Interim report as of March 31, 2005

The Vossloh Group at a glance

Group			
		Q1/2005	Q1/2004
Income statement data			
Net sales[2]	€ mill.	185.4	197.2
thereof Rail Infrastructure	€ mill.	126.6	112.7
Motive Power	€ mill.	52.2	71.8
Information Technologies	€ mill.	6.7	12.6
EBIT[2]	€ mill.	11.1	16.7
Net interest expense[2]	€ mill.	(4.7)	(3.0)
EBT[2]	€ mill.	6.4	13.7
Group earnings (total)	€ mill.	3.5	8.5
Earnings per share (EpS)	€	0.24	0.58
EBIT margin[2]	%	6.0	8.5
Pretax return on equity (ROE)[2]	%	7.7	17.9
Return on capital employed (ROCE)[2]	%	6.3	10.9
Balance sheet data			
Fixed assets	€ mill.	390.0	375.3
capital expenditures[1]	€ mill.	6.2	5.8
amortization/depreciation[1,2]	€ mill.	5.0	5.7
Working capital	€ mill.	320.7	236.4
Working capital ratio	%	43.2	29.8
Capital employed	€ mill.	710.7	611.7
Total equity	€ mill.	333.3	306.9
thereof minority interests	€ mill.	5.9	5.9
Net financial debt	€ mill.	202.1	163.6
Net leverage	%	60.6	53.3
Total assets	€ mill.	1,021.0	883.4
Equity ratio	%	32.6	34.8
Cash flow statement data			
Cash flow from operating activities	€ mill.	(14.6)	20.3
Cash flow from investing activities	€ mill.	(8.9)	(1.3)
Cash flow from financing activities	€ mill.	(2.6)	(19.7)
Change in cash & cash equivalents	€ mill.	(26.1)	(0.7)
Workforce			
3-month (Q1) average headcount[2]		4,435	4,285
thereof Rail Infrastructure		3,006	2,829
Motive Power		1,112	1,154
Information Technologies		287	270
Vossloh AG		30	32
Payroll-to-added value ratio[2]	%	82.5	75.1
Personnel expenses[2]	€ mill.	58.4	53.6
Share data			
Stock price at March 31	€	39.34	43.58
Market capitalization at March 31	€ mill.	575.9	636.4

[1] Excluding financial assets

[2] Like-for-like data: The contributions by the Services business unit have been deducted from the prior-year comparatives.

The income statement data refers to the 3 months ended March 31, balance sheet data being stated as of March 31. Where required, ratios have been annualized.

The Vossloh Group structure

Rail Infrastructure	Motive Power	Information Technologies
Vossloh Fastening Systems	**Vossloh** Locomotives	**Vossloh** Information Technologies
Vossloh Switch Systems	**Vossloh** Electrical Systems	
Vossloh Infrastructure Services		

Rail Infrastructure

Rail fasteners from Vossloh are used in over 65 countries for their inherent safety and efficiency. And, when it comes to sophisticated track switches, the Group is again a foremost international supplier. In the construction of new trackage and the maintenance of existing, Vossloh likewise commands a leading position.

Motive Power

Ultramodern Vossloh diesel locomotives have for years now been leading the way throughout Europe. Cost efficiency, flexibility and attractive financing arrangements—these are some of the ingredients keeping this market leader on the success track. The lineup of products and services is extended with key technologies used on trams, streetcars, and trolleybuses.

Information Technologies

Engineering systems sourced from Vossloh ensure cost-effective and customer-friendly operations management for transport operators. Vossloh is also a leading supplier of passenger information systems used in trains, railway stations, and at airport terminals. Signaling components and electronic interlocks are other specialty markets with vast growth potential.

Dear Stockholders:

Q1/2005 sales and earnings by the Vossloh Group were in line with budget and as expected 6.0 and 58.8 percent, respectively, below the comparable Q1/2004 figures. Although the takeover from Alstom of the Valencia-based diesel locomotive plant was not closed before April 1, 2005, group sales in 2005 are nonetheless expected to rise 15 percent to €1,060 million and group earnings are budgeted to reach around €47 million. The lower earnings versus 2004 reflect the tougher situation in a number of submarkets, Germany in particular, as well as the surging steel prices (only partly downloadable onto customers), and the further postponement of invitations to bid for diesel locomotives.

The market-induced problems are most pronounced at Kiel where we are having to cope with locomotive production halving from the present volume. To succeed in responding more flexibly to sharper fluctuations in demand and generate profits even with much lower output, we have been and still are compelled to shed most of the loaned labor plus some of the regular workforce as part of the restructuring moves planned for this location.

Following protracted negotiations with the Works Council and the local trade union, a basic agreement was reached on March 11, 2005, regarding the measures planned for restructuring Vossloh Locomotives GmbH. Altogether 180 jobs will be lost in Kiel. Thanks to the workforce's far-reaching contribution toward slashing personnel expenses, among other things, by a temporary waiver of collectively negotiated pay increases and Christmas bonus, and an unpaid increase in weekly working hours, it proved possible to retain the location and sow the seeds for successful restructuring work which will largely be completed by the end of the present fiscal year.

With diesel-hydraulic locomotive production in Kiel and diesel-electric at the Valencia plant recently acquired from Alstom, we can now supply the entire diesel locomotive market. Valencia's capacities are already fully booked for the years ahead. We are convinced that we will expand our already strong position in the market for diesel locomotives and graduate to easily the most successful, most flexible, and most productive manufacturer in the entire locomotive market.

Following a once again highly successful fiscal 2004, we now expect a year in which we will have to shoulder a heavy cost burden due to the aforementioned challenges but by next year we will already be able to present you the positive effects. Then, in 2007, the rewards will become even more manifest.

Vossloh is well geared to write further chapters in its growth story. We are undismayed by the current rail industry collapse. After all, nothing has changed regarding the fundamental conviction that this is a growth sector both within Europe and worldwide. Additionally, Vossloh is benefiting from its international base. For the first time, group sales in France outpaced those in Germany. Spain, too, is evolving into another domestic market while Central & Eastern Europe is of growing importance—all indications that Vossloh is meanwhile a European group.

Vossloh AG
CEO

Burkhard Schuchmann

The MDAX as the stock index which includes Germany's midsize companies and which lists Vossloh, started the year 2005 at 5,385 points, advancing 8.0 percent to its Q1 high of 5,815 on February 21, 2005. By March 31, it had slipped slightly to 5,693, a gain of 5.7 percent from the year's opening level.

Vossloh stock in the first quarter of 2005 outpaced the MDAX. On January 3, 2005, the price was €36.40, the Q1 low. On March 11, 2005, basic consensus was reached with the Works Council and the local union regarding the restructuring plans at Vossloh Locomotives GmbH, which propelled the stock price to its Q1 high of €41.87 on March 17, 2005. Profit-taking then caused the stock to dip to €39.34 (Xetra) at March 31, 2005, or 8.2 percent over the year-end 2004 of €36.35.

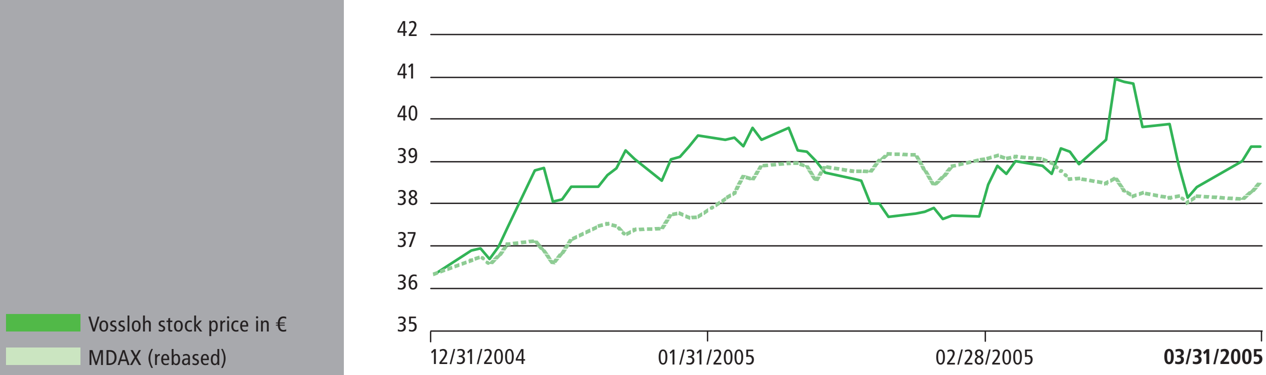
Vossloh AG's Executive and Supervisory Boards will propose to the annual stockholders' meeting to vote in favor of the distribution of an unchanged cash dividend of €1.30 per share. As in 2004, some 33 percent of net earnings will thus be distributed. With this proposal both Boards are confirming a dividend policy based on the principle of continuity.

Since March 29, 2005, Arnhold and S. Bleichroeder Advisers LLC, New York, has held 5.01 percent of Vossloh AG's voting stock, or 733,939 shares.

The number of traded Vossloh shares in Q1 was around 2.1 million, equivalent to an average daily volume of around 34,000 of which the electronic system Xetra accounted for approximately 85 percent.

Following the presentation of the 2004 annual accounts at the Analysts' Conference on March 18, 2005, analysts updated their assessments of the price potential of Vossloh stock; ten recommended "buy" and three "hold." Their fair values ranged between €35 and €55, the mean being €44.50. The latest analyst views and any further information on Vossloh stock are downloadable at www.vossloh.com

Vossloh stock price trend from January 1 to March 31, 2005



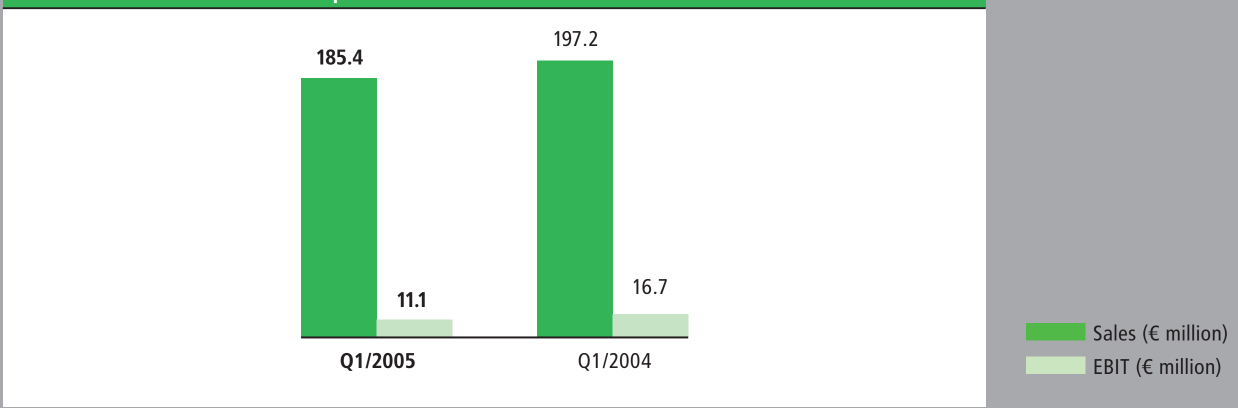
In the first three months (Q1) of 2005, the Vossloh Group generated net sales of €185.4 million, 6.0 percent or €11.8 million down from the year-earlier €197.2 million. While, at €126.6 million, Rail Infrastructure clearly outnumbered the prior-year Q1 sales of €112.7 million, the Motive Power and Information Technologies divisions failed to reattain the year-earlier levels, their Q1 sales declining by €19.6 million and €5.9 million, respectively. Fewer-than-expected invitations to bid for diesel locomotives could not be compensated for through sales by the Valencia locomotive plant due to its delayed acquisition and pruned the Locomotives business unit's sales by €19 million. Owing to the postponed accounting for milestones of long-term contracts, Q1 sales by Information Technologies did not reach the year-earlier magnitude either.

Vossloh Group			
		Q1/2005	Q1/2004
Net sales	€ mill.	185.4	197.2
EBITDA	€ mill.	16.1	22.4
EBIT	€ mill.	11.1	16.7
EBIT margin	%	6.0	8.5
EBT	€ mill.	6.4	13.7
Group earnings	€ mill.	3.5	8.5

[1] The prior-year comparatives have been adjusted for the Services business unit's contributions.

The shrinkage of rail industry business, soaring steel prices and fewer invitations to bid for diesel locomotives prompted Vossloh AG's Executive Board in late 2004 to initiate a groupwide efficiency-boosting and cost-cutting program. The market-induced problems cast the thickest clouds on Vossloh Locomotives in Kiel where, from today's vantage point, the high sales of previous periods will prove beyond reach in 2005 and 2006. The ensuing restructuring of this location will in the current year require the Kiel headcount to be considerably downsized. Adequate accruals provide for these retrenchments in the Q1 accounts.

Sales and EBIT of the Vossloh Group



The—expected—effect of these one-time burdens, combined with shrinking business and surging steel prices in a year-on-year comparison, was that the Motive Power division's Q1/2004 EBIT could not be duplicated in 2005. The Group's Q1 EBIT therefore fell to €11.1 million in 2005, significantly down from the year-earlier €16.7 million. The EBIT margin decreased from 8.5 percent a year ago to now 6.0 percent. Q1 group earnings came to €3.5 million in 2005 (down from €8.5 million).

Sales by region			
		Q1/2005	Q1/2004[1]
Germany	€ mill.	33.8	63.8
France	€ mill.	50.3	38.4
Other Euroland	€ mill.	43.3	39.1
Other Europe	€ mill.	39.9	34.7
Total Europe	**€ mill.**	**167.3**	**176.0**
North America	€ mill.	1.7	5.0
Latin America	€ mill.	1.3	1.0
Total Americas	**€ mill.**	**3.0**	**5.1**
Asia	**€ mill.**	**12.6**	**8.8**
Other regions	**€ mill.**	**2.5**	**7.3**
Total	**€ mill.**	**185.4**	**197.2**

[1] The prior-year comparatives have been adjusted for the Services business unit's contributions.

In a year-on-year comparison, Q1 regional sales segmentation changed appreciably. For the first time, the quarterly sales in France, at €50.3 million in Q1/2005, exceeded those in Germany (€33.8 million), the proportion of German sales plunging from 32.4 percent in Q1/2004 to 18.2 in Q1/2005. However, this trend shows that Vossloh's strong international base helps to largely compensate a shortfall of sales in certain markets (currently, in Germany) through additional business volumes elsewhere.

As of March 31, 2005, total assets amounted to €1,021.0 million, thus virtually unchanged versus year-end 2004 (€1,021.3 million).

In the first three months of 2005, working capital, and thus also capital employed, swelled again, from €303.2 million as of December 31, 2004, by 5.8 percent to now €320.7 million, mainly due to the high level of work in process within the Switch Systems business unit and to the resulting higher inventories.

Net financial debt grew from €171.1 million as of December 31, 2004, to €202.1 million at the end of Q1/2005. This €31 million rise was not only attributable to the funding requirements for the higher working capital but also and foremost to the cash outflow for capital expenditures (at €6.2 million) and the settlement of tax liabilities.

The increase in net financial debt from year-end 2004 stepped up the Group's net leverage (i.e., the ratio of net financial debt to equity), from 51.7 percent three months ago to now 60.6 percent.

At €792.8 million, the Vossloh Group's order backlog as of March 31, 2005, was considerably below the year-earlier €947.3 million but above the year-end 2004 backlog of €761.6 million. Q1 orders on hand at Kiel-based Vossloh Locomotives GmbH plummeted by €140+ million in 2004 to €138.9 million in 2005, basically as fewer invitations to bid for diesel locomotives were received.

The Q1/2005 data does not yet account for the Valencia diesel locomotives plant acquired from Alstom (in future Vossloh España) since the acquisition was formally closed at April 1, 2005. Therefore, Vossloh España will be fully reflected in the accounts as from Q2/2005.

Vossloh Group				
		03/31/2005	12/31/2004	03/31/2004
Total assets	€ mill.	1,021.0	1,021.3	883.4
Total equity	€ mill.	333.3	331.1	306.9
Equity ratio	%	32.6	32.4	34.8
Working capital	€ mill.	320.7	303.2	236.4
Working capital ratio[1]	%	43.2	33.0	29.8
Fixed assets	€ mill.	390.0	387.0	375.3
Capital employed	€ mill.	710.7	690.2	611.7
ROCE[1]	%	6.3	15.3	10.9
ROE[1]	%	7.7	27.1	17.9
Net financial debt	€ mill.	202.1	171.1	163.6
Net leverage	%	60.6	51.7	53.3

[1] annualized

At €126.6 million, Q1 sales by the Rail Infrastructure division were 12 percent over last year's. All of the division's business units shared in this gain.

Rail Infrastructure			
		Q1/2005	Q1/2004
Net sales	€ mill.	126.6	112.7
EBITDA	€ mill.	21.1	20.2
EBIT	€ mill.	17.9	17.2
EBIT margin	%	14.1	15.3

Q1 sales by Fastening Systems rose from €31.4 million a year ago to €37.1 million in 2005. The budgeted decline in domestic business was more than offset by rising exports to the regular markets of Central Europe plus additional projects in Turkey and Chile. Q1 order intake by this unit amounted to €34.2 million (down from €36.8 million) and included additions to a contract for supplying rail fasteners for the metro at the Indian capital of New Delhi. Order backlog at March 31, 2005, totaled €21.1 million (down from €24.7 million).

Switch Systems generated sales of €55.3 million (up from €49.0 million) and included switches for tram projects in France, for high-speed rail lines in Britain and Italy, and shipments to Israel and Iran. Q1 order intake amounted to €58.9 million (down from €59.5 million). Major items comprised contracts from the Moroccan and Algerian state railways. Order backlog at March 31, 2005, came to €170.6 million, well over the year-earlier €125.5 million.

Q1 sales at Infrastructure Services climbed from €33.8 million a year ago to €40.1 million in 2005. Order intake at €72.6 million was easily over the year-earlier €43.9 million. Accounting for a large chunk of new orders were rail and overhead line construction for tram projects in Nice and Marseilles. At March 31, 2005, order backlog added up to €213.6 million (up from €175.2 million).

The increase in working capital compared with a year earlier is linked to the inventory rise at Switch Systems necessitated by the healthy order situation. Despite a slight advance in EBIT by €0.7 million to €17.9 million, there was a minor decline in ROCE on account of the extra capital employed.

Rail Infrastructure				
		03/31/2005	12/31/2004	03/31/2004
Working capital	€ mill.	175.6	164.6	135.8
Working capital ratio[1]	%	34.7	32.0	30.1
Fixed assets	€ mill.	295.0	294.9	285.9
Capital employed	€ mill.	470.6	459.5	421.7
ROCE[1]	%	15.2	19.7	16.4

[1] annualized

At €52.2 million Motive Power sales were well below the year-earlier €71.8 million as was EBIT—burdened by both sinking sales and the one-off burdens sustained by the Locomotives business unit.

Motive Power			
		Q1/2005	Q1/2004
Net sales[1]	€ mill.	52.2	71.8
EBITDA[1]	€ mill.	(2.4)	4.9
EBIT[1]	€ mill.	(3.8)	2.9
EBIT margin[1]	%	(7.2)	4.0

[1] The prior-year comparatives have been adjusted for the Services business unit's contributions.

Q1 sales by Locomotives totaled €35.6 million (down from €54.6 million), the slump reflecting the ongoing vehicle expenditure reluctance within Germany. Accordingly, orders on hand have melted from last year's €281.9 million to €138.9 million as a consequence of the shortfall in invitations to bid for diesel locomotives. In order to reconcile production capacity with the weaker demand expected this and next year, Locomotives will retrench a large number of its staff. The appropriate provisions for the planned restructuring programs were made during the period. Mainly because of these one-off burdens, Motive Power's overall EBIT slumped from €2.9 million to a negative €3.8 million for the period.

Electrical Systems Q1/2005 sales added up to €16.6 million (down from €17.2 million) and mainly comprised the electrical equipment for tram projects in Cologne, Düsseldorf, and Bremen as well as for trolleybuses destined for Geneva, Vancouver, and Lucerne. Order intake at €11.7 million was, as expected, short of the year-earlier €74.3 million which had included a megacontract.

With economic effect as of January 1, 2005, the Services business unit was sold and so as to ease comparability, the year-earlier income statement excludes this unit's contributions.

With working capital only slightly up over December 31, 2004, the working capital ratio almost doubled due to the lower sales. Since capital employed is virtually unchanged, ROCE reflects the nonrecurring burdens linked to the restructuring measures.

Motive Power				
		03/31/2005	12/31/2004	03/31/2004
Working capital	€ mill.	128.2	121.6	94.5
Working capital ratio[1]	%	61.4	35.7	32.9
Fixed assets	€ mill.	61.1	64.0	60.5
Capital employed	€ mill.	189.3	185.6	155.0
ROCE[1]	%	(7.9)	10.0	7.5

[1] annualized

At €6.7 million, sales by the Information Technologies division plunged more than 45 percent compared with Q1/2004 mainly due to various orders whose acceptance on completion and hence invoicing were postponed from Q1 to Q2/2005.

Information Technologies			
		Q1/2005	Q1/2004
Net sales	€ mill.	6.7	12.6
EBITDA	€ mill.	(0.4)	0.4
EBIT	€ mill.	(0.7)	0.1
EBIT margin	%	(9.9)	0.5

As a consequence and for invoice timing reasons, EBIT at a negative €0.7 million was short of the year-earlier €0.1 million.

Versus December 31, 2004, working capital shrank by €2.8 million, due to the decrease in trade receivables and increase in customer prepayments. Concurrently, inventories piled up due to the already mentioned acceptance delays.

Information Technologies				
		03/31/2005	12/31/2004	03/31/2004
Working capital	€ mill.	13.8	16.6	7.0
Working capital ratio[1]	%	51.9	25.7	13.9
Fixed assets	€ mill.	16.0	15.9	13.0
Capital employed	€ mill.	29.8	32.5	20.0
ROCE[1]	%	(8.9)	23.4	1.4

[1] annualized

At €8.6 million, Q1 order intake was well above the €6.9 million in Q1/2004.

Capital expenditures

Q1/2005 capital expenditures by the Vossloh Group added up to €6.2 million (up from €5.8 million).

Additions to tangible assets			
		Q1/2005	Q1/2004
Rail Infrastructure	€ mill.	3.4	3.0
Motive Power	€ mill.	2.3	2.5
Information Technologies	€ mill.	0.3	0.3
Vossloh AG	€ mill.	0.2	0.0
Total	**€ mill.**	**6.2**	**5.8**

Spending at Rail Infrastructure centered on Infrastructure Services (€2.2 million) and Switch Systems (€1.0 million)—mainly on replacing existing equipment.

Motive Power expenditures subdivided into €1.6 million on Locomotives (almost exclusively capitalized development costs) and €0.7 million on Electrical Systems.

Research & development

Q1/2005 R&D expenditures totaled €1.8 million (down from €2.2 million). In addition and according to IAS 38, Locomotives recognized development costs of €1.3 million for the period January through March (down from €1.8 million). Not taken into account are the project-related development costs included in the cost of sales.

R&D efforts in Q1/2005 focused on further developing and trying out product innovations. Fastening Systems refined and installed into test tracks newly developed rail fasteners while Switch Systems pushed ahead with the development of new switch systems for high-speed lines.

Motive Power continued developing new drive systems for electrically powered buses, innovative control technology, and new types of vehicle data management systems.

Information Technologies applied its R&D activities to again improving passenger information systems that use electronic ink.

Workforce

As of March 31, 2005, the Vossloh Group employed a worldwide workforce of 4,420, up 2.7 percent or 117 employees from March 31, 2004. The reduction at Motive Power contrasts with the gain at Rail Infrastructure, which is chiefly due to the first-time consolidation of Vossloh Min Skretnice and Swedish Rail Systems.

Q1/2005 personnel expenses totaled €58.4 million, up 9.0 percent from €53.6 million owing to the one-off restructuring costs at Vossloh Locomotives, Kiel. Consequently, personnel expenses per capita (rounded) climbed 5.6 percent from €12,500 to €13,200. Excluding this nonrecurring burden, personnel expenses inched up €0.8 million or 1.5 percent.

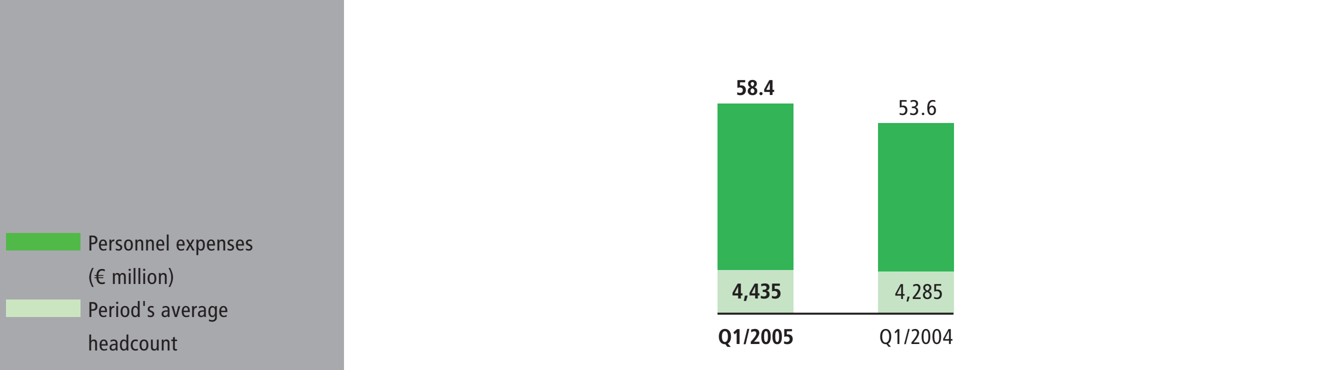
The ratio of payroll to value added rose from 75.1 percent in Q1/2004 to 82.5 percent, the 7.4-percentage-point advance being chiefly due to the one-off costs already mentioned.

Headcount at

	03/31/2005	12/31/2004[1]	03/31/2004[1]
Rail Infrastructure	2,996	3,005	2,839
Motive Power	1,111	1,131	1,157
Information Technologies	283	285	274
Vossloh AG	30	32	33
Total	**4,420**	4,453	4,303

[1] Services business unit deducted

Group workforce trend and personnel expenses



The takeover of the Valencia-based diesel locomotive plant was not closed as planned as of January 1, 2005, but later as of April 1, 2005. Notwithstanding this, group sales in 2005 are budgeted to rise 15 percent to around €1,060 million. For all of 2005, Vossloh still expects an EBIT of €93.4 million (down from €105.8 million in 2004). Group earnings are predicted to reach €47.4 million, with earnings per eligible share then amounting to €3.25.

Interim financial statements as of March 31, 2005

Income statement
Cash flow statement
Balance sheet
Statement of changes in equity
Explanatory notes

Consolidated income statement

for the three months (Q1) ended March 31, 2005

€ million	**Q1/2005**	Q1/2004
Net sales	185.4	197.2
Cost of sales	(148.7)	(157.7)
General administrative and selling expenses	(25.6)	(24.5)
R&D expenses	(1.8)	(2.1)
Other operating income/expenses, net	0.9	3.5
Operating result	**10.2**	**16.4**
Income from investments carried at equity	0.3	0.3
Other financial results	0.6	0.0
Earnings before interest and taxes (EBIT)	**11.1**	**16.7**
Net interest expense	(4.7)	(3.0)
Earnings before taxes (EBT)	**6.4**	**13.7**
Income taxes	(2.2)	(4.6)
Net income from continuing operations	**4.2**	**9.1**
Minority interests	(0.1)	(0.3)
Net loss of discontinued operations	(0.6)	(0.3)
Group earnings	**3.5**	**8.5**
Earnings per share (EpS)		
Undiluted EpS (€)	0.24	0.58
Fully diluted EpS (€)	0.24	0.58

Consolidated statement of cash flows
for the three months (Q1) ended March 31, 2005

€ million	**Q1/2005**		Q1/2004	
Cash outflow for/(inflow from) operating activities				
Group earnings		3.5		8.5
Adjustments to reconcile group earnings with cash outflow/inflow from operating activities				
Minority interests in net income	0.1		0.3	
Amortization/depreciation/write-down	5.0		5.8	
Change in deferred taxes	(0.9)		1.2	
Book gains/losses (netted) from the disposal of fixed assets	0.0		(2.2)	
Other noncash income/expenses (net)	0.7		0.0	
Change in deferred income	(0.3)		0.7	
Change in receivables	1.8		18.4	
Change in inventories	(24.6)		(18.5)	
Change in prepaid expenses & deferred charges	(0.9)		(6.9)	
Change in liabilities and accruals	1.0		13.0	
Total adjustments		(18.1)		11.8
Net cash (used in)/provided by operating activities		(14.6)		20.3
Cash outflow from investing activities				
Cash inflow from the disposal of intangible and tangible assets	0.0		5.0	
Cash inflow from the disposal of financial assets	0.0		0.1	
Cash outflow for intangible and tangible assets	(6.2)		(5.8)	
Cash outflow for financial assets	(2.3)		(0.1)	
Cash outflow for short-term securities	(0.4)		(0.5)	
Net cash used in investing activities		(8.9)		(1.3)
Cash outflow for financing activities				
Net borrowings through note-based finance	(3.9)		(1.1)	
Net finance from short-term credits	0.0		(15.3)	
Net finance from medium- and long-term loans	0.0		(3.3)	
Change in treasury stock	1.3		0.0	
Net cash used in financing activities		(2.6)		(19.7)
Net outflow of cash & cash equivalents		(26.1)		(0.7)
Cash & cash equivalents at beginning of period		140.0		24.1
Cash & cash equivalents at end of period		113.9		23.4

Assets

€ million	**03/31/2005**	12/31/2004	03/31/2004
Total noncurrent assets	**420.7**	**413.3**	**398.7**
Intangible assets	276.9	276.0	273.1
Tangible assets	92.7	97.4	84.9
Investment properties	7.5	6.9	7.0
Financial assets	12.9	6.7	10.3
shares in unconsolidated subsidiaries	3.6	3.6	1.0
investments carried at equity	1.7	1.4	1.2
other investments and long-term securities	1.6	1.6	5.6
long-term loans	6.0	0.1	2.5
Total fixed assets	390.0	387.0	375.3
Sundry noncurrent assets	6.8	5.5	7.1
Deferred tax assets	23.9	20.8	16.3
Total current assets	**600.3**	**608.0**	**484.7**
Inventories	190.4	169.0	176.7
Trade receivables	245.4	250.9	232.5
Due from unconsolidated subsidiaries and investees	4.1	3.8	3.9
Sundry current assets	45.4	43.6	45.9
Short-term securities	1.1	0.7	2.3
Cash & cash equivalents	113.9	140.0	23.4
	1,021.0	**1,021.3**	**883.4**

Equity & liabilities

€ million	03/31/2005	12/31/2004	03/31/2004
Group equity	**333.3**	**331.1**	**306.9**
Capital stock	37.4	37.4	37.4
Additional paid-in capital	38.0	37.8	37.8
Treasury stock	0.0	(1.1)	(1.1)
Reserves retained from earnings	203.2	203.2	167.7
Undistributed group profit	57.3	0.1	55.5
Group earnings	3.5	57.2	8.5
Accumulated other comprehensive income (OCI)	(12.0)	(9.3)	(4.8)
Minority interests	5.9	5.8	5.9
Noncurrent liabilities and accruals	**315.7**	**309.9**	**211.1**
Noncurrent financial debts	200.6	191.4	134.9
Other noncurrent liabilities	39.1	44.4	6.3
Pension accruals	20.4	20.2	18.7
Other noncurrent accruals	38.0	36.6	40.3
Deferred tax liabilities	17.6	17.3	10.9
Current liabilities and accruals	**372.0**	**380.3**	**365.4**
Current financial debts	116.5	120.4	54.3
Trade payables	90.1	101.3	154.3
Due to unconsolidated subsidiaries and investees	5.3	4.3	3.9
Sundry current liabilities	97.7	96.1	95.9
Current accruals	62.4	58.2	57.0
	1,021.0	**1,021.3**	**883.4**

Statement of changes in equity

€ million	Capital stock	Additional paid-in capital	Treasury stock	Reserves retained from earnings	Undistrib-uted group profit	Group earnings	Accumulated OCI	Minority interests	**Total**
Balance at 12/31/2003	**37.4**	**37.8**	**(1.1)**	**167.6**	**0.0**	**55.5**	**(5.2)**	**5.6**	**297.6**
Stockholder-unrelated changes in equity									
Carryover to new account					55.5	(55.5)			0.0
Changes through initial consolidation				0.1					0.1
Net income for Q1/2004						8.5		0.3	
Accumulated OCI									
currency translation differences							0.4	0.0	
statement at fair value of financial instruments									
Comprehensive income						8.5	0.4		8.9
Minority interests								0.3	0.3
Balance at 3/31/2004	**37.4**	**37.8**	**(1.1)**	**167.7**	**55.5**	**8.5**	**(4.8)**	**5.9**	**306.9**
Stockholder-unrelated changes in equity									
Transfer to reserves retained from earnings				36.4	(36.4)				0.0
All other changes				(0.6)				0.0	(0.6)
Changes through initial consolidation				(0.3)				(0.2)	(0.5)
Net income for Q2–Q4/2003						48.7		0.3	
Accumulated OCI									
currency translation differences							1.3	0.5	
statement at fair value of financial instruments							(5.8)		
Comprehensive income						48.7	(4.5)		44.2
Minority interests								0.8	0.8
Stockholder-related changes in equity									
Dividend payment					(19.0)			(0.9)	(19.9)
Capital increases from SOPs	0.0	0.0							0.0
Other capital increases								0.2	0.2
Balance at 12/31/2004	**37.4**	**37.8**	**(1.1)**	**203.2**	**0.1**	**57.2**	**(9.3)**	**5.8**	**331.1**
Stockholder-unrelated changes in equity									
Carryover to new account					57.2	(57.2)			0.0
Sale of treasury stock		0.2	1.1						1.3
Net income for Q1/2005						3.5		0.1	
Accumulated OCI									
currency translation differences							0.2	0.0	
statement at fair value of financial instruments							(2.9)		
Comprehensive income						3.5	(2.7)		0.8
Minority interests								0.1	0.1
Balance at 3/31/2005	**37.4**	**38.0**	**0.0**	**203.2**	**57.3**	**3.5**	**(12.0)**	**5.9**	**333.3**

(1) Introduction

The consolidated interim financial statements as of March 31, 2005, were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at the quarterly closing date. These financial statements meet all requirements of German Accounting Standard (GAS) No. 6 issued by the German Accounting Standards Committee (GASC).

(2) Consolidation group

Since December 31, 2004, the consolidation group shrank by one subsidiary. Consequently, 43 subsidiaries were fully consolidated as of March 31, 2005. One investee is carried at equity while another 28 companies and joint ventures are included pro rata. Due to their minor significance to the Group's net assets, financial position and results of operations, 24 subsidiaries were not included in the consolidated financial statements although Vossloh AG directly or indirectly held the majority of voting rights at March 31, 2005.

(3) Accounting principles

The consolidation, accounting and valuation principles conform with those used for the consolidated financial statements as of December 31, 2004.

Income taxes were for German companies calculated by applying a rate of 40 percent (unchanged from 2004) while for foreign subsidiaries, the applicable local tax rates were used.

The representation of Services, a business unit meantime disposed of and shown as discontinued operation, was changed in comparison to the financial statements 2004 as IFRS 5 had to be newly applied as from January 1, 2005. Accordingly, all income and expenses allocable to Services were reclassified into the income statement line *Net loss of discontinued operations*.

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

(4) Earnings per share

Analysis of EpS:

		Q1/2005	Q1/2004
Weighted average number of shares		14,622,514	14,603,687
Dilutive shares from stock options under the ESOP and LTIP		36,607	25,373
Fully diluted weighted average number of shares		14,659,121	14,629,060
Group earnings	€ mill.	3.5	8.5
Undiluted (basic) EpS	**€**	**0.24**	**0.58**
Fully diluted EpS	€	0.24	0.58

(5) Discontinued operations

With economic effect as of January 1, 2005, Kiel-based EuroTrac GmbH Verkehrstechnik was sold and transferred to a nongroup investor. EuroTrac's activities had been subsumed within the Motive Power division in a separate business unit, Services.

In accordance with IFRS 5, all income and expenses allocable to Services are shown in a separate income statement line, *Net loss of discontinued operations*, which breaks down as follows:

Breakdown of the *net loss of discontinued operations*			
		Q1/2005	Q1/2004
Income	€ mill.	0.0	1.0
Current expenses	€ mill.	(0.9)	(1.5)
Loss on disposal	€ mill.	(0.1)	0.0
Pretax loss	€ mill.	(1.0)	(0.5)
Tax expense	€ mill.	0.4	0.2
Net loss	**€ mill.**	(0.6)	**(0.3)**

(6) Cash flow statement

This statement shows the changes in the Vossloh Group's cash and cash equivalents, these including checks, cash on hand, as well as cash in banks. Prepared in accordance with IAS 7, the cash flow statement breaks down the change in cash and cash equivalents into the cash flows from operating, investing and financing activities. The cash flow from operating activities is determined according to the indirect method.

The cash flows disclosed in the cash flow statement include the following in connection with discontinued operations:

		Q1/2005	Q1/2004
Cash outflow from operating activities	€ mill.	(3.2)	(0.1)
Cash outflow from investing activities	€ mill.	(2.2)	0.0
Cash outflow from financing activities	€ mill.	0.0	0.0
Total cash outflow	**€ mill.**	(5.4)	**(0.1)**

(7) Segment information

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

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

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

Information Technologies subsumes the development and marketing of operations management, passenger information and planning systems as well as signals engineering.

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

(8) Contingent liabilities

In comparison to December 31, 2004, the Group's contingent liabilities—chiefly under guar-antees/suretyships and from the collateralization of third-party debts—shrank by €0.7 million to €4.4 million.

Segment information		Rail Infrastructure	Motive Power	Information Technologies	Intermediate holding company/ consolidation	Rail Technology	H.O./ consolidation	Group
Net sales								
Q1/2005	€ mill.	126.6	52.2	6.7	(0.1)	185.4	0.0	185.4
Q1/2004[3]	€ mill.	112.7	71.8	12.6	0.0	197.1	0.1	197.2
Amortization/depreciation/write-down[1]								
Q1/2005	€ mill.	3.2	1.4	0.3	0.0	4.9	0.1	5.0
Q1/2004[3]	€ mill.	3.0	2.0	0.3	0.1	5.4	0.3	5.7
Net interest result								
Q1/2005	€ mill.	(1.8)	(1.4)	(0.2)	(2.6)	(6.0)	1.3	(4.7)
Q1/2004[3]	€ mill.	(1.9)	(1.2)	(0.1)	(2.9)	(6.1)	3.1	(3.0)
EBIT								
Q1/2005	€ mill.	17.9	(3.8)	(0.7)	(0.4)	13.0	(1.9)	11.1
Q1/2004[3]	€ mill.	17.2	2.9	0.1	(0.6)	19.6	(2.9)	16.7
EBT								
Q1/2005	€ mill.	16.1	(5.2)	(0.9)	(3.0)	7.0	(0.6)	6.4
Q1/2004[3]	€ mill.	15.3	1.7	0.0	(3.5)	13.5	0.2	13.7
Net earnings/(deficit)[2]								
Q1/2005	€ mill.	9.9	(3.1)	(0.4)	(2.5)	3.9	(0.4)	3.5
Q1/2004	€ mill.	9.2	1.1	0.0	(1.9)	8.4	0.1	8.5
Capital expenditures (tangibles)								
Q1/2005	€ mill.	3.4	2.3	0.3	0.0	6.0	0.2	6.2
Q1/2004	€ mill.	3.0	2.5	0.3	0.0	5.8	0.0	5.8
Capital employed								
3/31/2005	€ mill.	470.6	189.3	29.8	252.9	942.6	(231.9)	710.7
12/31/2004	€ mill.	459.5	185.6	32.5	244.4	922.0	(231.8)	690.2
Total assets								
3/31/2005	€ mill.	591.3	333.7	38.7	254.3	1,218.0	(197.0)	1,021.0
12/31/2004	€ mill.	601.0	270.8	39.0	252.5	1,163.3	(142.0)	1,021.3
Quarterly average headcount								
Q1/2005		3.006	1.112	287	0	4.405	30	4.435
Q1/2004[3]		2.829	1.154	270	0	4.253	32	4.285

[1] Excl. write-down of financial assets

[2] Before P&L transfer

[3] The prior-year comparatives have been adjusted for the Services business unit's contributions.

Vossloh AG's boards	
Executive Board	Burkhard Schuchmann, Chairman Milagros Caiña-Lindemann Werner Andree
Supervisory Board	Dipl.-Vwt. Dr. rer. pol. Karl Josef Neukirchen, former CEO of mg technologies ag, Bad Homburg, Chairman
	Dipl.-Kfm. Dr. Jürgen Blume, sworn public auditor and tax accountant,Bad Bentheim, Vice-Chairman
	Wolfgang Klein, galvanizer, Werdohl
	Wilfried Köpke, engineering designer, Kiel
	Peter Langenbach, lawyer, Wuppertal
	Dr. Anselm Raddatz, lawyer, Düsseldorf
Financial diary 2005	
Annual stockholders' meeting	May 25, 2005
Dividend payment	May 26, 2005
Publication of interim reports	
as of June 30	July 26, 2005
as of September 30	October 25, 2005
Press conference	December 9, 2005
Meeting with DVFA analysts	December 9, 2005
Financial diary 2006	
Publication of financial information 2005	March 2006
Press conference	March 2006
Meeting with DVFA analysts	March 2006
Annual stockholders' meeting	May 24, 2006
Investor Relations	
Contact	Christiane Konrad
Email	investor.relations@ag.vossloh.com
Phone	(+49-2392) 52-249
Fax	(+49-2392) 52-264

Vossloh stock details	
ISIN	DE0007667107
Traded at:	Xetra, Düsseldorf, Frankfurt, Berlin,
	Bremen, Hamburg, Hannover
	Stuttgart, Munich
Index:	MDAX
No. of shares (3/31/2005):	14,640,223
Stock price (3/31/2005):	€39.34
Q1/2005 high/low:	€41.87/€36.40
Reuters code:	VOSG.F
Bloomberg code:	VOS GR

www.vossloh.com

Vossloh AG
Vosslohstrasse 4 · 58791 Werdohl · Germany
P.O. Box 18 60 · 58778 Werdohl · Germany

Phone (+49-2392) 52-0
Fax (+49-2392) 52-219