

**Interim report as of
March 31, 2006**



The Vossloh Group at a glance

Group			
		Q1/2006	Q1/2005
Income statement data			
Net sales	€ mill.	226.4	185.4
thereof Rail Infrastructure	€ mill.	135.2	126.6
Motive Power	€ mill.	85.2	52.2
Information Technologies	€ mill.	5.9	6.7
EBIT	€ mill.	12.0	11.1
Net interest expense	€ mill.	(3.8)	(4.7)
EBT	€ mill.	8.2	6.4
Group earnings (total)	€ mill.	5.0	3.5
Earnings per share (Eps)	€	0.34	0.24
EBIT margin	%	5.3	6.0
Pretax return on equity (ROE)	%	8.9	7.7
Return on capital employed (ROCE)	%	6.5	6.3
Balance sheet data			
Fixed assets	€ mill.	454.1	390.0
capital expenditures	€ mill.	6.7	6.2
amortization/depreciation ¹	€ mill.	6.3	5.0
Working capital	€ mill.	278.8	320.7
Working capital ratio	%	30.8	43.2
Capital employed	€ mill.	732.9	710.7
Total equity	€ mill.	367.6	333.3
thereof minority interests	€ mill.	7.5	5.9
Net financial debt	€ mill.	190.8	202.1
Net leverage	%	51.9	60.6
Total assets	€ mill.	1,089.4	1,014.7
Equity ratio	%	33.7	32.8
Cash flow statement data			
Cash flow from operating activities	€ mill.	36.6	(14.6)
Cash flow from investing activities	€ mill.	(12.9)	(8.9)
Cash flow from financing activities	€ mill.	(5.4)	(2.6)
Change in cash & cash equivalents	€ mill.	18.3	(26.1)
Workforce			
3-month (Q1) average headcount		4,911	4,435
thereof Rail Infrastructure		3,092	3,006
Motive Power		1,510	1,112
Information Technologies		278	287
Vossloh AG		31	30
Payroll-to-added value ratio	%	81.7	82.5
Personnel expenses	€ mill.	59.2	58.4
Share data			
Stock price at March 31	€	42.14	39.34
Market capitalization at March 31	€ mill.	620.9	575.9

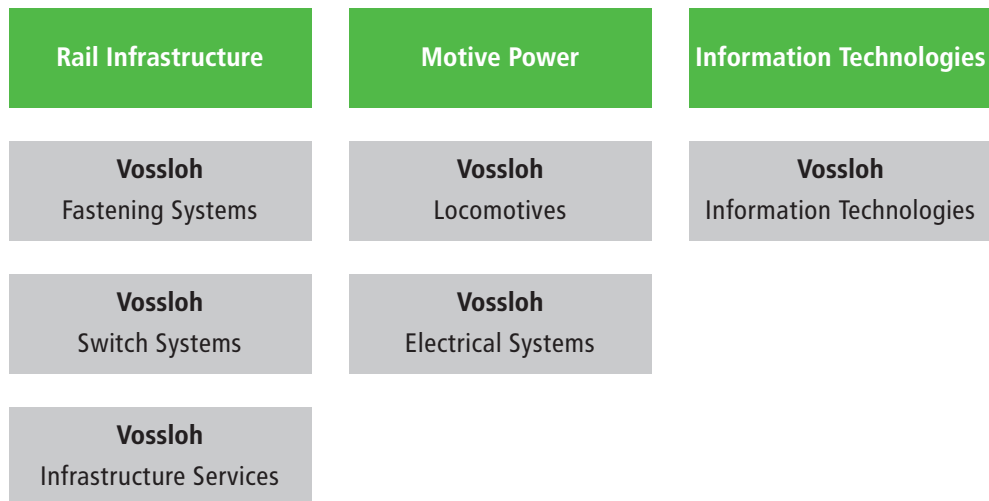
¹ Excluding financial assets

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.

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The Vossloh Group structure



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:

This is my first opportunity to address you in my capacity as Vossloh AG's new CEO. I'm well aware that many associate a change at the helm of a company with radical reorientation in strategy and sweeping changes. All the more do I therefore emphasize to you: I am not among those favoring action for action's sake in order to match up to such a notion. Vossloh has, in fact, developed successfully over the past years, and shown progress that has proved rewarding for you, the stockholders.

Yet it is also a fact that the dynamics of the marketplace coupled with aggressive competition do not allow us to take a break for any sustained period. As a market leader we are repeatedly readjusting to situations and trends in order to proactively shape processes.

This is also true of the present situation—now that the Pfleiderer Track Systems acquisition plan has foundered following the indicated objection on the part of the antitrust authorities. This unit, which had already been incorporated into our 2006 budget, has been sold by Pfleiderer AG to a financial investor. For us, this of course means exploring alternatives for our permanent-way business and for track sleeper products.

Over the years ahead we also want to synchronize our portfolio with the challenges of the market and, where necessary, make adjustments and push ahead with developments. This is the only way for us to raise Vossloh's shareholder value and thus maximize the value of your Vossloh stock. As announced at the Annual Accounts Press Conference in March, over the coming months we intend to thoroughly and purposefully review our strategic as well as our operational options. The net results will be reported in detail in early fall of this year.

Apropos of "transparency": a commitment we as a listed company accept as part of the regulatory framework. For me, "transparency" is more than an obligatory exercise, it is something manifest both inwardly and outwardly. Business decisions and actions must not only be made understandable, they must also inspire our customers, motivate our employees, and convince our investors that their ownership of Vossloh stock is rewarding. In other words, Vossloh will in future embody even more forcefully capital market focus in order to instill even more confidence in our stockholders.

Since this report will brief you in detail on Q1/2006 business, allow me simply to recap: We managed to raise sales from Q1/2005 by around 22 percent to €226.4 million, which adjusted for Vossloh España's non-inclusion in the year-earlier figure, represents a like-for-like increase of almost 7 percent. EBIT at €12.0 million was up by around 8 percent while the Q1/2006 group earnings of €5.0 million outnumbered the year earlier's by €1.5 million—a performance matching Vossloh's profitability of past years. Since we have a tall order backlog, we look ahead optimistically.



Dr. Gerhard Eschenröder,
Executive Board Chairman, Vossloh AG

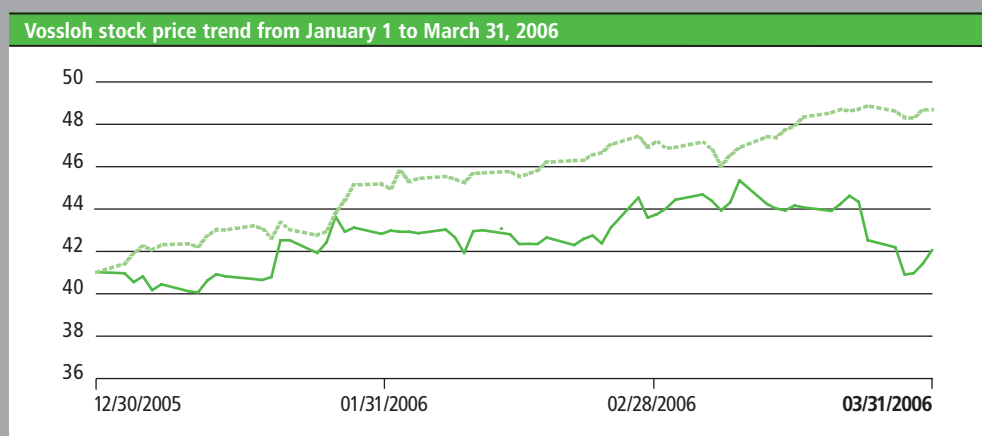
Q1/2006 saw a continuation of the preceding year's capital market upturn, with the MDAX, Germany's stock market index for mid-caps including Vossloh, propelled by healthy economic indicators and solid business performances to new highs. At March 31, 2006, this index reached 8,670 points, equivalent to an 18.6-percent Q1 gain from the 7,312 points at the close of 2005.

Among the factors impinging on Vossloh's Q1/2006 stock price was an uncertainty regarding the planned takeover of Pfeleiderer Track Systems. In response to the indicated objection to the transaction on the part of the antitrust authorities, Pfeleiderer AG then decided in March 2006 to sell off its sleeper operations to an equity investor. This, in turn, called for an adjustment to the 2006 forecast. On March 10, 2006, Vossloh stock achieved its Q1 high of €45.42 and on March 29, 2006, its Q1 low of €40.07. The Xetra closing price on March 31, 2006, amounted to €42.14, slightly up over the year-end €41.10.

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 for 2005, tantamount to around 42 percent of group earnings (up from about 33 in 2005). With this proposal, Vossloh's Boards are confirming a dividend policy based on the principle of continuity.

Compared to Q1/2005, the volume of Vossloh shares traded climbed a good 50 percent to around 3.2 million, over 90 percent of the daily turnover of around 49,000 through the Xetra electronic system.

Following the presentation of the fiscal 2005 annual accounts and the outlook for 2006 at the Analysts Conference on March 24, 2006, the analysts updated their assessments regarding Vossloh's future stock prices: five recommended again "buy," four "hold," and two "downscale." Price predictions ranged between €39.50 and €53.00, with a mean of €46.10. The latest analyst opinions and other information on Vossloh stock are downloadable at www.vossloh.com

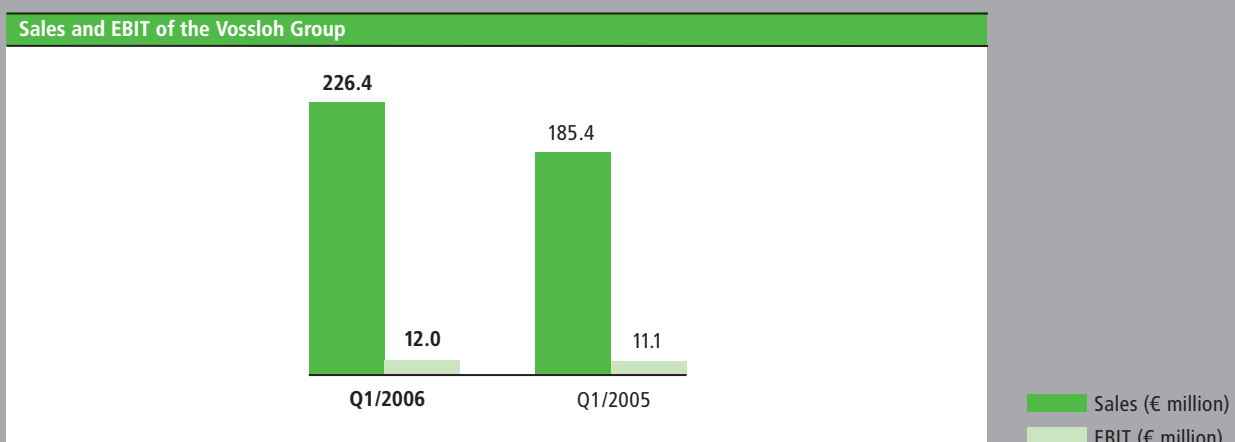


Q1/2006 sales by the Vossloh Group added up to €226.4 million, up a significant €41.0 million or 22.1 percent over the year-earlier period. Besides a project-related sales increase at the Infrastructure Services and Electrical Systems business units, the Valencia-based diesel-electric locomotive manufacturing plant (now Vossloh España), acquired in April 2005, was the main contributor to the higher Q1/2006 total.

Vossloh Group			
		Q1/2006	Q1/2005
Net sales	€ mill.	226.4	185.4
EBITDA	€ mill.	18.3	16.1
EBIT	€ mill.	12.0	11.1
EBIT margin	%	5.3	6.0
EBT	€ mill.	8.2	6.4
Group earnings	€ mill.	5.0	3.5

Q1 EBIT improved by a good 8 percent to €12.0 million. Since the sales growth was largely attributable to lower-margin operations of the Group, the EBIT margin slipped to 5.3 percent. Moreover, unscheduled project business expenses at Vossloh Information Technologies burdened the Q1 EBIT with some €1.5 million.

At €5.0 million, Q1/2006 group earnings definitely outnumbered the year-earlier €3.5 million. Accordingly, Q1 earnings per share (EpS) surged from €0.24 a year ago to €0.34 for 2006.



Sales by region			
		Q1/2006	Q1/2005
Germany	€ mill.	30.6	33.8
France	€ mill.	74.2	50.3
Other Euroland	€ mill.	68.9	43.3
Other Europe	€ mill.	33.0	39.9
Total Europe	€ mill.	206.7	167.3
North America	€ mill.	6.3	1.7
Latin America	€ mill.	1.5	1.3
Total Americas	€ mill.	7.8	3.0
Asia	€ mill.	7.1	12.6
Other regions	€ mill.	4.8	2.5
Total	€ mill.	226.4	185.4

While sales in Germany continued to shrink, France and the other Euroland countries reported significant growth rates. Business in France was additionally fueled by the subsidies for (sub)urban rail systems, this public program again boosting Rail Infrastructure's Q1 sales. The higher revenue reported from remaining Euroland was mainly ascribable to the first-time consolidation of Vossloh España.

Vossloh Group				
		03/31/2006	12/31/2005	03/31/2005
Total assets	€ mill.	1,089.4	1,091.2	1,014.7
Total equity	€ mill.	367.6	361.0	333.3
Equity ratio	%	33.7	33.1	32.8
Working capital	€ mill.	278.8	303.3	320.7
Working capital ratio ¹	%	30.8	30.4	43.2
Fixed assets	€ mill.	454.1	453.3	390.0
Capital employed	€ mill.	732.9	756.6	710.7
ROCE ¹	%	6.5	12.0	6.3
ROE ¹	%	8.9	19.7	7.7
Net financial debt	€ mill.	190.8	220.5	202.1
Net leverage	%	51.9	61.1	60.6

¹ annualized

As of March 31, 2006, Vossloh's total assets had barely changed from the year-end 2005 total.

Lower trade receivables downscaled working capital by 8.1 percent, from €303.3 million at year-end 2005 to €278.8 million as of March 31, 2006. With fixed assets largely unchanged from the December 31, 2005 level, capital employed shrank accordingly.

Downsizing net financial debt by €29.7 million in Q1/2006 meant that the Group's net leverage (i.e., the ratio of net financial debt to equity) was upgraded from 61.1 percent at year-end 2005 to 51.9 percent as of March 31, 2006.

In a year-on-year comparison, the Vossloh Group's order backlog soared to €1,075.9 million by the end of Q1/2006 (up from €792.8 million a year ago), almost entirely thanks to the initial consolidation of Vossloh España which reported an order backlog of around €400 million as of March 31, 2006.

At €135.2 million, Rail Infrastructure's Q1/2006 sales were 6.8 percent up over the year-earlier level. Despite this rise, EBIT slipped by €2.4 million to €15.5 million, chiefly due to a significantly changed product mix with lower-margin business contributing a much larger share of the division's sales.

Rail Infrastructure			
		Q1/2006	Q1/2005
Net sales	€ mill.	135.2	126.6
EBITDA	€ mill.	19.0	21.1
EBIT	€ mill.	15.5	17.9
EBIT margin	%	11.4	14.1

At €29.1 million and as budgeted, sales at Vossloh Fastening Systems were short of the year-earlier €37.1 million. Whereas sales in Germany showed a slight gain, outside of Germany business was below the prior year's figure, mainly because of lower sales in the Netherlands as a result of the completed contracts, in particular the new HSL-Zuid rail link. Q1 order intake at €37.4 million surpassed the previous year's volume by €3.2 million. At March 31, 2006, the Q1 order backlog added up to €22.6 million (up from €21.1 million).

The Switch Systems business unit generated Q1 sales of €56.5 million (up from €55.3 million). Major contributions resulted from switches for the new TGV Est high-speed line and numerous tram projects in France. Order intake at Vossloh Switch Systems totaled €57.6 million (down from €58.9 million); the €148.0 million order backlog at March 31, 2006, was short of the high year-earlier €170.6 million.

Sales at the Infrastructure Services business unit climbed around 35 percent to €54.1 million, primarily on account of tram projects in France as part of a state-subsidized infrastructure program. Since most of the contracts had been awarded in previous years, Q1 order intake by this business unit slipped from €72.6 million in 2005 to €44.3 million in 2006. The quarterly closing order backlog totaled €142.5 million (down from €213.6 million).

Rail Infrastructure				
		03/31/2006	12/31/2005	03/31/2005
Working capital	€ mill.	169.7	172.7	175.6
Working capital ratio ¹	%	31.4	29.8	34.7
Fixed assets	€ mill.	295.5	296.1	295.0
Capital employed	€ mill.	465.2	468.8	470.6
ROCE ¹	%	13.3	18.7	15.2

¹ annualized

With working capital slightly down and fixed assets virtually unchanged, the lower Q1 EBIT scaled ROCE back from 15.2 to 13.3 percent.

Motive Power division

Q1/2006 sales at Motive Power surged to €85.2 million. Even on a like-for-like basis—when deducting the €28.6 million added by Vossloh España, which had joined the consolidation group as of April 1, 2005—the division definitely upgraded its performance by 8.4 percent from the year-earlier €52.2 million. EBIT advanced by €7.3 million to €3.5 million.

This improvement was due to the Electrical Systems business unit's much better EBIT and the first-time input from Vossloh España. Q1/2005 earnings had also been depressed by the one-time burdens of restructuring the Kiel location.

Motive Power			
		Q1/2006	Q1/2005
Net sales	€ mill.	85.2	52.2
EBITDA	€ mill.	5.6	(2.4)
EBIT	€ mill.	3.5	(3.8)
EBIT margin	%	4.1	(7.2)

Q1/2006 sales at Vossloh Locomotives totaled €61.1 million (up from €35.6 million). The hike was especially the outcome of the consolidation of Vossloh España. With demand for diesel-hydraulic locomotives again weak, the Kiel location posted sales of €32.5 million, slightly short of the year-earlier €34.9 million.

Q1/2006 orders booked by Vossloh Locomotives came to €40.0 million (up from €36.4 million), the addition of Vossloh España topping up order backlog considerably. At €508.6 million, orders on hand were easily in excess of the year-earlier €138.9 million.

The Electrical Systems business unit's sales of €24.1 million were some 45 percent up, a major contribution resulting from the ongoing delivery of electrical systems for altogether 188 trolley-buses destined for operation in Vancouver, Canada. Order intake (€32.8 million) was likewise well above the year-earlier €11.7 million and included a contract for supplying electrical equipment to be installed in 24 low-floor trams for Kraków. Orders on hand at March 31, 2006, reached €217.6 million (up from €196.2 million).

With trade receivables down, working capital was shrunk from €102.7 million (at December 31, 2005) to €91.6 million. The additions to fixed assets versus March 31, 2005, were chiefly due to the consolidation of Vossloh España as of April 1, 2005.

Motive Power				
		03/31/2006	12/31/2005	03/31/2005
Working capital	€ mill.	91.6	102.7	128.2
Working capital ratio ¹	%	26.9	28.1	61.4
Fixed assets	€ mill.	124.7	123.0	61.1
Capital employed	€ mill.	216.3	225.7	189.3
ROCE ¹	%	6.5	6.8	(7.9)

¹ annualized

As budgeted, sales by the Information Technologies division at €5.9 million fell short of the year-earlier €6.7 million. Earnings were largely eroded by extra costs and expenses entailed by various projects (in the region of €1.5 million). Accordingly, the negative Q1 EBIT deteriorated from €0.7 million a year ago to €2.3 million this year.

Information Technologies			
		Q1/2006	Q1/2005
Net sales	€ mill.	5.9	6.7
EBITDA	€ mill.	(1.8)	(0.4)
EBIT	€ mill.	(2.3)	(0.7)
EBIT margin	%	(39.3)	(9.9)

At €11.6 million, order intake was well above the year-earlier €8.6 million and included three contracts for supplying simulation systems worth a total €2.4 million to Belgium, Luxembourg, and Austria. These contracts have enabled the Information Technologies division to access hitherto virgin territory. Orders on hand at March 31, 2006, ran to €39.4 million (down from €44.0 million).

Information Technologies				
		03/31/2006	12/31/2005	03/31/2005
Working capital	€ mill.	17.6	28.0	13.8
Working capital ratio ¹	%	74.3	52.1	51.9
Fixed assets	€ mill.	18.8	18.8	16.0
Capital employed	€ mill.	36.3	46.8	29.8
ROCE ¹	%	(25.6)	6.8	(8.9)

¹ annualized

With trade receivables down, working capital versus December 31, 2005, was cut by around €10 million to €17.6 million.

Capital expenditures

Q1 capital expenditures by the Vossloh Group for tangibles and intangibles added up to €6.7 million in 2006 (up from €6.2 million).

Additions to tangible/intangible assets			
		Q1/2006	Q1/2005
Rail Infrastructure	€ mill.	1.5	3.4
Motive Power	€ mill.	4.8	2.3
Information Technologies	€ mill.	0.4	0.3
Vossloh AG	€ mill.	0.0	0.2
Total	€ mill.	6.7	6.2

Around one-half of these funds was spent on product developments by Motive Power. At the Rail Infrastructure division the focus was on Vossloh Infrastructure Services (€0.8 million) and Vossloh Switch Systems (€0.6 million). Whereas the Switch Systems business unit applied most of its funds to replacing obsolete equipment, Vossloh Infrastructure Services devoted most of its expenditures to extending its capacities.

Research & development

Q1 R&D expenditures in 2006 added up to €1.8 million, the level of 2005. In addition to the development costs which were directly expensed, Vossloh Locomotives capitalized in Q1/2006 development costs of €3.4 million (up from €1.8 million) according to IAS 38, mostly in connection with the development of the large six-axle Euro 4000 locomotive at the Valencia location.

The largest share of R&D costs was accounted for by Vossloh Electrical Systems. Vossloh Kiepe pushed ahead with the standard-production use of a new 1,500-volt traction system converter for regional rail services besides starting on the construction of a hybrid-drive double-articulated trolleybus prototype.

At March 31, 2006, the Vossloh Group employed a worldwide workforce of 4,948, up by 528 or 11.9 percent from March 31, 2005. The added employees at the Rail Infrastructure division were chiefly the result of the initial consolidation of Vossloh Switch Systems' India-based Beekay Engineering.

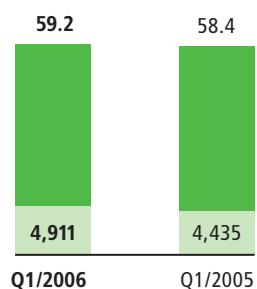
Motive Power's workforce rose by 400 in the wake of the first-time consolidation of Vossloh España as of April 1, 2005. This addition contrasted with the retrenchment at Kiel-based Vossloh Locomotives due to the structural reorganization completed in 2005.

The Vossloh Group's personnel expenses in Q1 advanced by 1.4 percent from €58.4 million a year ago to €59.2 million in 2006; personnel expenses per capita were pruned significantly by 9.1 percent from €13,200 to €12,000 (rounded).

The ratio of payroll to value added for Q1/2006 amounted to 81.7 percent (down from 82.5 percent).

Headcount at			
	03/31/2006	12/31/2005	03/31/2005
Rail Infrastructure	3,122	2,895	2,996
Motive Power	1,511	1,528	1,111
Information Technologies	283	273	283
Vossloh AG	32	33	30
Total	4,948	4,729	4,420

Group workforce trend and personnel expenses



Personnel expenses (€ million)
Q1 average headcount

Prospects

Q1/2006 business does not prompt us to revise our expectations for all of 2006. The 2006 budget as referring to the Group in its present composition indicates 12-month sales of €1,037 million and an EBIT of around €92 million. Group earnings are expected to reach a good €47 million, with earnings per eligible share accordingly at €3.20.

Interim financial statements as of March 31, 2006

Income statement
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Explanatory notes

Consolidated income statement

for the three months (Q1) ended March 31, 2006

€ million	Q1/2006	Q1/2005
Net sales	226.4	185.4
Cost of sales	(186.0)	(148.7)
General administrative and selling expenses	(27.9)	(25.6)
R&D expenses	(1.8)	(1.8)
Other operating income/expenses, net	1.0	0.9
Operating result	11.7	10.2
Income from associated affiliates	0.3	0.3
Other investment income	0.0	0.6
Income from securities and other financial assets	0.1	0.0
Other financial results	(0.1)	(0.0)
Earnings before interest and taxes (EBIT)	12.0	11.1
Net interest expense	(3.8)	(4.7)
Earnings before taxes (EBT)	8.2	6.4
Income taxes	(3.0)	(2.2)
Net income from continuing operations	5.2	4.2
Minority interests	(0.2)	(0.1)
Net loss of discontinued operations	–	(0.6)
Group earnings	5.0	3.5
Earnings per share (EpS)		
Undiluted EpS (€)	0.34	0.24
Fully diluted EpS (€)	0.34	0.24

Consolidated statement of cash flows

for the three months (Q1) ended March 31, 2006

€ million	Q1/2006		Q1/2005	
Cash flow from operating activities				
Net earnings incl. minority interests	5.2		3.6	
Amortization/depreciation/write-down (net after write-up) of fixed assets	6.4		5.0	
Other noncash expenses/income (net)	2.1		(0.2)	
Book gains/losses (netted) from the disposal of fixed assets	(0.1)		0.0	
Change in inventories, trade receivables and other assets allocable to operating activities	30.1		(23.7)	
Change in trade payables and other liabilities allocable to operating activities	(7.1)		0.7	
Cash flow from operating activities		36.6		(14.6)
Cash flow from investing activities				
Cash inflow from the disposal of intangible and tangible assets	0.2		0.0	
Cash outflow for additions to intangible and tangible assets	(6.7)		(6.2)	
Cash inflow from the disposal of financial assets	0.0		0.0	
Cash outflow for additions to financial assets	(0.0)		(2.3)	
Cash outflow for additions to short-term securities	(6.4)		(0.4)	
Cash inflow from the divestment of consolidated subsidiaries and other units	–		0.0	
Cash outflow for the acquisition of consolidated subsidiaries and other units	–		–	
Cash flow from investing activities		(12.9)		(8.9)
Cash flow from financing activities				
Cash inflow from transfers to equity	–		–	
Cash outflow to stockholders (incl. minority interest owners)	–		–	
Change in treasury stock	–		1.3	
Net finance from short-term credits	(11.3)		(3.9)	
Net finance from medium- and long-term loans	5.9		0.0	
Cash flow from financing activities		(5.4)		(2.6)
Net inflow/(outflow) of cash & cash equivalents		18.3		(26.1)
Change in cash & cash equivalents from initial consolidation		0.2		0.0
Opening cash & cash equivalents		50.2		140.0
Closing cash & cash equivalents		68.7		113.9

Assets

€ million	03/31/2006	12/31/2005	03/31/2005
Total noncurrent assets	483.2	482.8	414.4
Intangible assets	335.3	334.0	276.9
Tangible assets	103.8	102.7	92.7
Investment properties	7.3	7.4	7.5
Financial assets	7.7	9.2	12.9
shares in unconsolidated subsidiaries	3.1	4.6	3.6
associated affiliates	1.3	1.0	1.7
other investments and long-term securities	1.2	1.4	1.6
long-term loans	2.1	2.2	6.0
Total fixed assets	454.1	453.3	390.0
Sundry noncurrent assets	1.2	0.9	0.5
Deferred tax assets	27.9	28.6	23.9
Total current assets	606.2	608.4	600.3
Inventories	182.4	174.2	190.4
Trade receivables	278.2	319.2	245.4
Due from unconsolidated subsidiaries and investees	5.8	4.7	4.1
Income tax assets	19.1	16.8	11.5
Sundry current assets	40.5	38.2	33.9
Short-term securities	11.5	5.1	1.1
Cash & cash equivalents	68.7	50.2	113.9
	1,089.4	1,091.2	1,014.7

Equity & liabilities

€ million	03/31/2006	12/31/2005	03/31/2005
Group equity	367.6	361.0	333.3
Capital stock	37.7	37.7	37.4
Additional paid-in capital	40.2	40.2	38.0
Treasury stock	–	–	–
Reserves retained from earnings	241.5	241.5	203.2
Undistributed group profit	45.1	0.0	57.3
Group earnings	5.0	45.1	3.5
Accumulated other comprehensive income (OCI)	(9.4)	(9.6)	(12.0)
Minority interests	7.5	6.1	5.9
Noncurrent liabilities and accruals	310.6	310.3	309.4
Noncurrent financial debts	217.4	215.8	200.6
Other noncurrent liabilities	25.0	22.7	39.1
Pension accruals	13.5	14.9	14.1
Other noncurrent accruals	26.2	29.7	38.0
Deferred tax liabilities	28.5	27.2	17.6
Current liabilities and accruals	411.2	419.9	372.0
Current financial debts	53.6	60.0	116.5
Trade payables	140.2	153.5	90.1
Due to unconsolidated subsidiaries and investees	1.8	3.5	5.3
Income tax liabilities	6.8	6.5	3.6
Sundry current liabilities	101.8	97.5	94.1
Current accruals	107.0	98.9	62.4
	1,089.4	1,091.2	1,014.7

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 12/31/2004	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 from 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
Stockholder-unrelated changes in equity:									
Transfer to reserves retained from earnings				38.3	(38.3)				0.0
Net income for Q2-Q4/2005						41.6		0.7	
Accumulated OCI from currency translation differences							0.2	0.1	
statement at fair value of financial instruments							2.2		
Comprehensive income						41.6	2.4		44.0
Minority interests								0.8	0.8
Stockholder-related changes in equity:									
Capital increases from SOPs	0.3	2.2							2.5
Other capital increases								0.1	0.1
Dividend payout					(19.0)			(0.7)	(19.7)
Balance at 12/31/2005	37.7	40.2	–	241.5	0.0	45.1	(9.6)	6.1	361.0
Stockholder-unrelated changes in equity:									
Carryover to new account					45.1	(45.1)			0.0
Changes through initial consolidation								1.3	1.3
Net income for Q1/2006						5.0		0.2	
Accumulated OCI from currency translation differences							(0.3)	(0.1)	
statement at fair value of financial instruments							0.5		
Comprehensive income						5.0	0.2		5.2
Minority interests								0.1	0.1
Stockholder-related changes in equity:									
Capital increases from SOPs		0.0							0.0
Balance at 3/31/2006	37.7	40.2	–	241.5	45.1	5.0	(9.4)	7.5	367.6

The consolidated interim financial statements as of March 31, 2006, 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).

(1) Introduction

Since December 31, 2005, the consolidation group grew by four subsidiaries. Consequently, 46 subsidiaries were fully consolidated as of March 31, 2006. The newly consolidated subsidiaries are three Indian companies plus one Polish which, due to their minor significance, had previously not been included. This leaves 23 subsidiaries which due to their minor significance to the Group's net assets, financial position and results of operations, are not included in the consolidated financial statements although Vossloh AG directly or indirectly held the majority of voting rights at the balance sheet date.

(2) Consolidation group

The consolidation, accounting and valuation principles conform with those used for the consolidated financial statements as of December 31, 2005.

(3) Accounting principles

For German companies, income taxes were calculated by applying a rate of 40 percent while for foreign subsidiaries, the applicable local tax rates were used.

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

Analysis of EpS:

(4) Earnings per share

		Q1 2006	Q1 2005
Weighted average number of shares		14,734,811	14,622,514
Dilutive shares from stock options under the ESOP and LTIP		7,202	36,607
Fully diluted weighted average number of shares		14,742,013	14,659,121
Group earnings	€ mill.	5.0	3.5
Undiluted (basic) EpS	€	0.34	0.24
Fully diluted EpS	€	0.34	0.24

Explanatory notes

(5) 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.

(6) 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.

(7) Contingent liabilities

In comparison to December 31, 2005, the Group's contingent liabilities—chiefly under guaranties/suretyships and from the collateralization of third-party debts—shrank by €4.2 million to €6.2 million, the decrease resulting from the first-time consolidation of three Indian subsidiaries.

Segment information								
		Rail Infrastructure	Motive Power	Information Technologies	Intermediate holding company/ consolidation	Rail Technology	H.O./ consolidation	Group
Net sales								
Q1/2006	€ mill.	135.2	85.2	5.9	0.0	226.3	0.1	226.4
Q1/2005	€ mill.	126.6	52.2	6.7	(0.1)	185.4	0.0	185.4
Amortization/depreciation/write-down¹								
Q1/2006	€ mill.	3.5	2.1	0.5	0.0	6.1	0.2	6.3
Q1/2005	€ mill.	3.2	1.4	0.3	0.0	4.9	0.1	5.0
Net interest result								
Q1/2006	€ mill.	(1.8)	(0.9)	(0.8)	(2.4)	(5.9)	2.1	(3.8)
Q1/2005	€ mill.	(1.8)	(1.4)	(0.2)	(2.6)	(6.0)	1.3	(4.7)
EBIT								
Q1/2006	€ mill.	15.5	3.5	(2.3)	(1.0)	15.7	(3.7)	12.0
Q1/2005	€ mill.	17.9	(3.8)	(0.7)	(0.4)	13.0	(1.9)	11.1
EBT								
Q1/2006	€ mill.	13.7	2.6	(3.1)	(3.4)	9.8	(1.6)	8.2
Q1/2005	€ mill.	16.1	(5.2)	(0.9)	(3.0)	7.0	(0.6)	6.4
Net earnings/(deficit)²								
Q1/2006	€ mill.	8.2	1.6	(1.9)	(1.9)	6.0	(1.0)	5.0
Q1/2005	€ mill.	9.9	(3.1)	(0.4)	(2.5)	3.9	(0.4)	3.5
Capital expenditures								
Q1/2006	€ mill.	1.5	4.8	0.4	0.0	6.7	0.0	6.7
Q1/2005	€ mill.	3.4	2.3	0.3	0.0	6.0	0.2	6.2
Capital employed								
3/31/2006	€ mill.	465.2	216.3	36.3	246.9	964.7	(231.8)	732.9
12/31/2005	€ mill.	468.8	225.7	46.8	247.0	988.3	(231.7)	756.6
Total assets								
3/31/2006	€ mill.	605.4	367.6	82.3	251.4	1,306.7	(217.3)	1,089.4
12/31/2005	€ mill.	639.1	382.5	91.1	248.0	1,360.7	(269.5)	1,091.2
Quarterly average headcount								
Q1/2006		3,092	1,510	278	0	4,880	31	4,911
Q1/2005		3,006	1,112	287	0	4,405	30	4,435

¹ Excl. write-down of financial assets

² Before P&L transfer

Vossloh AG's boards

Executive Board	Dr. Gerhard Eschenröder, Chairman Milagros Caiña-Lindemann Werner Andree
Supervisory Board	Dr.-Ing. Wilfried Kaiser, graduated engineer, former executive board member of Asea, Brown Boveri AG, Munich, Chairman
	Peter Langenbach, lawyer, Wuppertal, Vice-Chairman
	Dr. Jürgen Blume, sworn public auditor and tax accountant, Bad Bentheim
	Dr. Christoph Kirsch, CFO of Südzucker AG, Weinheim
	Wolfgang Klein, galvanizer, Werdohl
	Wilfried Köpke, engineering designer, Kiel

Financial diary 2006

Annual stockholders' meeting	May 24, 2006
Dividend payment	May 25, 2006
Publication of interim reports	
H1 as of June 30	July 27, 2006
3Q as of September 30	October 31, 2006
Press conference	December 7, 2006
Meeting with DVFA analysts	December 7, 2006

Financial diary 2007

Publication of financial information 2006	March 2007
Press conference	March 2007
Meeting with DVFA analysts	March 2007
Annual stockholders' meeting	May 31, 2007

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Vossloh stock details

ISIN	DE0007667107
Traded at:	Xetra, Düsseldorf, Frankfurt, Berlin, Bremen, Hamburg, Hannover, Stuttgart, Munich
Index:	MDAX
No. of shares (3/31/2006):	14,734,811
Stock price (3/31/2006):	€42.14
Q1/2006 high/low:	€45.42/€40.07
Reuters code:	VOSG.F
Bloomberg code:	VOS GF

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