Interim report as of March 31, 2007

Group figures and indicators		Q1/2007	Q1/2006
Income statement data			
Net sales[1]	€ mill.	267.7	220.5
thereof Rail Infrastructure	€ mill.	147.7	135.2
Motive Power&Components	€ mill.	120.0	85.2
EBIT[1]	€ mill.	20.7	14.3
Net interest expense[1]	€ mill.	(2.5)	(3.5)
EBT[1]	€ mill.	18.2	10.8
Group earnings (total)	€ mill.	12.0	5.0
Earnings per share (EpS)	€	0.81	0.34
EBIT margin[1]	%	7.7	6.5
Pretax return on equity (ROE)[1]	%	19.0	11.7
Return on capital employed (ROCE)[1]	%	12.9	7.8
Balance sheet data			
Fixed assets	€ mill.	422.9	454.1
capital expenditures	€ mill.	6.0	6.7
amortization/depreciation[1]	€ mill.	5.9	5.9
Working capital	€ mill.	221.4	278.8
Working capital ratio[1]	%	20.7	31.6
Capital employed	€ mill.	644.3	732.9
Total equity	€ mill.	382.9	367.6
thereof minority interests	€ mill.	8.4	7.5
Net financial debt	€ mill.	27.3	190.8
Net leverage	%	7.1	51.9
Total assets	€ mill.	1,225.6	1,089.4
Equity ratio	%	31.2	33.7
Cash flow statement data			
Cash flow from operating activities	€ mill.	47.6	30.2
Cash flow from investing activities	€ mill.	(0.6)	(6.5)
Cash flow from financing activities	€ mill.	(17.2)	(5.4)
Change in cash & cash equivalents	€ mill.	29.8	18.3
Workforce			
Three-month (Q1) average headcount		4,896	4,911
thereof Rail Infrastructure		3,187	3,092
Motive Power&Components		1,677	1,510
Vossloh AG		32	31
Information Technologies		0	278
Payroll-to-added value ratio[1]	%	72.7	77.8
Personnel expenses[1]	€ mill.	59.1	54.6
Share data			
Stock price at March 31	€	71.91	42.14
Market capitalization at March 31	€ mill.	1,059.7	620.9

[1] Due to the disclosure of the Information Technologies division as discontinued operation, the prior-year data has been restated.
Where required, ratios have been annualized.

Dear Shareholders,

The first quarter of fiscal 2007 was a period during which we fully satisfied our own high hopes both operationally and strategically.

Measured against Q1/2006, the Vossloh Group's sales climbed 21 percent to €267.7 million; the EBIT gain was even more pronounced, by 45 percent to €20.7 million. Accordingly, we were able to report an appreciable improvement in EBIT margin to 7.7 percent, thus taking a big step toward our ambitious goal of a sustained 10 percent.

One most encouraging aspect of Q1/2007 is that the Locomotives business unit not only performed significantly better than in the year-earlier quarter but also that, thanks to another rise in order inflow, we will be able to keep both locomotive production plants—Kiel and Valencia—busy to capacity throughout 2007.

Strategically we made progress, too. I had already informed you about the sale of the Information Technologies division to Funkwerk AG in early January. At the start of March we acquired the switch manufacturer Pohl Corp. and thus took our first important step into the US market. This was followed at the start of April 2007 by the conclusion of a sale and transfer agreement for Cleveland Track Material, Inc., again a US manufacturer of track switches and their components. With these two subsidiaries Vossloh will rank #3 in the American switch market.

Our business in China is also proceeding to plan. Together with local partners we started in January with the construction of a production plant in Kunshan and as from the fall of this year we will be heading a joint venture for high-speed rail fastening systems to be delivered to the Chinese Ministry of Rail from this local production facility. Shipments from Germany of fastening systems for the Olympic line Beijing to Tianjin (a separate contract) are presently underway. Both these invitations to bid we had won for ourselves last fall.

The strategic and operational results for Q1/2007 endorse that we are moving in the right direction in the enactment of the Group's strategic refocus initiated last fall. Stock prices prove our point: during the period Vossloh stock surged to an all-time high that was again overtaken in April. Just as toward the end of 2006, Vossloh stock this year has so far again easily outperformed the MDAX. And in terms of dividend payout we remain true to our promise: we will propose to the stockholders' meeting on May 31 a dividend of €1.30 for 2006, equivalent to a very high ratio of over 90 percent of group earnings. In view of the most invigorating situation at present, we consider the signals sent out by an unchanged dividend to be justified.

You will already be familiar with our ambitious forecasts for 2007 and 2008. We can now again revise these upward since particularly with the inclusion of Pohl Corporation (consolidated as from Q2/2007), we are budgeting for this year sales of around €1.12 billion and an EBIT of some €112 million. The sales growth budgeted for 2007 will therefore come to a good 10 percent, with a 35-percent EBIT increase clearly outpacing this rise. Further information on developments in 2007/2008 will be detailed and reported probably in the summer following the closing of the Cleveland Track Material, Inc. takeover, expected over the coming weeks.

A succession of successes over the past months is an incentive for us to work unremittingly on the internationalization of the Group and the optimization of our strategic market position and operational capabilities. We have set ourselves very many challenges and intend to deliver the results to match our expectations. We would be happy for you to stay with us along the path we have taken.

Sincerely,

Dr. Gerhard Eschenröder

Vossloh's corporate structure

Vossloh is a global player in the rail infrastructure and rail technology markets. Group parent and financial holding company is Vossloh AG. The corporate structure comprises two divisions, Rail Infrastructure and Motive Power&Components, subdivided into five business units:

Rail Infrastructure division

This division bundles our rail infrastructure products and services.
It has three business units:

The rail fasteners developed by Vossloh Fastening Systems ensure safe rail traffic in over 65 countries.

Vossloh Switch Systems commands a foremost international position in the market for advanced engineered rail switches.

Vossloh Infrastructure Services builds trackage for mainline and local lines, which it also services and maintains.

Motive Power&Components division

This division builds locomotives, (sub)urban trains, and manufactures electrical components for a variety of LRVs. It has two business units:

Vossloh Locomotives is Europe's leading supplier of diesel locomotives along with related financing arrangements and all-in services. Also available are state-of-the-art (sub)urban trains for a variety of operations.

Vossloh Electrical Systems develops and produces key electrical components and systems for LRVs.

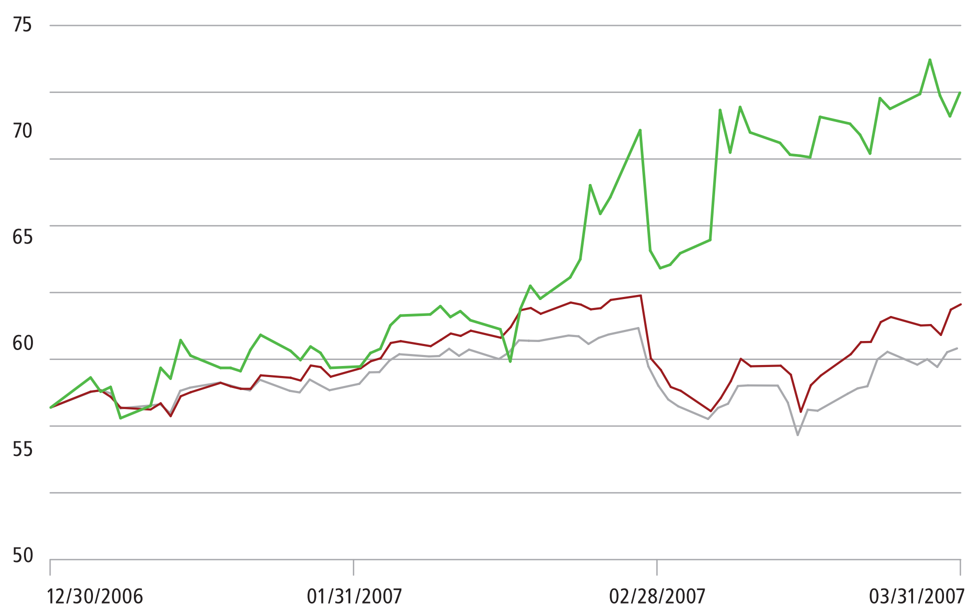
Vossloh AG

Rail Infrastructure	Motive Power&Components
Vossloh Fastening Systems Vossloh Switch Systems Vossloh Infrastructure Services	Vossloh Locomotives Vossloh Electrical Systems

Vossloh stock

During the first three months of 2007, the international stock markets were altogether most buoyant and on February 26, the MDAX reached its Q1/2007 high of 10,285. A few days before, the DAX had for the first time since 2000 crossed the 7,000 threshold. Then, on February 26, risks surfacing from the US property market and bad news from the Asian markets sent prices tumbling worldwide. Even though the DAX and MDAX suffered in the course of the next two weeks, the Vossloh stock price slipped only briefly and then surged to €73.85 on March 18, its Q1 high. On the final day of the quarter, the price had reached €71.91, a gain of 70.6 percent over a year before.

Vossloh stock price trend from January 1 to March 31, 2007



Vossloh stock
MDAX (rebased)
DAX (rebased)

Vossloh share ID data:
WKN 766710
ISIN DE 0007667107
Reuters VOSG.DE
Bloomberg VOS GR

In the course of Q1/2007, Vossloh concluded a number of significant transactions and contracts. By agreement dated January 10, 2007, Vossloh Information Technologies was sold to Funkwerk AG; the deal was closed in February. In January and February 2007, Vossloh was awarded two major locomotive contracts, one from Angel Trains and another from Mitsui Rail Capital Europe. It was specifically the Mitsui deal announcement that enabled Vossloh's stock price to disengage itself from the MDAX trend and then easily outpace this index with its March 5 news that the US rail switch manufacturer Pohl Corp. had been acquired.

During Q1/2007, just short of 5.2 million Vossloh shares were traded (a good 65 percent up from 3.2 million). The average daily number thus climbed from 48,800 to around 80,600.

Vossloh AG's Executive and Supervisory Boards will propose to the annual stockholders' meeting at the end of May to distribute a cash dividend for fiscal 2006 of €1.30 per share. This total dividend payout is equivalent to around 94 percent of group earnings. With this very high payout proportion, Executive and Supervisory Boards are endorsing a dividend policy based on continuity.

Following the report on fiscal 2006 on March 29, analysts revised their assessment of Vossloh stock. At present, it is regularly reviewed and commented on by twelve analysts a large majority of whom expect further solid price progress and have commensurately raised their forecasts to between €62 and €80 as of the start of April. Analysts' views on Vossloh AG stock prices are published at www.vossloh.com under *Investors*.

Analysis of the consolidated financial statements

Introduction

As the sale and transfer of Vossloh Information Technologies were closed in early February 2007, this division was derecognized. As this division had been up for disposal since September 2006, the net (posttax) balance of income and expenses of this division has since been shown in a separate income statement line as *net result of discontinued operations,* for both the current and prior periods, as required by IFRS 5. Since the Information Technologies division had already been written down to its net realizable value in the financial statements 2006, the Q1/2007 net result of discontinued operations broke even.

Analysis of the consolidated financial statements

Q1/2007 sales by the Vossloh Group totaled €267.7 million, hence up around 21 percent or €47.2 million from the year-earlier magnitude. Strong revenue gains, in particular, by the Locomotives and Switch Systems business units contributed to the sales growth of both divisions, Rail Infrastructure and Motive Power&Components.

Compared with 2006, Q1 EBIT climbed €6.4 million to reach €20.7 million, stepping up the EBIT margin from 6.5 to 7.7 percent. This year-on-year profitability improvement was largely attributable to the Motive Power&Components division, especially to the higher capacity utilization at the locomotive plants which was better than a year ago. In contrast, Vossloh Rail Infrastructure's EBIT margin remained unchanged.

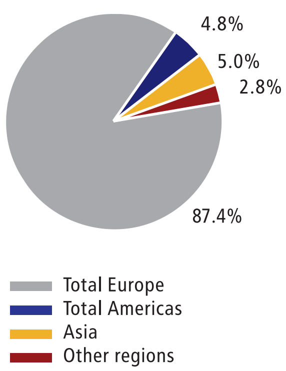
At €12.0 million, Q1 group earnings more than doubled from the year-earlier €5.0 million. Several factors contributed to this surge: the higher EBIT, the decline in net interest expense thanks to the slashed net financial debt, and the €1.6 million operating loss sustained by the Information Technologies division and weighing on the Q1/2006 net result of discontinued operations.

Vossloh Group

		Q1/2007	Q1/2006
Sales	€ mill.	267.7	220.5
EBITDA	€ mill.	26.6	20.2
EBIT	€ mill.	20.7	14.3
EBIT margin	%	7.7	6.5
EBT	€ mill.	18.2	10.8
Group earnings	€ mill.	12.0	5.0

All regions showed buoyant sales. The appreciable growth registered in France and elsewhere in Euroland got a particular boost from the higher locomotive sales to these countries whereas the rise in revenue from non-European markets originated from the Rail Infrastructure division's operations. The booming business in Asia is mainly reflected in the rail fastener shipments to China while the Switch Systems business unit accounted for the sales increase in Central America. Although Europe was again the focus of business, the proportion of non-European Q1 sales nonetheless advanced from 9 to 13 percent (rounded) in 2007.

Sales by region Q1/2007



Sales by region

	€ mill.	%	€ mill.	%
	Q1/2007		Q1/ 2006	
Germany	36.3	13.6	30.7	13.9
France	87.1	32.5	71.9	32.6
Other Euroland	86.1	32.2	65.5	29.7
Other Europe	24.4	9.1	32.7	14.8
Total Europe	**233.9**	**87.4**	**200.8**	**91.0**
North America	5.7	2.1	6.3	2.9
Latin America	7.1	2.7	1.5	0.7
Total Americas	**12.8**	**4.8**	**7.8**	**3.6**
Asia	**13.4**	**5.0**	**7.1**	**3.2**
Other regions	**7.6**	**2.8**	**4.8**	**2.2**
Total	**267.7**	**100.0**	**220.5**	**100.0**

The earlier-year comparatives have been adjusted for the Information Technologies division's contributions.

As of March 31, 2007, the Vossloh Group's total assets of €1,225.6 million exceeded both year-earlier totals (€1,198.5 million at December 31 and €1,089.4 million at March 31), despite the disposal of the Information Technologies division. The sharp increase in Q1 business meant a rise in trade receivables and inventories with a corresponding increase in working capital from €216.7 million (year-end 2006) to €221.4 million (March 31, 2007) although, in a year-on-year comparison, Q1 working capital did shrink by €39.8 million as prepayments received and trade payables climbed significantly. The much improved Q1/2007 EBIT and the year-on-year decline in capital employed resulted in a Q1 ROCE surge from 8.2 to 12.9 percent.

Vossloh Group

					(pro forma[2])
		3/31/2007	12/31/2006	3/31/2006	3/31/2006
Total assets	€ mill.	1,225.6	1,198.5	1,089.4	1,089.4
Total equity	€ mill.	382.9	371.1	367.6	367.6
Equity ratio	%	31.2	31.0	33.7	33.7
Working capital	€ mill.	221.4	216.7	278.8	261.2
Working capital ratio	%	20.7	21.3	31.6	29.6
Fixed assets	€ mill.	422.9	423.4	454.1	435.3
Capital employed	€ mill.	644.3	640.1	732.9	696.5
ROCE	%	12.9	12.9	7.8	8.2
ROE	%	19.0	18.5	11.7	8.9
Net financial debt	€ mill.	27.3	62.3	190.8	190.8
Net leverage	%	7.1	16.8	51.9	51.9

[1] annualized
[2] The pro forma data reflects the restated working capital and capital employed after adjustment for the Information Technologies division’s contributions.

Net financial debt was again whittled down by €35+ million from the year-end 2006 level to €27.3 million. Mainly the high net cash inflows from operating activities pushed up cash and cash equivalents. As of March 31, 2007, financial resources of €206.9 million contrasted with financial debts of €234.2 million. Besides the Q1/2007 rise in cash and cash equivalents, the significant decrease in financial debts (down from €271.0 million as of March 31, 2006) contributed to the lower net financial debt.

At March 31, 2007, the Vossloh Group’s order backlog totaled €1,362 million, around €325 million and hence well over the year-earlier €1,037 million (like-for-like: excluding Vossloh Information Technologies).

Rail Infrastructure division

Q1/2007 sales by the Rail Infrastructure division reached €147.7 million or 9.2 percent up over the Q1/2006 figure. The added revenue was generated by the Fastening Systems and Switch Systems business units while Vossloh Infrastructure Services fell expectedly short of the year-earlier sales. The division's €1.4 million EBIT increase to €16.9 million (up from €15.5 million) was substantially in line with sales growth. The EBIT margin of 11.5 percent was therefore a repeat of the year-earlier figure.

Rail Infrastructure

		Q1/2007	Q1/2006
Sales	€ mill.	147.7	135.2
EBITDA	€ mill.	20.3	19.0
EBIT	€ mill.	16.9	15.5
EBIT margin	%	11.5	11.4

Q1/2007 sales by Vossloh Fastening Systems mounted to €33.5 million (up by €4.4 million or around 15 percent). With sales in Europe virtually unchanged, the rail fastener shipments ordered in the fall of 2006 for the Tianjin-Beijing line in China boosted sales and contributed €6.4 million to Q1/2007 business. Q1 order intake inched up from the year-earlier €37.4 million to €39.2 million, while order backlog at March 31, 2007, skyrocketed from €22.6 million to €194 million, largely thanks to the China projects.

Q1 sales at Switch Systems were up by over 20 percent from the prior year's €56.5 million to €68.6 million. Added rail switch exports and boosted shipments of high-speed switches and tram signal components accounted for this rise.
Q1 order influx soared by some 55 percent from the year-earlier €57.6 million to €89.1 million. Major new orders encompassed switches for high-speed lines in Italy (€7.1 million), a contract awarded by Pakistan Railway (€3.8 million), expenditures on the part of the Swedish state rail in the Stockholm metropolitan area, and numerous orders placed by the resurgent economies of C&E Europe.
The order backlog of €229.2 million (up from €148.0 million) at the end of the very first quarter of 2007 is enough to generate a substantial share of the sales budgeted for the full 12 months.

As expected, Q1/2007 sales of €48.6 million at Vossloh Infrastructure Services fell short of the prior year's €54.1 million. With many French (sub)urban rail projects completed in 2006, this year's sales budget had been proportionately lowered. However, stepped-up advances in those programs still in progress (including Strasbourg, Bordeaux, Clermond-Ferrand, Nice) allowed sales to beat the figures internally budgeted for Q1/2007. Three-month order intake in 2007 totaled €72.8 million (up from €44.3 million). Nonetheless, despite the new contracts (including for tram and metro projects in Lyon, Marseille, Tunis, Cairo), orders on hand of €123.6 million at March 31, 2007, were still shy of the high €142.5 million the year before. Then, the backlog had chiefly reflected the French programs and related projects for promoting (sub)urban rail infrastructure.

Rail Infrastructure

		3/31/2007	12/31/2006	3/31/2006
Working capital	€ mill.	139.0	120.5	169.7
Working capital ratio[1]	%	23.5	19.6	31.4
Fixed assets	€ mill.	291.9	291.9	295.5
Capital employed	€ mill.	430.9	412.4	465.2
ROCE[1]	%	15.7	19.7	13.3

[1] annualized

Rising trade receivables and inventories combined with shrinking prepayments received raised working capital by €18.5 million from year-end 2006 while compared with Q1/2006, both working capital and capital employed showed appreciable reductions especially on account of higher prepayments. The lower CE and higher EBIT meant a substantial gain in Rail Infrastructure's Q1 ROCE, from 13.3 percent a year ago to 15.7 percent in 2007.

Motive Power&Components division

At €120.0 million, Motive Power&Components' Q1/2007 sales were almost 41 percent in excess of the year-earlier €85.2 million. It was primarily locomotive business that boosted business. The division's Q1 EBIT climbed by €4.0 million to €7.5 million. Thanks to the higher capacity utilization, mainly Vossloh Locomotives improved its EBIT margin over Q1/2006.

Motive Power&Components

		Q1/2007	Q1/2006
Sales	€ mill.	120.0	85.2
EBITDA	€ mill.	9.8	5.6
EBIT	€ mill.	7.5	3.5
EBIT margin	%	6.3	4.1

Q1 sales by the Locomotives business unit reached €93.1 million. Compared with Q1/2006, this represented a steep gain of €32.0 million. Of the total sales, Kiel contributed €44.4 million (up from €32.5 million) and the diesel-electric locomotives built at Valencia, €48.7 million (up from €28.6 million). Q1 order intake came to €47.1 million, again superior to the year-earlier €40.0 million. Featuring prominently in the new business were the seven locomotives ordered by Mitsui Rail Capital Europe and the six destined for France's Seco-Rail. With an order backlog of €610.3 million at March 31, 2007 (up from €508.6 million), Kiel and Valencia have enough to keep them busy for the rest of 2007.

Vossloh Electrical Systems raised its Q1 sales by €2.8 million or 11+ percent to €26.9 million thanks to added shipments for tram projects. Sales of electrical systems for tram traction, onboard power supply and vehicle controls contributed €12.8 million (up from €8.7 million) to total sales. Among the projects were trams for Cologne, Dortmund, and Kraków.

Q1 order intake at €15.7 million was well short of the prior year's €32.8 million which had included a large contract for fitting out the electrical systems for 24 low-floor trams for Kraków. At March 31, 2007, the order backlog of €205.6 million was short of the year-earlier €217.6 million but still high enough to expect an ongoing strong business trend.

Motive Power&Components

		3/31/2007	12/31/2006	3/31/2006
Working capital	€ mill.	82.9	96.9	91.6
Working capital ratio [1]	%	17.3	24.2	26.9
Fixed assets	€ mill.	119.3	119.7	124.7
Capital employed	€ mill.	202.2	216.6	216.3
ROCE [1]	%	14.9	10.9	6.5

[1] annualized

Lower trade receivables and higher trade payables cut Q1 working capital from €96.9 million at year-end 2006 to €82.9 million. Compared with Q1/2006, too, both working capital and capital employed edged down. Therefore and also because of the much improved EBIT, Q1 ROCE mushroomed from 6.5 to 14.9 percent.

Capital expenditures

At €6.0 million, the Vossloh Group's Q1 capital expenditures were just short of the year-earlier figure.

Additions to tangible/intangible assets

€ mill.	Q1/2007	Q1/2006
Rail Infrastructure	3.9	1.5
Motive Power&Components	2.1	4.8
Information Technologies	0.0	0.4
Vossloh AG	0.0	0.0
Total	**6.0**	**6.7**

At €3.9 million, the bulk of capital outlays was allocated to the Rail Infrastructure division, its Switch Systems and Fastening Systems business units accounting for €1.3 million and €1.7 million, respectively. In both cases the expenditures chiefly targeted capacity expansions. At Motive Power & Components, around €1.8 million went toward Locomotives. In addition to capitalized development costs, here, too, extensions to existing facilities were the prime target.

Research and development

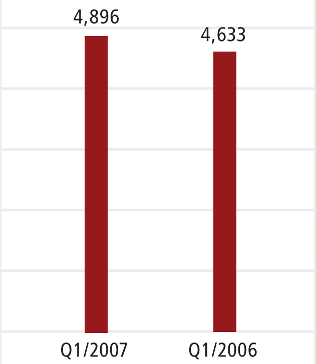
First-quarter R&D expenses amounted to €1.7 million, just above the €1.6 million spent a year ago.

Vossloh Electrical Systems, specifically hybrid bus systems, accounted for the lion's share. The aim is to commission by mid-2007 a referable prototype based on standard trolleybus components.

In addition to the directly expensed development costs, the Group capitalized Q1 development costs of €0.7 million (down from €3.4 million) in accordance with IAS 38. As in the previous year, these were chiefly related to the development of the large six-axle EURO 4000 at the Valencia plant.

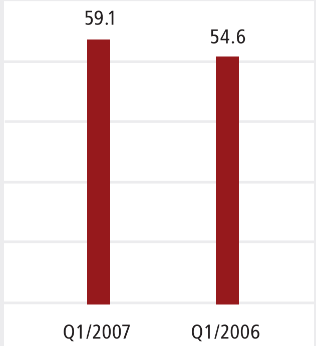
Workforce

Group headcount (period average)



The earlier-year comparative has been adjusted for the Information Technologies division's contribution.

Personnel expenses in € million



The earlier-year comparative has been adjusted for the Information Technologies division's contribution.

At March 31, 2007, the Vossloh Group employed a worldwide workforce of 4,901. Not included herein or in the data below are the employees of the Information Technologies division sold in January 2007.

Compared with March 31, 2006, this is an increase of 236 or 5.1 percent.

Rail Infrastructure reported both headcount losses and gains at quarter-end. Whereas the workforces at the Switch Systems and Fastening Systems business units advanced by 48 to 1,629 and 42 to 324, respectively, the headcount at Vossloh Infrastructure Services shrank by 26 to 1,233. This division hence increased its workforce by a net 64 employees or 2.0 percent.

At Motive Power&Components, the quarter-end workforce rose by 172 or 11.4 percent. The biggest leap within the Vossloh Group was registered at the Locomotives business unit (up by 157 or 15.5 percent); Vossloh Electrical Systems hired an additional 14 employees to raise its total to 513.

The Vossloh Group's Q1 personnel expenses climbed 8.2 percent to €59.1 million (up from €54.6 million).

Personnel expenses per capita (rounded) rose 2.4 percent to €12,100 (up from €11,800).

The ratio of payroll to value added in Q1/2007 improved to 72.7 percent (down from 77.8 percent), thanks to the overproportionate rise in value added.

Headcount at

	3/31/2007	12/31/2006	3/31/2006
Rail Infrastructure	3,186	3,188	3,122
Motive Power&Components	1,683	1,648	1,511
Vossloh AG	32	31	32
Total	**4,901**	**4,867**	**4,665**
Pro forma			
Information Technologies	0	276	283
Total	**4,901**	**5,143**	**4,948**

Prospects

Versus the risk and reward situation impacting on the Vossloh Group's future development and as depicted in the consolidated financial statements 2006, the first quarter of the present fiscal year has not seen any material changes.

The solid progress shown in the first three months is largely in line with the ambitious budget for 2007 and endorses the forecast of the Vossloh Group's operations formulated at the time of the 2006 annual closing.

After taking into account the input from the newly acquired US switch manufacturer Pohl Corp. (consolidated as from April 1, 2007) and an order intake by Locomotives in excess of budget so far, we expect for fiscal 2007 sales in the region of €1,120 million and an EBIT of about €112 million on the basis of the figures available at the end of March. Not included in these estimates are the figures likely to come from Cleveland Track Material, Inc. since this takeover is still subject to approval from Vossloh AG's Supervisory Board. From the vantage point of current budget data and including the first-time 12-month consolidation of Pohl Corp., 2008 is expected to see group sales of around €1.2 billion and an EBIT margin of 10+ percent.

Interim financial statements as of March 31, 2007

Consolidated income statement for the three months (Q1) ended March 31, 2007

€ mill.	Q1/2007	Q1/2006
Net sales	267.7	220.5
Cost of sales	(219.6)	(179.9)
General administrative and selling expenses	(27.8)	(25.9)
R&D expenses	(1.7)	(1.6)
Other operating income/expenses, net	1.7	0.9
Operating result	**20.3**	**14.0**
Income from associated affiliates	0.3	0.3
Other investment income	0.0	0.0
Income from securities and other financial assets	0.1	0.1
Other financial results	0.0	(0.1)
EBIT	**20.7**	**14.3**
Net interest expense	(2.5)	(3.5)
EBT	**18.2**	**10.8**
Income taxes	(5.9)	(4.0)
Net income from continuing operations	**12.3**	**6.8**
Minority interests	(0.3)	(0.2)
Posttax result of discontinued operations	0.0	(1.6)
Group earnings	**12.0**	**5.0**
Undiluted earnings per share (EpS) (€)	0.81	0.34
Fully diluted EpS (€)	0.81	0.34

Consolidated cash flow statement for Q1/2007

€ mill.	Q1/2007		Q1/2006	
Cash flow from operating activities				
Net earnings incl. minority interests	12.3		5.2	
Amortization/depreciation/write-down (net after write-up) of fixed assets	5.9		6.4	
Other noncash expenses/income (net)	0.7		2.1	
Book gains/losses (netted) from the disposal of fixed assets	0.0		(0.1)	
Cash outflow for short-term securities	(8.9)		(6.4)	
Change in inventories, trade receivables and other assets allocable to operating activities	(24.1)		30.1	
Change in trade payables and other liabilities allocable to operating activities	61.7		(7.1)	
Net cash provided by operating activities		**47.6**		**30.2**
Cash flow from investing activities				
Cash inflow from the disposal of intangible and tangible assets	0.4		0.2	
Cash outflow for additions to intangible and tangible assets	(6.0)		(6.7)	
Cash inflow from the disposal of financial assets	–		0.0	
Cash outflow for additions to financial assets	(0.3)		(0.0)	
Cash inflow from the disposal of consolidated subsidiaries and other units	5.3		–	
Net cash used in investing activities		**(0.6)**		**(6.5)**
Cash flow from financing activities				
Cash inflow from transfers to equity	0.0		–	
Net finance from short-term credits	(2.2)		(11.3)	
Net finance from medium- and long-term loans	(15.0)		5.9	
Net cash used in financing activities		**(17.2)**		**(5.4)**
Net inflow of cash & cash equivalents		29.8		18.3
Change in cash & cash equivalents from initial consolidation		0.0		0.2
Opening cash & cash equivalents		140.1		50.2
Closing cash & cash equivalents		169.9		68.7

Balance sheet: Assets

€ mill.	3/31/2007	12/31/2006	3/31/2006
Total noncurrent assets	**463.3**	**465.8**	**483.2**
Intangible assets	314.6	315.4	335.3
Tangible assets	95.7	95.7	103.8
Investment properties	4.4	4.4	7.3
Financial assets	8.2	7.9	7.7
Shares in unconsolidated subsidiaries	3.9	3.6	3.1
Shares in associated affiliates	1.0	1.0	1.3
Other investments and long-term securities	1.2	1.2	1.2
Long-term loans	2.1	2.1	2.1
Total fixed assets	422.9	423.4	454.1
Sundry noncurrent assets	0.7	1.0	1.2
Deferred tax assets	39.7	41.4	27.9
Total current assets	**762.3**	**698.9**	**606.2**
Inventories	174.6	161.5	182.4
Trade receivables	338.0	331.1	278.2
Due from unconsolidated subsidiaries and investees	1.1	2.5	5.8
Income tax assets	8.0	8.2	19.1
Sundry current assets	33.7	27.4	40.5
Short-term securities	37.0	28.1	11.5
Cash & cash equivalents	169.9	140.1	68.7
Assets of discontinued operations	–	33.8	–
	1,225.6	**1,198.5**	**1,089.4**

Balance sheet: Equity & liabilities

€ mill.	3/31/2007	12/31/2006	3/31/2006
Total equity	**382.9**	**371.1**	**367.6**
Capital stock	37.7	37.7	37.7
Additional paid-in capital	40.4	40.4	40.2
Treasury stock	–	–	–
Reserves retained from earnings	267.9	268.0	241.5
Undistributed group profit	20.4	0.1	45.1
Group earnings	12.0	20.3	5.0
Accumulated other comprehensive income (OCI)	(3.9)	(4.7)	(9.4)
Minority interests	8.4	9.3	7.5
Total noncurrent liabilities and accruals	**289.5**	**295.5**	**310.6**
Noncurrent financial debts	194.8	191.9	217.4
Other noncurrent liabilities	31.2	31.7	25.0
Pension accruals	10.1	9.9	13.5
Other noncurrent accruals	26.8	35.3	26.2
Deferred tax liabilities	26.6	26.7	28.5
Total current liabilities and accruals	**553.2**	**506.2**	**411.2**
Current financial debts	39.4	38.6	53.6
Trade payables	224.0	203.8	140.2
Due to unconsolidated subsidiaries and investees	1.5	2.1	1.8
Income tax liabilities	7.5	5.6	6.8
Other current liabilities	136.9	133.1	101.8
Current accruals	143.9	123.0	107.0
Liabilities of discontinued operations	–	25.7	–
	1,225.6	**1,198.5**	**1,089.4**

Statement of changes in equity

€ mill.	Capital stock	Additional paid-in capital
Balance at 12/31/2005	**37.7**	**40.2**
Stockholder-unrelated changes in equity:		
Carryover to new account		
Change from initial consolidation		
Net income for Q1/2006		
Accumulated OCI from		
currency translation differences		
statement at fair value of financial instruments		
Comprehensive income		
Minority interests		
Stockholder-related changes in equity:		
Capital increases from SOPs	0.0	0.0
Balance at 3/31/2006	**37.7**	**40.2**
Stockholder-unrelated changes in equity:		
Transfer to reserves retained from earnings		
Change from initial consolidation		
Other changes		
Net income for Q2–Q4/2006		
Accumulated OCI from		
currency translation differences		
statement at fair value of financial instruments		
Comprehensive income		
Minority interests		
Stockholder-related changes in equity:		
Capital increases		
from SOPs		0.2
other		
Dividend payout		
Balance at 12/31/2006	**37.7**	**40.4**
Stockholder-unrelated changes in equity:		
Carryover to new account		
Change from deconsolidation		
Other changes		
Net income for Q1/2007		
Accumulated OCI from		
currency translation differences		
statement at fair value of financial instruments		
Comprehensive income		
Minority interests		
Stockholder-related changes in equity:		
Capital increases from SOPs		
Balance at 3/31/2007	**37.7**	**40.4**

	Treasury stock	Reserves retained from earnings	Undistributed group profit	Group earnings	Accumulated OCI	Minority interests	Total
	–	**241.5**	**0.0**	**45.1**	**(9.6)**	**6.1**	**361.0**
			45.1	(45.1)			0.0
						1.3	1.3
				5.0		0.2	
					(0.3)	(0.1)	
					0.5		
				5.0	0.2		5.2
						0.1	0.1
							0.0
	–	**241.5**	**45.1**	**5.0**	**(9.4)**	**7.5**	**367.6**
		26.0	(26.0)				0.0
		0.6				0.0	0.6
		(0.1)	0.1				0.0
				15.3		2.1	
					0.7	0.1	
					4.0		
				15.3	4.7		20.0
						2.2	2.2
							0.2
						0.4	0.4
			(19.1)			(0.8)	(19.9)
	–	**268.0**	**0.1**	**20.3**	**(4.7)**	**9.3**	**371.1**
			20.3	(20.3)			0.0
						(1.2)	(1.2)
		(0.1)					(0.1)
				12.0		0.3	
					(0.4)		
					1.2		
				12.0	0.8		12.8
						0.3	0.3
							0.0
	–	**267.9**	**20.4**	**12.0**	**(3.9)**	**8.4**	**382.9**

Explanatory notes

Introduction

The consolidated interim financial statements as of March 31, 2007, have been 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 and D-GAS 21 issued by the German Accounting Standards Committee (GASC).

Consolidation group

Since December 31, 2006, the consolidation group has remained unchanged. Consequently, 46 subsidiaries were fully consolidated as of March 31, 2007.

On March 5, 2007, Vossloh Cogifer S.A., a Vossloh AG subsidiary, executed an asset deal with Pohl Corp., a US rail switch manufacturer based in Reading, PA, whose business will in future be operated under the name of Vossloh Track Material, Inc. The provisional price is US $21 million and is subject to adjustment in line with the working capital trend. The deal was closed as of quarter-end and therefore, the company has not yet been consolidated for timing reasons.

At April 4, 2007, the Vossloh Group signed a share sale and transfer agreement on the takeover of Cleveland Track Material, Inc., Cleveland, OH, USA, the enterprise value being US $42.5 million.

Accounting principles

The consolidation, accounting and valuation principles conform with those used for the consolidated financial statements as of December 31, 2006.

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.

Discontinued operations

Since the Information Technologies division had been written down to net realized value in the consolidated financial statements 2006, the Q1/2007 posttax result of discontinued operations broke even.

The Q1/2006 posttax loss of discontinued operations is derived as follows:

€ mill.	Q1/2006
Net sales	5.9
Cost of sales	(6.0)
Selling and general administrative expenses	(2.0)
R&D expenses	(0.2)
EBIT	**(2.3)**
Net interest expense	(0.3)
EBT	**(2.6)**
Income tax credit	1.0
Net loss	**(1.6)**

In Q1/2006, Vossloh Information Technologies generated the following cash flows:

Cash flows of discontinued operations

€ mill.	Q1/2006
from operating activities	8.8
from investing activities	(0.5)
from financing activities	(8.9)

Earnings per share

Earnings per share

		Q1/2007	Q1/2006
Weighted average number of shares		14,735,795	14,734,811
Dilutive shares from stock options under the ESOP/LTIP		23,763	7,202
Fully diluted weighted average number of shares		14,759,558	14,742,013
Group earnings	€ mill.	12.0	5.0
Undiluted (basic) EpS	€	0.81	0.34
thereof from continuing operations	€	0.81	0.46
thereof from discontinued operations	€	–	(0.12)
Fully diluted EpS	€	0.81	0.34

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.

Segment information

For reporting purposes, the Vossloh Group's primary segments are defined by its identifiable two 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&Components is a division that encompasses the Locomotives (manufacture of diesel locomotives and urban/suburban trains) and Electrical Systems (electric equipment for trams, streetcars and trolleybuses) business units.

The former Information Technologies division subsumed the development and marketing of operations management, passenger information and planning systems as well as signals engineering. Due to the strategic refocus, this division is shown separately as discontinued operation.

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

Contingent liabilities

In comparison to December 31, 2006, the Group's contingent liabilities—chiefly under guaranties/suretyships and from the collateralization of third-party debts—surged by €17.3 million to €23.3 million; this total includes guaranties for €15.4 million issued for the Information Technologies division disposed of. However, a right of recourse to the acquirer exists for these contingent liabilities.

Segment information

		Rail Infrastructure	Motive Power & Components	Discontinued Information Technologies operation	Intermediate holding company/ consolidation	Rail Technology	H.O./ consolidation	Group
Net sales								
Q1/2007	€ mill.	147.7	120.0	0.0	(0.1)	267.6	0.1	267.7
Q1/2006	€ mill.	135.2	85.2	0.0	0.0	220.4	0.1	220.5
Amortization/depreciation[1]								
Q1/2007	€ mill.	3.4	2.3	0.0	0.0	5.7	0.2	5.9
Q1/2006	€ mill.	3.5	2.1	0.0	0.0	5.6	0.3	5.9
Net interest result								
Q1/2007	€ mill.	(1.8)	(0.8)	0.0	(2.9)	(5.5)	3.0	(2.5)
Q1/2006	€ mill.	(1.8)	(0.9)	0.0	(2.4)	(5.1)	1.6	(3.5)
EBIT								
Q1/2007	€ mill.	16.9	7.5	0.0	(0.4)	24.0	(3.3)	20.7
Q1/2006	€ mill.	15.5	3.5	0.0	(1.0)	18.0	(3.7)	14.3
EBT								
Q1/2007	€ mill.	15.2	6.7	0.0	(3.4)	18.5	(0.3)	18.2
Q1/2006	€ mill.	13.7	2.6	0.0	(3.4)	12.9	(2.1)	10.8
Net earnings/(deficit)[2]								
Q1/2007	€ mill.	9.9	4.3	0.0	(2.0)	12.2	(0.2)	12.0
Q1/2006	€ mill.	8.2	1.6	(1.9)	(1.9)	6.0	(1.0)	5.0
Capital expenditures								
Q1/2007	€ mill.	3.9	2.1	0.0	0.0	6.0	0.0	6.0
Q1/2006	€ mill.	1.5	4.8	0.4	0.0	6.7	0.0	6.7
Capital employed								
3/31/2007	€ mill.	430.9	202.2	0.0	246.5	879.6	(235.3)	644.3
12/31/2006	€ mill.	465.2	216.3	36.3	246.9	964.7	(231.8)	732.9
Total assets								
3/31/2007	€ mill.	644.1	425.8	0.0	251.1	1,321.0	(95.4)	1,225.6
12/31/2006	€ mill.	605.4	367.6	82.3	251.4	1,306.7	(217.3)	1,089.4
3-month average headcount								
Q1/2007		3,187	1,677	0	0	4,864	32	4,896
Q1/2006		3,092	1,510	278	0	4,880	31	4,911

[1] Excl. write-down of financial assets
[2] Before P&L transfer

Vossloh AG's boards

Executive Board	Dr. Gerhard Eschenröder, CEO
	Werner Andree
	Dr.-Ing. Norbert Schiedeck
Supervisory Board	Dr.-Ing. Wilfried Kaiser, degreed 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, former CFO of Südzucker AG, Weinheim
	Wolfgang Klein, galvanizer, Werdohl
	Wilfried Köpke, engineering designer, Kiel

Financial diary 2007

Annual stockholders' meeting	May 31, 2007
Payment of cash dividends	June 1, 2007
Publication of interim report	
as of June 30	July 26, 2007
as of September 30	October 30, 2007

For further dates, go to www.vossloh.com

Financial diary 2008

Publication of financial information 2007	March 2008
Press conference	March 2008
Meeting with DVFA analysts	March 2008
Annual stockholders' meeting	May 2008

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Vossloh stock details

ISIN	DE0007667107
Traded at	Xetra, Düsseldorf, Frankfurt,
	Berlin-Bremen, Hannover, Hamburg,
	Stuttgart, Munich
Index	MDAX
No. of shares (3/31/2007)	14,735,795
Stock price (3/31/2007)	€71.91
Q1/2007 high/low	€73.85/€56.21
Reuters code	VOSG.DE
Bloomberg code	VOS GR
Proposed dividend	€1.30

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