Interim Financial Report as of June 30, 2014

VTG Aktiengesellschaft

Key developments in the first six months of 2014

- Group revenue equal to previous year, EBITDA increased slightly
- Disproportionate earnings growth in Railcar Division
- Liquid natural gas innovation project: prototypes under construction
- Mixed picture in logistics sectors
- Group forecast reaffirmed

Key figures

in € m	1/1 – 6/30/2013	**1/1 – 6/30/2014**	Change in %
Revenue	404.4	404.7	0.1
EBITDA	89.6	90.2	0.6
EBIT	37.1	38.0	2.4
EBT	12.6	12.4	−1.4
Group net profit	7.9	7.8	−0.6
Depreciation	52.5	52.2	−0.6
Total Investments	85.8	106.6	24.3
Operating cash flow	76.1	82.0	7.7
Earnings per share in €	0.33	0.40	21.2
in € m	**12/31/2013**	**6/30/2014**	**Change in %**
Balance sheet total	1,550.8	1,586.4	2.3
Non-current assets	1,332.2	1,374.1	3.1
Current assets	218.6	212.4	−2.8
Shareholders' equity	321.3	332.6	3.5
Liabilities	1,229.5	1,253.9	2.0
Equity ratio in %	20.7	21.0	
	6/30/2013	**6/30/2014**	**Change in %**
Number of Employees	1,184	1,304	10.1
in Germany	831	888	6.9
in other countries	353	416	17.8

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01 Foreword by the Executive Board

Dear Shareholders,
Business Partners
and Employees,

We can look back on a satisfactory first six months, in which the VTG Group continued on a solid path. With capacity utilization remaining at a high level in our wagon fleet, the Railcar division once again showed its strength. We also invested in further modernizing our fleet. In the logistics divisions, however, the political tensions in Ukraine, a much-too-mild winter, and tank container overcapacity all had an impact, but this was compensated for by our core business. Thus the VTG Group as a whole remains on course to achieve its targets for the year.

Following a good start to the year, the Railcar division managed to maintain its upward trend in the second quarter, pushing revenue up once again. For the first half of the year, the division thus recorded an increase of 2.5 % compared with the same period of 2013. The trend in earnings was positive too – and slightly better than the trend in revenue – with EBITDA rising by some 3 % compared with the first six months of 2013. One reason for this was the large number of newbuild wagons delivered to customers.

With some 800 newbuild wagons and capital expenditure of a little over EUR 100 million, we further strengthened our fleet in the first half of the year. The lion's share of these funds was invested in our core market of Europe, where 600 wagons were delivered to customers. Our strategy of diversification proved successful once again in this core market, where we enjoyed further growth along with our customers in the steel and agricultural sectors. Moreover, we continued to invest in Russia, which is a key future market for us, expanding our fleet there by a total of 200 wagons. Although this fleet still has much less significance than those in Europe and North America, we continue to view this market as one that will hold many opportunities in the long term. However, caution and good business judgment are also called for when investing in this region. We expect to see continued expansion of our global fleet in the future. This is also reflected in the orders on hand for newbuild wagons, which, at 1,700, remain at a good level.

The trend in the European economy was solid in the first half of the year – however, the region did not generate great impetus for growth. Accordingly, capacity utilization also remained at a near-constant level and, at 90.2 %, we also achieved a moderate increase compared with the start of the year. Experts do not expect any far-reaching recovery in economic momentum in the near future either.

As Europe's largest private wagon keeper, VTG offers transport solutions for almost every sector. Regularly developing new, innovative products – and so enhancing the appeal of rail freight transport – is therefore something we see as a natural part of who we are. In doing just this, we made an announcement in May about a collaborative venture with Chart Ferox. This venture involves the development of a completely new type of wagon for transporting liquefied natural gas (LNG). Up until now, natural gas has traditionally been transported in gaseous form via pipelines. LNG is super-cooled to liquid form at a temperature of –162°C. This reduces it to one six-hundredth of the volume, meaning it can be transported by ship, truck, or tank container. And it is with tank containers that VTG sees clear potential for transporting LNG by rail. The wagons are to be completed by the end of the year. After final testing and approval, they will then be presented to the public in spring 2015.

Dr. Heiko Fischer,
CEO since 2004, with the company since 1995

Dr. Kai Kleeberg,
CFO since 2004, with the company since 1995

Günter Friedrich Maas,
Chief Logistics and Safety Officer since June 1, 2014

The picture in our two logistics divisions was more mixed, with business picking up only slightly after a difficult initial quarter. We are pleased to be able to report that the Rail Logistics division saw a slight increase in revenue compared with the previous quarter. In our Tank Container Logistics division, despite stagnating revenue, we managed to increase earnings somewhat compared with the first quarter of 2014. Nevertheless, both divisions continue to face challenges: a changed market environment and political conditions that cannot be influenced, such as those in Ukraine, call for intelligent responses. The measures for integrating the operations acquired from Kühne+Nagel are now largely complete. The newly formed executive team, led by the newly appointed Günter-Friedrich Maas, will be contributing the necessary skills and experience to lend new impetus to these divisions. We wish once again to extend a warm welcome to Mr. Maas as he joins us and look forward to working together with him.

With its policy of regularly issuing dividends, VTG has enabled its shareholders to benefit from the positive trend in the company in recent years. We wish to continue on this path in this year too. On June 5, we therefore proposed to the Annual General Meeting an increase in the dividend of 14 %, to EUR 0.42 per share. The broad approval with which this was met has strengthened our resolve to continue with this policy in future.

Yours sincerely,

The Executive Board

Dr. Heiko Fischer

Dr. Kai Kleeberg

Günter-Friedrich Maas

Interim Management Report

Note: This interim report of the VTG Group was prepared in accordance with the provisions of the German Securities Trading Act.

Basic principles of the Group

VTG is a listed company with its headquarters in Hamburg. It leases wagons for rail freight transport and also provides logistics services, focusing on the railway as a carrier, and worldwide tank container transports. The VTG Group can look back on a company history of more than 60 years. With Europe's largest private wagon fleet, it is one of the region's leading wagon hire and rail logistics companies. VTG has a global fleet of some 52,700 wagons. The fleet comprises mainly tank wagons, along with modern high-capacity and flat wagons. VTG hires out these wagons to companies from nearly every branch of industry.

For a comprehensive description of the principles of the Group, please refer to the section "Basic principles of the Group" in VTG's 2013 Annual Report. Changes in the basis of consolidation and in the number of employees are detailed below.

Structure, organization and operational centers of the Group

The VTG Group comprises three operational divisions: Railcar, Rail Logistics and Tank Container Logistics. VTG is represented via subsidiaries and associated companies primarily in Europe, North America, Russia and Asia. In addition to VTG AG, a total of 62 companies belong to the VTG Group. As of June 30, 2014, the VTG Group had 48 fully consolidated companies in addition to VTG AG. Of these, 20 are in Germany and 28 in other countries. Additionally, two foreign companies were consolidated using the equity method. Thus, compared with December 31, 2013, the number of fully consolidated subsidiaries increased by five, thereof one in Germany and four abroad. The increase in the basis of consolidation is due mainly to the merging of rail logistics operations of VTG and Kühne + Nagel, through which the new companies were incorporated into the VTG Group. This final increase also takes account of the sale of two Estonian companies on June 30, 2014.

Employees

Employee numbers up on previous year

As of the reporting date, the number of employees in the VTG Group stood at 1,304 (previous year: 1,184). Of these, 888 were employed in Germany (previous year: 831) and 416 in the companies abroad (previous year: 353). This increase of some 10 % in employee numbers is due largely to the new employees incorporated into the VTG Group through the merger of rail operations of VTG and Kühne + Nagel.

Pre-emptive rights

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

Report on the economic position

General environment

Weak underlying momentum in global economy

At the start of 2014, there was only very weak growth in global economic activity. However, sentiment indicators pointed to another slight expansion in the second quarter. There remains, however, very little basic momentum, and there are still very considerable barriers to substantial revival in the global economy. The causes of this include the fiscal consolidation measures of many developed economies and the worsened financing conditions in the emerging countries. In the eurozone, the economic upturn remained subdued and was largely driven by the improved economic situation in Germany. Recently, sentiment indicators declined again overall, which experts attribute to the political uncertainty surrounding the Ukraine crisis.

Business development and situation

Significant events and transactions in the first six months of 2014

New Chief Logistics and Safety Officer

The Supervisory Board of VTG AG has made a new appointment to the Executive Board, with Günter-Friedrich Maas taking up office on June 1, 2014. He will now be in charge of Logistics and Safety, which, prior to his appointment, was headed provisionally by CEO Dr. Heiko Fischer and CFO Dr. Kai Kleeberg. Mr. Maas has many years' experience in logistics and comprehensive knowledge of the industry, providing a good foundation for further expansion of VTG's logistics divisions.

Launch of partnership between VTG and Kühne + Nagel

On January 1, 2014, the new rail logistics company bringing together Kühne + Nagel under the name VTG Rail Logistics commenced operations. The merger of rail logistics operations of the two companies enables the new company to draw on a Europe-wide network of operational centers and combine the expertise of two strong logistics providers. As major shareholder with a shareholding of no less than 70 %, VTG is assuming operational control of the new company. Further details of this collaboration can be found in the section "Business development and situation" under "Results of operations: Rail Logistics".

Consolidated results of operations

Group revenue at level of previous year – Railcar remains backbone of VTG Group

In the first half of 2014, levels of revenue proved stable in the VTG Group, with a particularly favorable trend in the Railcar division. In the Rail Logistics division, following a difficult start to the year, revenue also improved in the second quarter of 2014, with performance slightly better than in the same period of 2013. In Tank Container Logistics, however, there was a noticeable drop in revenue. This was, however, compensated for by the trends in revenue in the other two divisions. Revenue for the Group totaled € 404.7 million, equaling the level for the same period of 2013 (€ 404.4 million).

In the first six months of 2014, of total revenue for the Group, € 174.9 million came from customers based in Germany (previous year: € 176.3 million). This represents a share of 43.2 % (previous year: 43.6 %). Accordingly, business from customers abroad generated revenue of € 229.8 million (previous year: € 228.1 million), giving a share of 56.8 % (previous year: 56.4 %).

EBITDA and EBIT improve slightly

In the reporting period, EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to € 90.2 million. This represents a slight increase of € 0.6 million, or 0.6 %, on the previous year (€ 89.6 million). In the Railcar division, a positive trend pushed EBITDA above the previous year's level, but this was matched by a decrease in EBITDA in Rail Logistics. EBITDA in Tank Container Logistics reached the same level as in the equivalent period of 2013.

In the first half of 2014, EBIT (earnings before interest and taxes) amounted to € 38.0 million, an increase of € 0.9 million, or 2.4 %, on the previous year (€ 37.1 million).

EBT and net profit for the Group almost at level of previous year

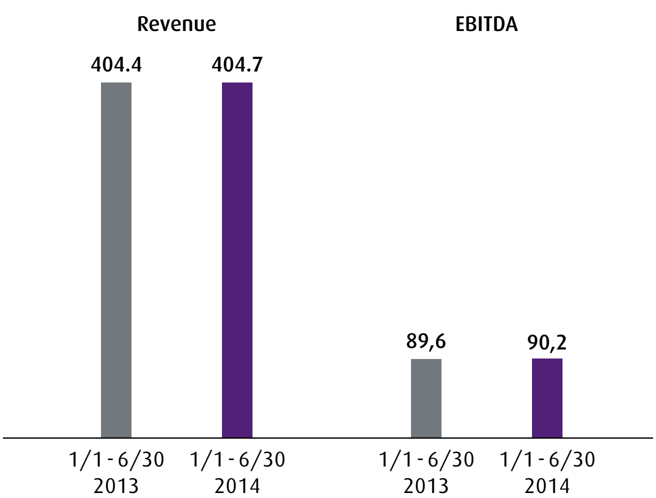
In the first half of 2014, EBT (earnings before taxes) reached € 12.4 million, almost equaling the level of the previous year (€ 12.6 million). Net profit for the Group, at € 7.8 million, was also comparable with the level of the previous year (€ 7.9 million). The share of net profit for the Group relating to VTG shareholders increased, while the share relating to non-controlling interests decreased. This led to a sharp year-on-year rise in earnings per share, to € 0.40 (previous year: € 0.33).

Results of operations: Railcar division

Capacity utilization up again slightly

In the reporting period, the Railcar division pushed up revenue to € 173.2 million, an increase of € 4.2 million, or 2.5 %, on the previous year (€ 169.0 million). The newly built wagons delivered

Revenue and EBITDA development in € m



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to VTG customers in 2013 played a key part in this positive trend in business. There was a slight year-on-year increase in EBITDA, which went up by € 2.5 million, or 2.9 %, to € 90.8 million (previous year: € 88.3 million). At 52.4 %, the EBITDA margin related to revenue was at the same level as in the same period of the previous year (52.3 %).

In the first half of 2014, the focus of operations remained on the delivery of ordered newbuild wagons, primarily to customers in the steel and agricultural industries. The VTG fleet in Russia was also strengthened further with deliveries of cement wagons in both the first and second quarters.

As of June 30, 2014, the VTG fleet comprised some 52,700 wagons, equal to the size of the fleet at the end of 2013. This was due to a balance between the number of wagons removed from the fleet and those added to the fleet in the first half of 2014. At the end of the reporting period, capacity utilization stood at 90.2 %, representing a moderate rise in the first half of 2014 (December 31, 2013: 89.8 %, Q1 2014: 90.1 %). There was also a slight increase compared with the same quarter of 2013 (Q2 2013: 89.7 %).

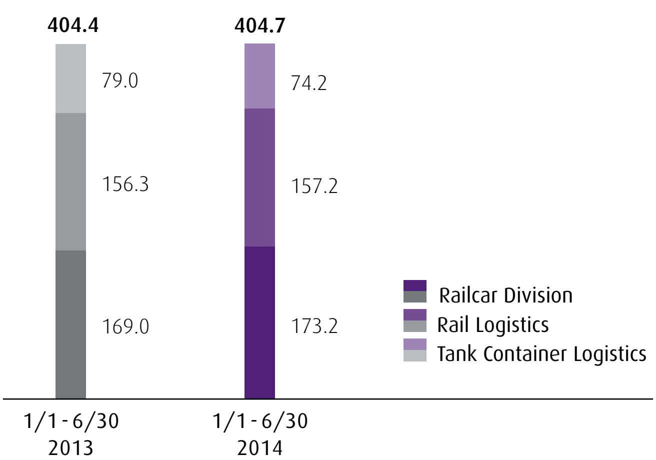
Results of operations: Rail Logistics

First six months pose challenges

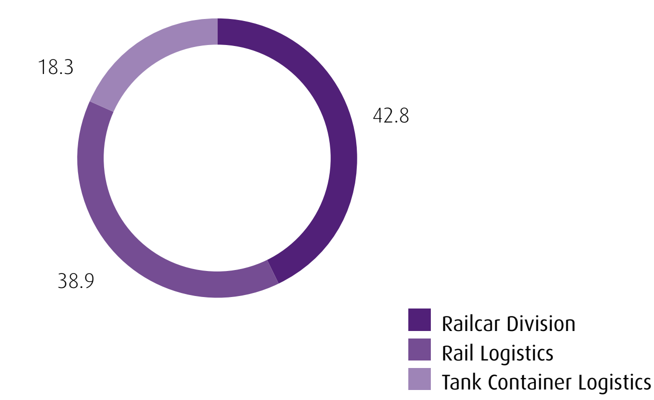
In the first half of 2014, the Rail Logistics division pushed up revenue to € 157.2 million, a slight increase of € 0.9 million, or 0.6 %, on the previous year (€ 156.3 million). In the industrial goods segment, revenue was in fact up significantly on the previous year. However, revenue from the merger of rail logistics operations of VTG and Kühne + Nagel remained below the expected level. In particular, the political tensions between Russia and Ukraine – a key region for the new transports – brought rail traffic practically to a standstill. For the first six months of 2014, the liquid goods market segment recorded lower revenue, mainly as a result of stronger competition. Additionally, following the mild winter, fewer goods were transported by rail in the first quarter of 2014. This in turn had an impact on the half-year results generally. The agricultural goods market segment stabilized somewhat, with further optimization of the leased fleet. Compared with the first quarter of 2014, revenue in the Rail Logistics division was up 4.2 % in the second quarter, largely due to a slight upturn in business in southeastern Europe.

In the first six months of 2014, Rail Logistics saw a drop in EBITDA, which fell to € 0.1 million (previous year: € 2.7 million). The key factors affecting the division's overall results were the fall in revenue in the liquid goods segment and significant shrinkage of the achievable margins because of changes in the competitive environment. The unmet revenue expectations and a higher cost base also contributed to these lower results. The main driver of costs was expenditure on staff following the acquisition of rail logistics operations of Kühne + Nagel. Accordingly, the EBITDA margin on gross profit stood at only 0.7 % (Q1 2013: 23.7%).

Breakdown of revenue by business division in € m



Breakdown of revenue by business division in %



Results of operations: Tank Container Logistics

Fierce competition affects performance

In the first half of 2014, revenue in the Tank Container Logistics division amounted to € 74.2 million, a drop of € 4.8 million or 6.0 %, on the previous year (€ 79.0 million). This was mainly a reflection of lower volumes of traffic in North America and Asia along with global overcapacity. In North America, bad weather brought most of the transport infrastructure to a standstill at the start of the year. In the second quarter, the division was unable to make up for the resulting shortfall in transports, and this affected its performance generally over the first half of the year. Asian transports were also down on the previous year due to the weaker economic environment. In European transports, however, the division managed to hold its own in a weak environment, with levels only just below those of the previous year. Additionally, the continuing overcapacity in the market had a negative impact on the achievable prices and thus also directly affected the development of revenue. However, compared with the first quarter of 2014, the division was able to keep revenue stable.

At € 5.5 million, EBITDA reached the same level as for the first half of 2013 (€ 5.5 million). Largely due to reduced costs of materials, the division was able to keep this level constant despite the weaker trend in revenue. For the first half of the year, the EBITDA margin on gross profit stood at 44.9 %, somewhat higher than for the same period of 2013 (43.8 %). The downward trend in revenue and EBITDA seen over the previous year was followed by a noticeable upturn once again, with increases in both in the first quarter of 2014. In the second quarter, the division then managed to sustain the level of revenue and push up EBITDA slightly further.

As of June 30, 2014, the division had some 10,700 tank containers (previous year: approx. 10,400 units).

Financial position

Capital structure

The core source of long-term finance for the VTG Group is a US private placement bond issued in May 2011. This comprises amounts of € 450 million and US$ 40 million with terms of 7, 10, 12 and 15 years, with the term of the last tranche running until 2026. VTG also has access to a syndicated loan that runs until 2016. This comprises an amortized loan (originally € 100 million) and a revolving credit line (€ 350 million) with a guarantee of € 60 million. As of June 30, 2014, VTG had drawn down € 180 million cash from the revolving credit line.

Cash flow statement

In the reporting period, there was a downturn in cash flows from operating activities, largely due to a considerable increase in working capital in the first quarter of 2014. This extraordinary increase in working capital came mainly from the takeover on January 1, 2014, of rail logistics operations of Kühne + Nagel, which brought a one-time increase in receivables during the first quarter. As expected, there was a partial reversal of this trend in the second quarter of 2014. For the first half of 2014, cash flows from operating activities totaled € 82.0 million. This represented an increase of € 5.9 million, or 7.7 %, compared with the previous year (€ 76.1 million).

In the reporting period, cash flows used in investing activities amounted to € 80.0 million (previous year: € 69.2 million), with these funds used largely for the construction of new wagons.

In the first half of 2014, cash flows used in financing activities amounted to € 10.5 million (previous year: € -2.7 million). In addition to interest payments, repayments of bank loans and the dividend payment for the financial year 2013, this item takes account of the use of lines of credit.

Capital expenditure

In the first half of 2014, the VTG Group invested a total of € 106.6 million (previous year: € 85.8 million). Of this sum, € 96.6 million (previous year: € 83.6 million) – and thus the major part – was invested in fixed assets. € 10.0 million (previous year: € 2.2 million) was financed off-balance through operating lease agreements. Furthermore, of the fixed assets purchased in the previous year, assets to the value of € 4.5 million were sold to leasing companies and these assets were then re-hired for use by VTG. The main focus of investment activity was the Railcar division, at € 101.0 million (previous year: € 80.7 million). These funds were used mainly for the construction of new wagons.

At the end of the first half of 2014, some 1,700 wagons were on order and awaiting delivery, matching the level at the end of the first quarter (Q1 2014: approx. 1,700 wagons). Around half of the new wagons on order are to be delivered to VTG customers over the remainder of this year and the rest in 2015.

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Net assets

Balance sheet structure

As of June 30, 2014, total assets for the VTG Group amounted to € 1,586.4 million. Compared with December 31, 2013 (€ 1,550.8 million) this equals an increase of € 35.6 million, or 2.3%. Overall, the balance sheet structure remained almost unchanged.

As of the reporting date, equity stood at € 332.6 million, an increase of € 11.2 million, or 3.5 %, compared with December 31, 2013 (€ 321.3 million). As of June 30, 2014, the equity ratio was 21.0 %. This represents an increase compared with December 31, 2013 (20.7 %).

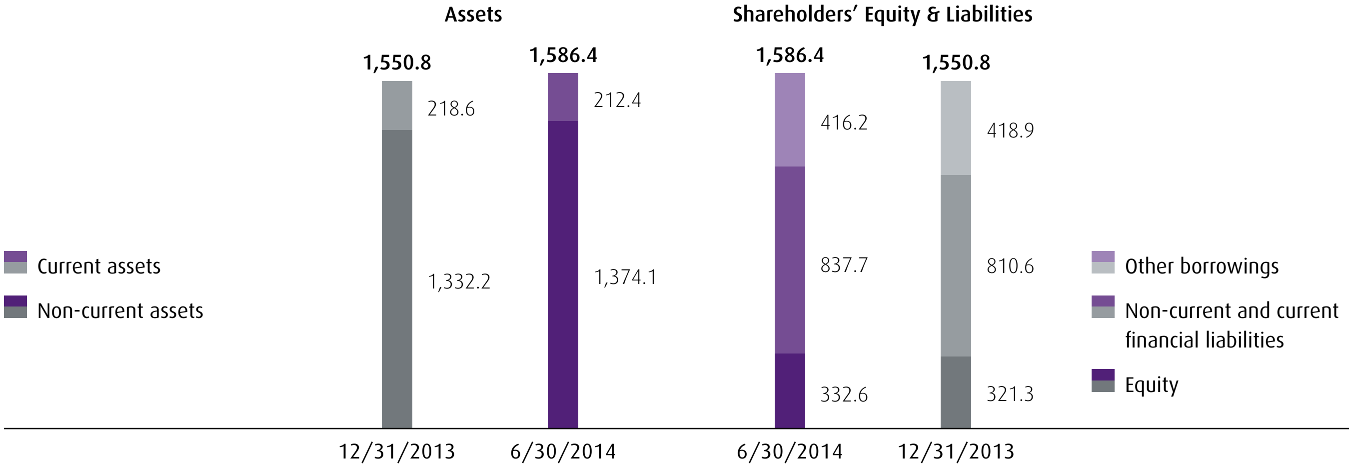
Capital markets, shares, and dividend policy

Following a friendly start to 2014 on the global stock exchanges, the upswing was disrupted due to uncertainty about the fundamental trend in the emerging economies. Subsequent growth was repeatedly affected by concerns about escalation of the situation in Ukraine, particularly on the European stock exchanges. Driven by underlying positive sentiment, from mid-April the upward trend on Germany's DAX share index was unstoppable. In early June, it reached the 10,000-point mark for the first time, helped along by The ECB's monetary easing measures. On June 10, 2014, it closed at an all-time high of 10,028 points. At the end of the reporting period, the DAX declined again somewhat, closing at some 9,833 points, an increase of around 3 % compared with the end of 2013.

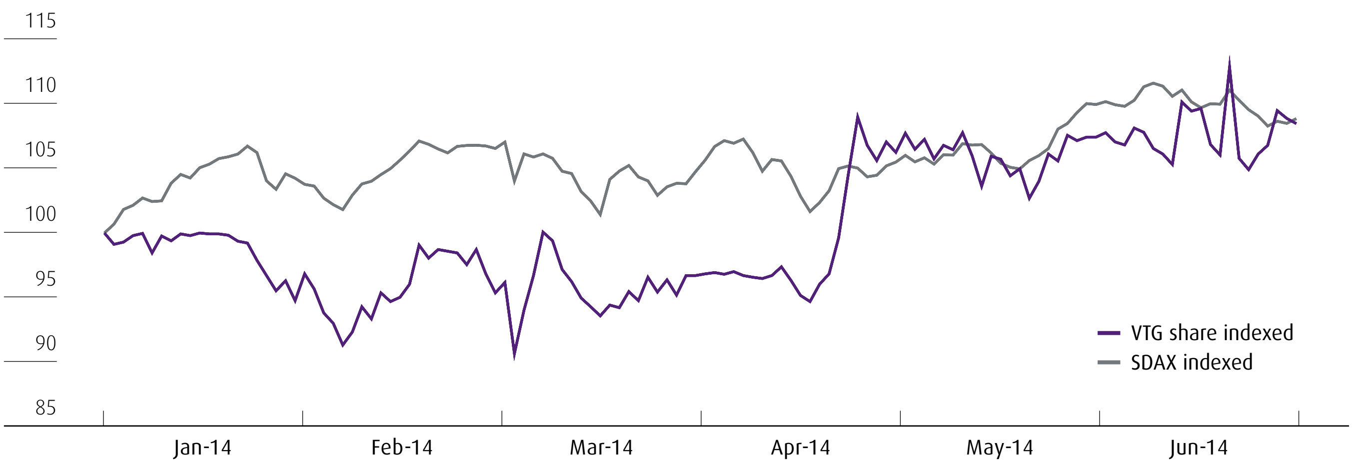
Pleasing trend in VTG share price in first half of 2014

In the first quarter of 2014, the trend in the VTG share was initially sideways, with great fluctuation. The European stock markets were affected repeatedly by concerns about escalation of the situation in Ukraine. The VTG share was also unable to escape this trend. Against this background, it fell to € 13.60, its lowest daily closing price for the reporting period, on March 3, 2014. Impetus from the quarterly figures from the US along with economic data from China led to a fading of concerns about the Ukraine crisis, boosting underlying sentiment on the stock exchanges in mid-April. Due to these factors and some analysts' price target increases, the VTG share was among those to benefit initially from strong growth. After a brief initial period of sideways movement, the share went on to reach its highest daily closing price of € 16.90 on June 19. At the end of the second quarter, it closed at € 16.25, not far from its highest price during the period. Compared with the closing price at the end of 2013, this represents an increase of some 8 %. The SDAX benchmark index increased in this period by some 9 %. As of June 30, 2014, VTG's market capitalization stood at € 347.6 million.

Balance sheet structure in € m



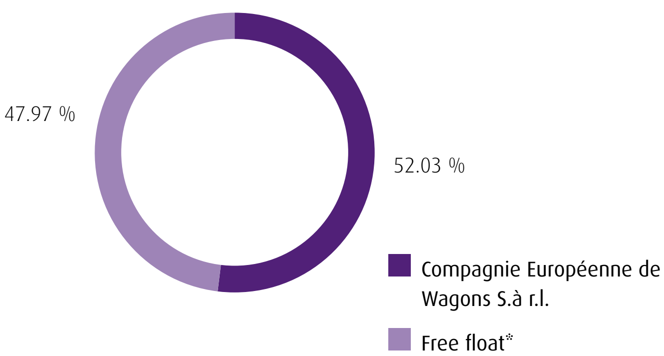
Share price VTG share (from January 1 to June 30, 2014)



Deutsche Börse removes VTG share from SDAX

As part of its scheduled review of index composition, Deutsche Börse decided on March 5, 2014, to remove the VTG share from the SDAX with effect from March 24, 2014.

Shareholder structure in %



* including Samana Capital L.P. (2.98 %)

VTG with same strong major shareholder

As of June 30, 2014, VTG was aware of the following shareholdings with a share of more than 10 % of the voting rights: in accordance with its registration for the Annual General Meeting of June 5, 2014, Compagnie Européenne de Wagons S.à r.l., Luxembourg, holds 52.03 % of the shares, directly and indirectly. It thus remains major shareholder of VTG AG. According to the information on voting rights received by VTG AG on June 10, 2014, CEW Germany GmbH, a 100 % subsidiary of Compagnie Européenne de Wagons S.à r.l., Luxembourg, has a direct shareholding of 49.99 %.

According to the latest information on voting rights, received by VTG AG on July 16, 2014, Samana Capital L.P., Greenwich, Connecticut, US, held 2.98 % of VTG shares on this date.

Therefore, based on the latest information on voting rights, 47.97 % of shares were in free float at the end of the reporting period.

Dividend of € 0.42 paid for financial year 2013

On June 5, 2014, the Annual General Meeting in Hamburg approved an increase in the dividend of some 14 %, to € 0.42 per share for the financial year 2013. VTG also intends to continue to pursue its policy of reliably issuing dividends.

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Report on opportunities and risks

To secure its commercial success, the VTG Group has put in place an internal control and risk management system.

Internal control system

The VTG Group's internal control system encompasses all of the principles, processes, and measures for ensuring the accuracy, reliability and cost-effectiveness of business processes. In the VTG Group, the internal control system comprises both process-integrated and process-independent monitoring measures.

The process-integrated monitoring measures include manual process controls (e.g. the two-man rule) and IT-based process controls. In addition, special committees (such as the Risk Committee) and bodies of staff are charged with the specific task of process-integrated monitoring within the Group. Moreover, Group guidelines, directives, and accounting rules provide the basis for a uniform approach in the VTG Group.

Risk management system

The nature of the VTG Group's operations exposes it to numerous risks that could negatively impact the company's performance. The aim is to detect these risks as early as possible and then limit their impact as much as possible. The VTG Group's risk management policy is also aimed at achieving sustainable growth and increasing VTG's enterprise value. This policy underpins the group-wide risk management system and is determined by the Executive Board.

The risk management system is being continually and systematically improved. This means that risks can be properly ascertained and monitored and counter-measures introduced in good time. The objective of the system is to minimize, avoid, transfer, or accept risks as appropriate. Any quantifiable risk remaining (residual risk) is reflected in the accounting system. In this manner, VTG ensures that it can present a true and accurate picture at all times of the situation of the VTG Group.

The risk assessment includes classification of the known risks by the various managers, with the risks grouped by degree and probability. The probability is categorized as "low" (<33 %), "medium" (33–66 %) or "high" (>66 %). Once any counter-measures have been taken, the risks are quantified (net risk) and placed in the categories "less than € 1 million", "less than € 5 million" and "more than € 5 million". If individual risks exceed the specified thresholds, the Group's risk management center is notified. The risk managers of both the operational and central divisions and the companies in the Group are responsible for risk-limiting measures. Both the risk manager of VTG AG and the Risk Committee then examine the individual risks and the agreed measures to limit risk for completeness and effectiveness. The operational and central divisions and the individual companies are also responsible for managing and monitoring the measures introduced.

In the VTG Group, the following risk definition applies: A major risk is a risk with both an estimated impact on net profit amounting to more than € 5 million and a high probability rating.

Overview of opportunities and risks

VTG's long-term business model is continuing to pay off and, despite a weak economic climate, it is proving both stable and robust. The effects of brief periods of economic clouding are either minimal or transient. Only deeper, longer-term economic crises have a more marked impact on the financial result. VTG is prepared for such an event with targeted measures for stabilizing the earnings situation if required. Independently of the economic trend, VTG is continually and actively managing its fleet and optimizing costs and processes to ensure increased efficiency.

VTG is also in a very good position with regard to liquidity. This is due to its consistently strong operating cash flow, its long-term financing agreements including its lines of credit, and the quality and creditworthiness of its diverse customer base.

In the first six months of 2014, there were no known major, quantifiable risks within the meaning of VTG's risk definition that endangered the Group as a going concern or that could be expected to have any significant negative impact on its net assets, financial position, or results of operations.

For a comprehensive picture of the internal control and risk management system and specific opportunities and risks, please refer to the section "Report on opportunities and risks" in the 2013 Annual Report.

Report on expected developments

Global economy to pick up only slowly

The basic trend in the global economy remains one of little momentum and it remains vulnerable to disruption. The economic future of the Ukraine is thus blighted by uncertainty. Further escalation of the conflict in the Middle East could also disrupt the economic trend. While the advanced economies gradually gained strength as the year progressed, structural problems in the emerging economies are preventing a rapid return to previous rates of growth. The trend thus remains subdued in these countries. Accordingly, any upturn in the global economy will come largely from the revitalization of the advanced economies. For 2014, the Kiel Institute for the World Economy expects an increase of 3.5 % in global GDP compared with the previous year. In the eurozone, the economy is expected to pick up, albeit with growth at a low level. Thus the eurozone (excluding Germany) should see a slight rise of 0.6 % in GDP. GDP in Germany should improve on the previous year, increasing by 2.0 %.

Positive trend in business expected in 2014 – Logistics divisions will remain in difficult waters

The Railcar division saw capacity utilization increase again slightly in the first half of 2014. As of June 30, 2014, it stood at 90.2 %. Over the rest of the year, the division expects capacity utilization to remain at the level seen at the end of 2013, with slight fluctuation. Any improvement in the economic trend should generally have a positive impact on capacity utilization. However, this positive impact is typically felt after a period of delay. The newbuild wagons delivered to VTG customers in the preceding quarters should continue to have a positive impact on the performance of the Railcar division in the second half of 2014. Overall, for the financial year 2014, the division continues to expect revenue and EBITDA to increase slightly compared with the previous year.

For the Rail Logistics division, 2014 will largely be shaped by the changed competitive environment in the liquid goods segment, leading to sustained price and margin pressure in the market. In 2014, the division will continue to push on with the integration of the rail logistics operations taken over from Kühne + Nagel. It is expected that it will take until at least 2015 until the merger has its first positive effects on EBITDA. However, ongoing political tensions between Russia and Ukraine may continue to affect performance. Given these framework conditions, for 2014, the Rail Logistics division anticipates a moderate increase in revenue but a significant drop in EBITDA compared with 2013.

The Tank Container Logistics division continues to find itself in a highly competitive environment, with overcapacity in the market. The accompanying pressure on the achievable margins will also not change significantly over the remainder of the year. Thus it is expected that revenue will not quite reach the level of the previous year. Nevertheless, due to additional efficiency measures, the division expects a positive trend in earnings, and thus a slight increase in EBITDA in 2014.

Overall assessment by the Executive Board

Forecast for the Group for 2014 re-affirmed

Against the background of subdued economic growth and the adverse factors affecting the logistics divisions, the Executive Board of VTG AG re-affirms its previous forecast of revenue for the Group for 2014 in the range € 800 – 900 million and EBITDA at the lower end of the forecast range of € 188 – 200 million.

Reliable issuer of dividends over the long term
Having paid a dividend for the financial year 2013 – the sixth successive year a dividend has been issued – VTG believes it is well on the way to establishing itself as a reliable issuer.

Material events after the balance sheet date

There were no events of special significance after the end of the first six months of 2014.

Consolidated Interim Financial Statements

03 Consolidated Interim Financial Statements

of VTG Aktiengesellschaft as of June 30, 2014

CONSOLIDATED INCOME STATEMENT

for the period January 1 to June 30, 2014

€ '000	Notes	**1/1 to 6/30/2014**	1/1 to 6/30/2013
Revenue	(1)	404,672	404,367
Changes in inventories	(2)	−224	813
Other operating income		14,663	13,064
Total revenue and income		**419,111**	**418,244**
Cost of materials	(3)	224,626	230,651
Personnel expenses	(4)	43,772	38,798
Impairment, amortization and depreciation		52,226	52,544
Other operating expenses		61,125	59,768
Total expenses		**381,749**	**381,761**
Income from associates		**612**	**607**
Financing income		333	822
Financing expenses		−25,862	−25,291
Financial loss (net)	(5)	**−25,529**	**−24,469**
Profit before taxes on income		**12,445**	**12,621**
Taxes on income and earnings	(6)	−4,604	−4,733
Group net profit		**7,841**	**7,888**
Thereof relating to			
Shareholders of VTG Aktiengesellschaft		8,555	7,086
Non-controlling interests		−714	802
		7,841	**7,888**
Earnings per share (in €) (undiluted and diluted)	(7)	0.40	0.33

The explanatory notes on pages 22 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT
for the period April 1 to June 30, 2014 (Q2 2014)

€ '000	Notes	**4/1 to 6/30/2014**	4/1 to 6/30/2013
Revenue	(1)	205,086	202,309
Changes in inventories	(2)	−908	−1,265
Other operating income		6,786	6,178
Total revenue and income		**210,964**	**207,222**
Cost of materials	(3)	113,789	114,019
Personnel expenses	(4)	22,512	19,571
Impairment, amortization and depreciation		26,174	26,169
Other operating expenses		28,779	29,304
Total expenses		**191,254**	**189,063**
Income from associates		**306**	**303**
Financing income		101	281
Financing expenses		−12,974	−12,719
Financial loss (net)	(5)	**−12,873**	**−12,438**
Profit before taxes on income		**7,143**	**6,024**
Taxes on income and earnings	(6)	−2,642	−2,259
Group net profit		**4,501**	**3,765**
Thereof relating to			
Shareholders of VTG Aktiengesellschaft		5,012	3,300
Non-controlling interests		−511	465
		4,501	**3,765**
Earnings per share (in €) (undiluted and diluted)	(7)	0.23	0.15

The explanatory notes on pages 22 to 33 form an integral part of these consolidated financial statements.

03 Consolidated Interim Financial Statements

of VTG Aktiengesellschaft as of June 30, 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 to June 30, 2014

€ '000	Notes	**1/1 to 6/30/2014**	1/1 to 6/30/2013
Group net profit		**7,841**	**7,888**
Changes in items that will not be reclassified to profit or loss in future periods:			
Revaluation of pension provisions	(14)	−2,680	1,072
Thereof deferred taxes		1,320	−528
Changes in items that will possibly be reclassified to profit or loss in future periods:			
Currency translation		1,941	−2,271
Changes in cash flow hedge reserve	(13)	2,145	2,767
Thereof deferred taxes		−1,057	−1,363
Other comprehensive income		**1,406**	**1,568**
Comprehensive income		**9,247**	**9,456**
Thereof relating to			
Shareholders of VTG Aktiengesellschaft		10,010	8,680
Non-controlling interests		−763	776
		9,247	**9,456**

Explanations of equity are given under Notes (11) to (13).

The explanatory notes on pages 22 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period April 1 to June 30, 2014 (Q2 2014)

€ '000	Notes	**4/1 to 6/30/2014**	4/1 to 6/30/2013
Group net profit		**4,501**	**3,765**
Changes in items that will not be reclassified to profit or loss in future periods:			
Revaluation of pension provisions	(14)	−1,273	402
Thereof deferred taxes		627	−198
Changes in items that will possibly be reclassified to profit or loss in future periods:			
Currency translation		2,217	−1,558
Changes in cash flow hedge reserve	(13)	1,070	1,377
Thereof deferred taxes		−527	−1,334
Other comprehensive income		**2,014**	**221**
Comprehensive income		**6,515**	**3,986**
Thereof relating to			
Shareholders of VTG Aktiengesellschaft		7,023	3,535
Non-controlling interests		−508	451
		6,515	**3,986**

Explanations of equity are given under Notes (11) to (13).

The explanatory notes on pages 22 to 33 form an integral part of these consolidated financial statements.

03 Consolidated Interim Financial Statements

of VTG Aktiengesellschaft as of June 30, 2014

CONSOLIDATED BALANCE SHEET

ASSETS

€ '000	Notes	**6/30/2014**	12/31/2013
Goodwill	(8)	165,382	156,211
Other intangible assets		53,292	52,728
Tangible fixed assets	(9)	1,107,160	1,069,830
Investments in associates		17,695	17,083
Other investments		5,471	6,752
Fixed assets		**1,349,000**	**1,302,604**
Derivative financial instruments		39	803
Other financial assets		3,402	4,802
Other assets		591	1,168
Deferred income tax assets		21,022	22,843
Non-current receivables		**25,054**	**29,616**
Non-current assets		**1,374,054**	**1,332,220**
Inventories		**18,136**	**18,259**
Trade receivables		101,696	93,333
Derivative financial instruments		1,108	230
Other financial assets		15,515	12,177
Other assets		17,723	27,588
Current income tax assets		4,804	5,487
Current receivables		**140,846**	**138,815**
Cash and cash equivalents	(10)	**53,411**	**61,548**
Current assets		**212,393**	**218,622**
		1,586,447	1,550,842

The explanatory notes on pages 22 to 33 form an integral part of these consolidated financial statements.

SHAREHOLDERS' EQUITY AND LIABILITIES

€ '000	Notes	6/30/2014	12/31/2013
Subscribed capital	(11)	21,389	21,389
Additional paid-in capital		193,743	193,743
Retained earnings	(12)	113,880	110,669
Revaluation reserve	(13)	−4,611	−6,756
Equity attributable to shareholders of VTG Aktiengesellschaft		**324,401**	**319,045**
Non-controlling interests		**8,176**	**2,297**
Equity		**332,577**	**321,342**
Provisions for pensions and similar obligations	(14)	56,682	51,903
Deferred income tax liabilities		124,645	129,639
Other provisions		12,068	13,615
Non-current provisions		**193,395**	**195,157**
Financial liabilities	(15)	819,195	792,248
Derivative financial instruments		3,263	3,054
Non-current liabilities		**822,458**	**795,302**
Non-current debt		**1,015,853**	**990,459**
Provisions for pensions and similar obligations	(14)	3,456	3,453
Current income tax liabilities		36,456	30,467
Other provisions		40,628	41,690
Current provisions		**80,540**	**75,610**
Financial liabilities	(15)	18,481	18,381
Trade payables		113,763	110,901
Derivative financial instruments		9,945	15,146
Other financial liabilities		9,919	13,268
Other liabilities		5,369	5,735
Current liabilities		**157,477**	**163,431**
Current debt		**238,017**	**239,041**
		1,586,447	**1,550,842**

The explanatory notes on pages 22 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity from January 1 to June 30, 2014

€ '000	Subscribed capital	Additional paid-in capital	Retained earnings	(thereof differences from currency translation)	Revaluation reserve*	Equity attributable to shareholders of VTG Aktien-gesellschaft	Non-con-trolling interests	**Total**
Notes	(11)		(12)		(13)			
As of 1/1/2014	**21,389**	**193,743**	**110,669**	**(1,706)**	**−6,756**	**319,045**	**2,297**	**321,342**
Group net profit			8,555			8,555	−714	7,841
Revaluation of pension provisions			−2,680			−2,680		−2,680
Currency translation			1,990	(1,990)		1,990	−49	1,941
Changes in cash flow hedge reserve					2,145	2,145		2,145
Comprehensive income	**0**	**0**	**7,865**	**(1,990)**	**2,145**	**10,010**	**−763**	**9,247**
Dividend payment by VTG Aktiengesellschaft			−8,983			−8,983		−8,983
Transactions with equity holders recognized directly in equity			−2,023			−2,023	2,023	0
Business acquisition			6,352			6,352	4,600	10,952
Miscellaneous changes						0	19	19
Total changes	**0**	**0**	**3,211**	**(1,990)**	**2,145**	**5,356**	**5,879**	**11,235**
As of 6/30/2014	21,389	193,743	113,880	(3,696)	−4,611	324,401	8,176	332,577

Consolidated Statement of Changes in Equity from January 1 to June 30, 2013

€ '000	Subscribed capital	Additional paid-in capital	Retained earnings	(thereof differences from currency translation)	Revaluation reserve*	Equity attributable to shareholders of VTG Aktien-gesellschaft	Non-con-trolling interests	**Total**
Notes	(11)		(12)		(13)			
As of 1/1/2013	**21,389**	**193,743**	**104,519**	**(4,589)**	**−11,751**	**307,900**	**3,817**	**311,717**
Group net profit			7,086			7,086	802	7,888
Revaluation of pension provisions			1,072			1,072		1,072
Currency translation			−2,245	(−2,245)		−2,245	−26	−2,271
Changes in cash flow hedge reserve					2,767	2,767		2,767
Comprehensive income	**0**	**0**	**5,913**	**(−2,245)**	**2,767**	**8,680**	**776**	**9,456**
Dividend payment by VTG Aktiengesellschaft			−7,914			−7,914		−7,914
Miscellaneous changes						0	2	2
Total changes	**0**	**0**	**−2,001**	**(−2,245)**	**2,767**	**−766**	**778**	**1,542**
As of 6/30/2013	21,389	193,743	102,518	(2,344)	−8,984	308,666	4,595	313,261

* The revaluation reserve includes the reserve for cash flow hedges.

Explanations of equity are given under Notes (11) to (13).

The explanatory notes on pages 22 to 33 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

€ '000	**1/1 to 6/30/2014**	1/1 to 6/30/2013
Operating activities		
Group net profit	7,841	7,888
Impairment, amortization and depreciation	52,226	52,544
Financing income	−333	−822
Financing expenses	25,862	25,291
Taxes on income and earnings	4,604	4,733
SUBTOTAL	**90,200**	**89,634**
Other non-cash expenses and income	−836	−1,096
Income taxes paid	−6,195	−5,481
Income taxes reimbursed	3,440	215
Profit/loss on disposals of fixed asset items	−4,039	−2,470
Changes in:		
Inventories	123	−1,946
Trade receivables	−8,229	6,497
Trade payables	2,983	−3,379
Other assets and liabilities	4,547	−5,865
Cash flows from operating activities	**81,994**	**76,109**
Investing activities		
Payments for investments in intangible and tangible fixed assets	−96,547	−91,578
Proceeds from disposal of intangible and tangible fixed assets	18,046	21,870
Payments for investments in financial assets	−10	0
Payments for/Proceeds from disposal of financial assets and the sale of companies (less cash and cash equivalents paid)	−2,252	75
Financial receivables (incoming payments)	468	220
Financial receivables (outgoing payments)	−77	−91
Receipts from interest	388	332
Cash flows used in investing activities	**−79,984**	**−69,172**
Financing activities		
Payment of dividends of VTG Aktiengesellschaft	−8,983	−7,914
Payment to non-controlling interests	−1,374	0
Receipts from the taking up of (financial) loans	35,000	40,000
Repayments of bank loans and other financial liabilities	−9,012	−8,827
Interest payments	−26,170	−26,002
Cash outflow from financing activities	**−10,539**	**−2,743**
Change in cash and cash equivalents	**−8,529**	**4,194**
Effect of changes in exchange rates	221	−181
Changes due to scope of consolidation	171	202
Balance at beginning of period	61,548	57,004
Balance of cash and cash equivalents at end of period	**53,411**	**61,219**
of which freely available funds	**50,648**	**58,469**

For an explanation of the consolidated cash flow statement, please refer to the section Other disclosures.

The explanatory notes on pages 22 to 33 form an integral part of these consolidated financial statements.

03 Consolidated Interim Financial Statements

of VTG Aktiengesellschaft as of June 30, 2014

SELECTED EXPLANATORY INFORMATION IN THE CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Explanation of 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).

2. Principles of bookkeeping, accounting and measurement

These consolidated interim financial statements of VTG AG were prepared in accordance with Section 37w of the German Securities Trading Act (Wertpapierhandelsgesetz) and in accordance with both the International Financial Reporting Standards (IFRS) effective at the balance sheet date and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the EU.

The accounting and measurement methods applied in these interim financial statements do not deviate from those principles used in the consolidated financial statements as of December 31, 2013, with the exception of the application of new standards, set out in section 4. The explanations in the notes to the consolidated financial statements 2013, particularly in respect of the accounting and measurement methods, thus apply accordingly. Consequently, these interim financial statements fulfill the IAS 34 criteria.

The impact of accounting standards effective from January 1, 2014, is detailed in section 4.

The pages that follow contain key information on the interim financial statements and on the segment reporting.

3. Companies in the consolidated group in the reporting period

In addition to VTG AG, a total of 20 domestic and 28 foreign subsidiaries are included in the consolidated interim financial statements as of June 30, 2014.

On January 1, 2014, VTG AG acquired some of the rail logistics operations of Kühne + Nagel Management AG (Kühne + Nagel) in addition to shareholdings in Transpetrol GmbH Internationale Eisenbahnspedition, Hamburg (Transpetrol GmbH) held by Kühne + Nagel Beteiligungs-AG as a non-controlling interest. These newly acquired operations were assigned to the Rail Logistics segment in their entirety. As consideration for the acquired rail logistics operations and the shareholdings in Transpetrol GmbH, Kühne + Nagel received shareholdings in the holding company of the Rail Logistics segment, VTG Rail Logistics GmbH, Hamburg (VTG Rail Logistics). After completion of the transaction, VTG AG holds 70% of the shares in VTG Rail Logistics, while Kühne + Nagel has a 30% shareholding therein. This merger creates a rail logistics company boasting a Europe-wide network of centers and combining the expertise of two strong logistics providers.

The net assets acquired and goodwill are provisionally determined as follows:

	€ '000
Granting of shares of VTG Rail Logistics	8,295
Valuation, non-controlling interests in VTG Rail Logistics	2,657
	10,952
Fair value of acquired assets	1,781
Goodwill	**9,171**

The transaction also includes the assumption of pension obligations amounting to € 1.2 million. For the assumption of pension obligations, payment of the full € 1.2 million was made in cash.

The share of non-controlling interests is calculated in proportion to the share of net assets.

The resulting goodwill is based on a significant future rise in business volume and possibility of developing new customer and product segments with the newly combined sales structure.

In relation to the merger of rail logistics operations, in financial year 2013, expenses of € 1.4 Mio were recorded under other operating expenses. The provisionally calculated amount for acquired assets comprises the following items:

€ '000	Fair value
Tangible fixed assets	10
Customer relationships	2,555
Cash settlement (pension provisions)	1,191
Provisions for pensions	–1,191
Deferred taxes	–784
Fair value of acquired assets	**1,781**

This acquisition contributed € 21.1 million to revenue and a loss of € 1.4 million to profit for the Group in the first six months from January 1 to June 30 2014.

From January 1, 2014, the company Waggonservice Brühl GmbH, Wesseling, was included in the consolidated financial statements for the first time. This company commenced operations during the first half of 2014. There was no assumption of significant assets or liabilities.

On June 30, 2014, the Estonian companies Railcraft Eesti OÜ and Jasper Moritz OÜ were sold and thus removed from the scope of consolidation. As of the reporting date, the cash payment of € 2.2 million for purchase had not yet been settled. The loss resulting from the sale (€ 0.2 million) is included under other operating expenses.

4. New financial reporting standards

For the financial year beginning January 1, 2014, and those thereafter, the application of some new standards and amendments to existing standards and interpretations has become mandatory. Overall, the reforms have had no or only a minimal effect on the financial accounting of the VTG Group.

The new version of **IAS 27, "Separate Financial Statements"**, now contains exclusively the unamended guidelines for IFRS separate financial statements.

The new version of **IAS 28, "Investments in Associates and Joint Ventures"**, sets out for the first time that, in the case of the planned partial disposal of an associate or joint venture, the portion of the investment held for sale is to be accounted for in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", provided it meets the criteria to be classified as held for sale. The remaining portion continues to be accounted for using the equity method until the time of disposal of the portion held for sale.

The changes to **IAS 32 "Financial Instruments: Presentation"** prescribe additional rules for the offsetting of financial assets and financial liabilities. It specifies that there must be an unconditional, legally enforceable right to set-off even in the case of insolvency of one party.

The changes to **IAS 36 "Impairment of Assets"** contain further specifications regarding the disclosure of information when an asset is impaired and the recoverable amount has been determined on the basis of its fair value less costs of disposal.

The changes to **IAS 39 "Financial Instruments: Recognition and Measurement"** provides relief from the requirement to discontinue hedge accounting when the novation of a hedging instrument to a central counterparty meets specified criteria.

IFRS 10 "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The new standard replaces the formerly applicable consolidation requirements in IAS 27 (2008) "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities".

IFRS 11 "Joint Arrangements" establishes principles for financial reporting where a company exercises joint control regarding a joint venture or joint operation. The new standard supersedes IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", which were previously applicable for financial reporting with regard to joint ventures.

IFRS 12 "Disclosure of Interests in Other Entities" brings together the disclosure requirements of IFRS 10 (which supersedes IAS 27) IFRS 11 (which supersedes IAS 31) and IAS 28 in one revised, comprehensive standard.

The following standards and interpretations to be applied in future and amendments to existing standards and interpretations do affect operations of the Group to some extent. The Group is currently examining the possible effects of implementation of the standards and amendments on its accounting.

Following changes to **IAS 16 "Property, Plant and Equipment"** and **IAS 38 "Intangible Assets"**, there is to be clarification as to which methods are appropriate for the depreciation and amortization of property, plant and equipment and intangible assets. Application of these changes is mandatory for financial years beginning on and after January 1, 2016 (still subject to EU endorsement). The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

Following adjustments to **IAS 16 "Property, Plant and Equipment"** and **IAS 41 "Agriculture"**, bearer plants are in future to be accounted for as property, plant and equipment within the meaning of IAS 16. The produce growing on bearer plants will however remain within the scope of IAS 41. Application of these changes is mandatory for financial years beginning on and after January 1, 2016, and will have no effect on the consolidated financial statements of VTG (still subject to EU endorsement).

The adjustments to **IAS 19 "Employee Benefits"** have resulted in changes to how employee contributions are taken into account with regard to defined benefit pension commitments. The new provisions permit a practical expedient if the amount of the employee contributions is independent of the number of years of service. In this case, regardless of the plan's formula, the service cost for the period in which the corresponding service is rendered can be reduced. Application of these new regulations is mandatory for financial years beginning on and after July 1, 2014 (still subject to EU endorsement). The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

The new **IFRS 9 "Financial Instruments"** contains simplified accounting rules for financial instruments. Its objective is to have only two categories for measuring financial instruments – amortized cost and fair value. The more differentiated classification and measurement system of IAS 39 is to be discarded. With the changes to IFRS 9, IFRS 7 was also amended in respect of additional disclosures for comparative periods on transition to IFRS 9. Application of the new IFRS 9 and IFRS 7 regulations is mandatory for financial years beginning on and after January 1, 2018 (still subject to EU endorsement).The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

The amendments to **IFRS 11 "Joint Arrangements"** clarify the accounting for acquisitions of an interest in a joint operation in which the activity constitutes a business as defined in IFRS 3. With the exception of those principles that conflict with the guidance in IFRS 11, the accounting principles for business combinations in IFRS 3 and other IFRSs are to be applied. Application of these changes is mandatory for financial years beginning on and after January 1, 2016 (still subject to EU endorsement). The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

The new **IFRS 14 "Regulatory Deferral Accounts"** permits an entity to continue to account for 'regulatory deferral account balances' in accordance with its national accounting rules during the transition to IFRS. Application of these new regulations is mandatory for financial years beginning on and after January 1, 2016, and will have no effect on the consolidated financial statements of VTG (still subject to EU endorsement).

The new **IFRS 15 "Revenue from Contracts with Customers"** brings together the many rules contained in a range of different standards and interpretations. It establishes uniform, basic principles for all categories and revenue transactions. These principles are applicable across all industries. Application of these new regulations is mandatory for financial years beginning on and after January 1, 2017 (still subject to EU endorsement). The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

IFRIC 21 "Levies" clarifies how to recognize a liability for a levy that is imposed by a government and which does nor fall within the scope of another IFRS. In particular, it also clarifies when such liabilities are to be accounted for in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Application of these new regulations is mandatory for financial years beginning on and after June 17, 2014. The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

"Improvements to IFRS 2010 – 2012" and "Improvements to IFRS 2011 – 2013" are collective standards for amending different IFRS. It includes amendments to various IFRS affecting the recognition, measurement and disclosure of business transactions in addition to terminological and editorial corrections. Application of these new regulations is mandatory for financial years beginning on and after July 1, 2014 (still subject to EU endorsement). The possible impact of these new regulations on reporting in the consolidated financial statements is currently being investigated.

Segment reporting

Key figures by segment

The figures for the segments for the equivalent period from January 1 to June 30, 2014, are as follows:

€ '000	Railcar Division	Rail Logistics	Tank Container Logistics	Reconciliation	Group
External revenue	173,193	157,238	74,241	0	404,672
Internal revenue	12,035	320	227	−12,582	0
Changes in inventories	−224	0	0	0	−224
Segment revenue	**185,004**	**157,558**	**74,468**	**−12,582**	**404,448**
Segment cost of materials*	−28,410	−143,517	−62,283	12,246	−221,964
Segment gross profit	**156,594**	**14,041**	**12,185**	**−336**	**182,484**
Other segment income and expenditure	−65,755	−13,939	−6,717	−5,873	−92,284
Segment earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)	**90,839**	**102**	**5,468**	**−6,209**	**90,200**
Impairment, amortization of intangible and depreciation of tangible fixed assets	−47,432	−995	−3,502	−297	−52,226
Segment earnings before interest and taxes (EBIT)	**43,407**	**−893**	**1,966**	**−6,506**	**37,974**
thereof earnings from associates	550	0	62	0	612
Financial result	−24,023	−172	−223	−1,111	−25,529
Earnings before taxes (EBT)	**19,384**	**−1,065**	**1,743**	**−7,617**	**12,445**
Taxes on income and earnings					−4,604
Group net profit					**7,841**

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

In accordance with management reporting, in addition to eliminations not affecting income of expenses and income between the segments, the reconciliation column contains expenses of € 7.6 million not allocated to the segments. The subsequent measurement of interest rate derivatives that were formerly in a hedging relationship result in expenses of € 0.4 million that affected the financial result.

The figures for the segments for the equivalent period from January 1 to June 30, 2013, are as follows:

€ ’000	Railcar Division	Rail Logistics	Tank Container Logistics	Reconciliation	**Group**
External revenue	169,022	156,343	79,002	0	404,367
Internal revenue	11,176	409	165	−11,750	0
Changes in inventories	813	0	0	0	813
Segment revenue	**181,011**	**156,752**	**79,167**	**−11,750**	**405,180**
Segment cost of materials*	−27,969	−145,363	−66,511	11,788	−228,055
Segment gross profit	**153,042**	**11,389**	**12,656**	**38**	**177,125**
Other segment income and expenditure	−64,728	−8,691	−7,118	−6,954	−87,491
Segment earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)	**88,314**	**2,698**	**5,538**	**−6,916**	**89,634**
Impairment, amortization of intangible and depreciation of tangible fixed assets	−49,636	−635	−1,980	−293	−52,544
Segment earnings before interest and taxes (EBIT)	**38,678**	**2,063**	**3,558**	**−7,209**	**37,090**
thereof earnings from associates	499	0	108	0	607
Financial result	−23,495	−143	−508	−323	−24,469
Earnings before taxes (EBT)	**15,183**	**1,920**	**3,050**	**−7,532**	**12,621**
Taxes on income and earnings					−4,733
Group net profit					**7,888**

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

In accordance with management reporting, in addition to eliminations not affecting income of expenses and income between the segments, the reconciliation column contains expenses of € 7.5 million not allocated to the segments. The subsequent measurement of interest rate derivatives that were formerly in a hedging relationship contributed income of € 0.4 million to the financial result.

Based on internal reporting, the figures for the segments in the consolidated interim financial statements for the period April 1 to June 30, 2014, (Q2 2013) are as follows:

€ '000	Railcar Division	Rail Logistics	Tank Container Logistics	Reconciliation	**Group**
External revenue	87,753	80,244	37,089	0	205,086
Internal revenue	5,750	258	183	−6,191	0
Changes in inventories	−908	0	0	0	−908
Segment revenue	**92,595**	**80,502**	**37,272**	**−6,191**	**204,178**
Segment earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)	**46,484**	**−30**	**3,034**	**−3,298**	**46,190**
Segment earnings before interest and taxes (EBIT)	**22,766**	**−529**	**1,226**	**−3,447**	**20,016**
Earnings before taxes (EBT)	**10,591**	**−599**	**1,279**	**−4,128**	**7,143**

The figures for the segments for the equivalent period from April 1 to June 30, 2013, are as follows:

€ '000	Railcar Division	Rail Logistics	Tank Container Logistics	Reconciliation	**Group**
External revenue	86,067	76,744	39,498	0	202,309
Internal revenue	5,618	235	27	−5,880	0
Changes in inventories	−1,265	0	0	0	−1,265
Segment revenue	**90,420**	**76,979**	**39,525**	**−5,880**	**201,044**
Segment earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)	**44,790**	**978**	**2,616**	**−3,753**	**44,631**
Segment earnings before interest and taxes (EBIT)	**20,095**	**661**	**1,602**	**−3,896**	**18,462**
Earnings before taxes (EBT)	**8,317**	**584**	**1,345**	**−4,222**	**6,024**

Capital expenditure for each segment as of the 2014 and 2013 reporting dates is shown in the following table:

€ '000		Railcar Division	Rail Logistics	Tank Container Logistics	Reconciliation	Group
Investments in intangible assets						
	6/30/2014	1,034	134	70	31	1,269
	6/30/2013	1,003	273	61	50	1,387
Investments in tangible fixed assets						
	6/30/2014	90,012	494	4,754	100	95,360
	6/30/2013	77,526	31	4,416	265	82,238
Additions to intangible and tangible fixed assets from company acquisitions / changes to scope of consolidation						
	6/30/2014	0	11,736	0	0	11,736
	6/30/2013	115	1	0	0	116

Key figures across all segments

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

€ '000		Germany	Other countries	Group
Investments in intangible assets				
	6/30/2014	1,268	1	1,269
	6/30/2013	1,326	61	1,387
Investments in tangible fixed assets				
	6/30/2014	81,282	14,078	95,360
	6/30/2013	61,971	20,267	82,238
Additions to intangible and tangible fixed assets from company acquisitions / changes to scope of consolidation				
	6/30/2014	11,311	425	11,736
	6/30/2013	1	115	116
External revenue by location of companies				
	6/30/2014	258,244	146,428	404,672
	6/30/2013	261,669	142,698	404,367

Selected notes to the consolidated income statement

(1) Revenue
The business of the VTG Group is affected to only a minor degree by seasonal fluctuations.

The slight drop in revenue in Tank Container Logistics was offset by growth in revenue in the Railcar division.

(2) Changes in inventories
The changes in inventories are attributable to the wagon repair workshops and wagon construction plant.

(3) Cost of materials
Compared with revenue, which remained at a constant level, there was a slight decline in the cost of materials. This decline was due largely to the fall in revenue in the Tank Container Logistics segment.

(4) Personnel expenses
Compared with the same period of the previous year, personnel expenses increased. These expenses arose mainly from the recent acquisition of the rail logistics operations of Kühne + Nagel.

(5) Financial loss (net)
The financial loss increased in the first six months of the financial year compared with the first six months of the previous year, mainly due to the increased volume of financing. Additionally, in the previous year, interest derivatives that were formerly in a hedging relationship were included as an income. This year, after subsequent measurement, the resulting figure made a minor contribution to expenses.

(6) Taxes on income and earnings
IAS 34.30 (c) requires that the income tax expense in the accounts for the period under review be calculated on the basis of the best estimate of the weighted average annual income tax rate expected for the financial year as a whole.

For the financial year 2014, the tax rate for the Group in the IFRS accounts is expected to drop slightly to 37.0 % compared with 37.3 % for the financial year 2013.

(7) Earnings per share
The undiluted earnings per share are calculated in accordance with IAS 33, based on the Group net profit attributable to the shareholders of VTG AG divided by the weighted average number of shares in issue during the period under review. As of June 30, 2014, the number of shares in issue remained unchanged against the same date of the previous year, at 21,388,889.

Earnings per share are diluted if the 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.

Selected notes to the consolidated balance sheet

(8) Goodwill
The increase in goodwill is the result of the takeover of the rail logistics operations of Kühne + Nagel.

(9) Tangible fixed assets
In the first six months of the financial year, additions to tangible fixed assets exceeded the sum resulting from depreciation and disposals. These additions were mainly from investment in the construction of new rail freight cars.

(10) Cash and cash equivalents
For an explanation of the increase in cash and cash equivalents, please refer to the cash flow statement.

Equity

(11) 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 subscribed capital attributable to each share equals € 1.0. As of June 30, 2014, the subscribed capital amounted to € 21.4 million.

(12) Retained earnings

There was an increase in retained earnings, mainly due to the positive result for Group net profit and the first-time consolidation of the rail logistics operations of Kühne + Nagel acquired by the Group.

This increase was, however, limited by the impact of the dividend issued in the second quarter of 2014 for the financial year 2013 and the recognition directly in equity of actuarial losses from the measurement of pension obligations.

(13) Revaluation reserve

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

(14) Provisions for pensions and similar obligations

The increase in provisions for pensions and similar obligations is mainly attributable to a drop in the assumed discount rate, by 0.65 percentage points to 2.6 %, which takes into account the development of the market-specific, effective interest rate for high-value corporate bonds over the same term as the period under review.

(15) Financial liabilities

As of June 30, 2014 the VTG Group was financed by a US private placement, a syndicated loan and project financing.

US private placement	Original amount in currency of issue		As of 6/30/2014 in € '000
Tranche 1	170,000	€ '000	170,000
Tranche 2	150,000	€ '000	150,000
Tranche 3	130,000	€ '000	130,000
Tranche 4	40,000	US$ '000	29,214
Total			**479,214**

The tranches of the US private placement are fixed-interest.

Syndicated loan	Original amount in currency of issue		As of 6/30/2014 in € '000
Tranche A1	20,000	GBP '000	20,604
Tranche A2	77,570	€ '000	63,995
Tranche B	350,000	€ '000	240,000*
Total			**324,599**

* thereof € 60.0 million as guarantee.

Tranche A1 was taken up by a company whose functional currency is GBP.

The syndicated loan tranches comprise variable-interest loans, confirmed credit and guarantees.

Project financing € '000	Original amount	As of 6/30/2014
Deichtor	39,153	27,396
Ferdinandstor	44,965	38,935
Klostertor	46,000	20,860
Total		**87,191**

With regard to the securities pledged for liabilities to banks and loans, please refer to the "Collaterals" section under "Other disclosures".

In order to counteract risks from interest changes, a significant portion of the loan amounts has been secured with interest rate hedges.

Reporting of financial instruments

Measurement of fair value

On the first level, fair value is measured using prices quoted in an active market for identical assets or debts. If market prices are unavailable, on the second level, fair value is measured on the basis of market prices for comparable assets or debts. If these are also unavailable, on the third level, appropriate internal measurement procedures are used.

The following table shows financial instruments measured at fair value, analyzed according to the measurement method:

	6/30/2014			12/31/2013		
€ '000	Quoted prices (Level 1)	Other relevant observable inputs (Level 2)	Other relevant inputs (Level 3)	Quoted prices (Level 1)	Other relevant observable inputs (Level 2)	Other relevant inputs (Level 3)
Recurring measurement						
Receivables from derivative financial Instruments						
Interest rate derivatives	0	0	0	0	0	0
Currency derivatives	0	1,147	0	0	1,033	0
Liabilities from derivative financial instruments						
Interest rate derivatives	0	12,092	0	0	17,472	0
Currency derivatives	0	1,116	0	0	728	0

There were no transfers between level 1 and level 2 in the year under review.

Interest rate derivatives include interest rate swaps that are valued on the basis of observable yield curves. Forward exchange contracts and currency swaps are used within currency derivatives. Forward exchange contracts are valued using forward rates that are traded in active markets. Currency swaps are valued on the basis of observable yield curves.

Comparison of carrying amounts and fair values

The following table shows both the carrying amounts and fair values for financial assets and liabilities. These are categorized as in the balance sheet.

Categories containing only current financial assets and liabilities are not included. The carrying amounts shown for these categories are appropriately close to the fair values. Assets in the category other investments are also not included. A fair value cannot be reliably determined for the shareholdings included in this category.

	Carrying amount		Fair value	
€ '000	**6/30/2014**	12/31/2013	**6/30/2014**	12/31/2013
Assets				
Other financial assets	18,917	16,979	19,079	17,141
Derivative financial instruments	1,147	1,033	1,147	1,033
Liabilities				
Financial liabilities, thereof				
US private placement	480,413	480,073	544,244	519,207
Syndicated loan	263,097	229,676	264,972	231,437
Project financing	86,988	92,896	88,600	94,430
Liabilities from financial leases	6,114	7,298	6,261	7,799
Derivative financial instruments	13,208	18,200	13,208	18,200

Selected notes to the consolidated cash flow statement

The investments in intangible assets and tangible fixed assets mainly relate to payments for the acquisition and modernization of rail freight cars.

The repayments of bank loans and other financial liabilities, amounting to € 9.0 million, mainly comprise the scheduled repayments of project financing and the syndicated loan.

A cash payment of € 2.3 million was made in respect of the sale of the two Estonian companies.

Other disclosures

Collaterals

As of the reporting date, eleven companies in the VTG Group had provided guarantees of payments amounting to € 315.1 million in relation to the syndicated loan (previous year: € 280.3 million).

As of the reporting date, nine companies in the VTG Group had provided guarantees of payments amounting to € 479.2 million in relation to the US private placement (previous year: € 479.1 million).

As part of the Group's financing arrangements, four companies within the VTG Group have assigned as collateral their rail freight cars registered in Germany and the UK at their carrying amount of € 763.2 million (previous year: € 727.2 million). One company has assigned as collateral its tank containers at a value of € 30.3 million (previous year: € 0.0 million). Eight companies have assigned as collateral their rights relating to rail freight cars.

In addition to the above guarantees, in order to secure their project financing, three companies in the Group have pledged bank accounts and rail freight cars with carrying amounts of € 2.8 million (previous year: € 2.8 million) and € 115.6 million (previous year: € 120.3 million) respectively.

Should the VTG Group fail to meet its obligations under the financing agreements, the creditors are, under certain circumstances, entitled to realize the pledged securities.

Other financial commitments

The nominal values of the other financial commitments are as follows as of June 30, 2014, and for the previous year:

€ '000	6/30/2014 Due within 1 year	 Between 1 and 5 years	 More than 5 years	 Total
Obligations from rental, leasehold and leasing agreements	36,444	77,427	46,846	160,717
Purchase commitments	98,689	4,251	0	102,940
Total	**135,133**	**81,678**	**46,846**	**263,657**

€ '000	12/31/2013 Due within 1 year	 Between 1 and 5 years	 More than 5 years	 Total
Obligations from rental, leasehold and leasing agreements	35,742	73,272	46,459	155,473
Purchase commitments	94,196	14,579	0	108,775
Total	**129,938**	**87,851**	**46,459**	**264,248**

Average number of employees

€ '000	1/1 to 6/30/2014	1/1 to 12/31/2013
Salaried employees	911	799
Wage-earning staff	353	343
Trainees	39	45
Total	**1,303**	**1,187**
thereof abroad	420	349

Material events after the balance sheet date

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

Hamburg, July 24, 2014

The Executive Board

Dr. Heiko Fischer

Dr. Kai Kleeberg

Günter-Friedrich Maas

03 Consolidated Interim Financial Statements

of VTG Aktiengesellschaft as of June 30, 2014

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting rules for interim reporting and the principles of proper accounting, the consolidated interim financial statements present a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management report for the Group provides a true and fair view of the development and performance of the business and the position of the Group as well as of the principal opportunities and risks associated with the expected development of the Group over the remainder of the financial year.

Hamburg, July 24, 2014

The Executive Board

Dr. Heiko Fischer

Dr. Kai Kleeberg

Günter-Friedrich Maas

04 Review Report

To VTG Aktiengesellschaft, Hamburg

We have reviewed the condensed consolidated interim financial statements – comprising the condensed statement of financial position, condensed income statement and statement of comprehensive income, condensed statement of cash flows, condensed statement of changes in equity and selected explanatory notes – and the interim group management report of VTG Aktiengesellschaft, Hamburg for the period from January 1, 2014 to June 30, 2014, which are part of the semiannual financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hamburg, July 24, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Andreas Focke	ppa. Christoph Fehling
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

05 Financial calendar 2014 and share data

Financial calendar 2014

February 19	Preliminary results for 2013
March 25	Publication of the results 2013
March 25	Financial Statements Press Conference, Hamburg
March 25	Analyst Conference
May 15	Interim Report for the 1st Quarter 2014
June 5	Annual General Meeting, Hamburg
August 21	Half-yearly Financial Report 2014
November 13	Interim Report for the 3rd Quarter 2014

Share data

WKN	VTG999
ISIN	DE000VTG9999
Stock exchange abbreviation	VT9
Index	CDAX, HASPAX
Share type	No-par-value bearer share
No. of shares (6/30)	21,388,889
Market capitalization (6/30)	€ 347.6 million
Stock exchanges	XETRA, Frankfurt, Berlin, Dusseldorf, Hamburg, Hanover, Munich, Stuttgart
Market segment	Prime Standard
Share price (6/30)	€ 16.25

06 Contact and imprint

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VTG
Photo of the Executive Board Members:
Günther Schwering, Hamburg
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Reservation regarding statements relating to the future

This interim 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.

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