equity					
Shanghai COSCO VOTG Tanktainer Co., Ltd., Shanghai, China	RMB		50.00	12,077	1,922
Waggon Holding AG, Zug, Switzerland	CHF	50.00		7,071	4,137

[1] Profit and loss transfer agreement with the parent company.

[2] Equity and annual result in thousands of currency units as of 31st December 2008.

Name und headquarters of company	Currency	Share of capital in % Direct	Indirect	Equity capital in '000 currency units	Result in '000 currency units
C. Non-consolidated affiliated companies					
ITG Transportmittel-Gesellschaft mit beschränkter Haftung, Syke	EUR	100.00		152	100
OOO VTG, Moscow, Russia	RUB	100.00		6,880	– 5,381
Provista Siebenhundertneunundsiebzigste Verwaltungsgesellschaft mbH, Hamburg	EUR		100.00	25	– 2
Tankspan Leasing Ltd., Godalming, Surrey, UK	USD	100.00		2,115	556 2)
Transpetrol Sp.z o.o., Chorzów, Poland	PLN		100.00	4,996	2,857 2)
Vostok Beteiligungs GmbH, Hamburg	EUR	99.60	0.40	236	– 15
VOTG Finland Oy, Helsinki, Finland	EUR		100.00	129	– 50
VOTG North America, Inc., West Chester, Pennsylvania, USA	USD		100.00	300	55
VOTG Tanktainer Asia Pte Ltd., Singapore, Singapore	USD		100.00	30	2 2)
VTG Benelux B.V., Rotterdam, Netherlands	EUR		100.00	507	226 2)
D. Other companies					
Ateliers Ferroviaires d'Artix SAS, Artix, France	EUR		24.88	313	58 2)
CERERAIL A.I.E., Madrid, Spain	EUR		33.33	27	0 2)
E.V.S. SA, Puteaux, France	EUR		34.00	466	79 2)
Mitteldeutsche Eisenbahn GmbH, Schkopau	EUR		20.00	1,578	0 1)2)
PETRORAIL S.A., Madrid, Spain	EUR		33.33	75	1 2)
SILEX Mobilien-Verwaltungsgesellschaft mbH & Co. oHG, Grünwald	EUR		95.00	– 17,239	7,939 2)

1) Profit and loss transfer agreement with the parent company.

2) Equity and annual result in thousands of currency units as of 31st December 2008.

Responsibility Statement

According to the best of our knowledge we declare that, in accordance with the accounting principles to be applied, the consolidated financial statements present a true and fair view of the net assets, financial position and results of operations of the Group and that the Group Management Report presents the business development including the business results and position of the Group such that a true and fair view of the Group is reflected and that the significant opportunities and risks of the expected development of the Group are described.

Hamburg, March 8, 2010

The Executive Board

Dr. Heiko Fischer

Jürgen Hüllen

Dr. Kai Kleeberg

AUDITORS' REPORT

We have audited the consolidated financial statements prepared by the VTG Aktiengesellschaft, Hamburg, comprising the statement of financial position, the statement of income statement and statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1. January to 31. Dezember 2009. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, March 8, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Andreas Focke ppa.	Christoph Fehling
Auditor	Auditor

FINANCIAL CALENDAR 2010

Date	
February 24, 2010	Preliminary results for 2009
April 20, 2010	Publication of the results for 2009
April 20, 2010	Financial Statements Press Conference, Hamburg
April 21, 2010	Analyst Conference, Frankfurt
May 26, 2010	Interim Report for the 1st quarter 2010
June 18, 2010	Annual General Meeting, Hamburg
August 25, 2010	Half-yearly Financial Report 2010
November 16, 2010	Interim Report for the 3rd quarter 2010

4-YEAR OVERVIEW FOR THE GROUP

€ million	2006	2007	2008	2009
Revenue	518.6	541.3	608.7	581.5
EBITDA	112.9	137.0	156.4	149.4
EBIT (Operating profit)	53.6	68.4	75.6	66.9
Group profit (comparable)	7.5	19.1*	27.9	22.5
Depreciation	59.3	68.6	80.8	82.5
Investments	69.0	116.7	140.9	153.3
Operating cash flow	110.9	116.9	149.6	144.8
Earnings per share (comparable) in €**	k.A.	0.87*	1.26	1.01
Dividend per share in €	–	–	0.30	0.30
Balance sheet total	1,009.6	1,165.9	1,240.5	1,277.2
Non current assets	859.6	990.6	1,081.2	1,124.9
Current assets	150.0	175.3	159.3	152.3
Shareholders' equity	63.9	278.7	288.4	296.7
Liabilities	945.8	887.2	952.1	980.4
Number of employees	795	814	1.004	963
in Germany	517	510	674	678
in other countries	278	304	330	285

* Taking into account special tax effects, Group profit for the year 2007 amounted to € 49.7 million and earnings per share € 3.94.
** This figure relates to the shares in issue on the reporting date.

CONTACT AND IMPRINT

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Concept and Design
Berichtsmanufaktur GmbH, Hamburg

Reservation regarding statements relating to the future:
This annual report contains a number of statements relating to the future development of VTG. These statements are based on assumptions and estimates. Although we are confident that these anticipatory statements are realistic, we cannot guarantee them, for our assumptions involve risks and uncertainties which may give rise to situations in which the actual results differ substantially from the expected ones. The potential reasons for such differences include market fluctuations, the development of world market commodity prices, the development of exchange rates or fundamental changes in the economic environment. VTG neither intends to nor assumes any separate obligation to update any statement concerning the future to reflect events or circumstances after the date of this report.

The English version of this document is a translation from the German original. The German version is authoritative.

Annual Report 2009

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