Interim report as of September 30, 2005

The Vossloh Group at a glance

Group		3Q/2005	3Q/2004
Income statement data			
Net sales[1]	€ mill.	711.9	639.6
thereof Rail Infrastructure	€ mill.	421.2	372.0
Motive Power	€ mill.	258.5	224.8
Information Technologies	€ mill.	34.3	42.6
EBIT[1]	€ mill.	59.9	67.4
Net interest expense[1]	€ mill.	(13.9)	(11.0)
EBT[1]	€ mill.	46.0	56.4
Group earnings (total)	€ mill.	28.8	37.5
Earnings per share (EpS)	€	1.97	2.57
EBIT margin[1]	%	8.4	10.5
Pretax return on equity (ROE)[1]	%	18.0	23.8
Return on capital employed (ROCE)[1]	%	10.1	13.3
Balance sheet data			
Fixed assets	€ mill.	455.1	373.6
capital expenditures[2]	€ mill.	21.4	19.7
amortization/depreciation[1,2]	€ mill.	16.3	18.0
Working capital	€ mill.	332.2	303.4
Working capital ratio	%	35.0	35.4
Capital employed	€ mill.	787.3	677.0
Total equity	€ mill.	340.7	316.0
thereof minority interests	€ mill.	5.8	5.4
Net financial debt	€ mill.	248.5	236.0
Net leverage	%	72.9	74.7
Total assets	€ mill.	1,087.6	999.1
Equity ratio	%	31.3	31.6
Cash flow statement data			
Cash flow from operating activities	€ mill.	10.4	(29.6)
Cash flow from investing activities	€ mill.	(47.5)	(11.0)
Cash flow from financing activities	€ mill.	(72.9)	105.7
Change in cash & cash equivalents	€ mill.	(110.0)	65.1
Workforce			
Nine-month (3Q) average headcount[1]		4,589	4,283
thereof Rail Infrastructure		2,883	2,820
Motive Power		1,394	1,151
Information Technologies		281	279
Vossloh AG		31	33
Payroll-to-added value ratio[1]	%	73.4	69.6
Personnel expenses[1]	€ mill.	174.7	161.8
Share data			
Stock price at September 30	€	43.76	31.45
Market capitalization at September 30	€ mill.	644.7	459.3

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

[2] Excluding financial assets

The income statement data refers to the 9 months ended September 30, balance sheet data being stated as of September 30. Where required, ratios have been annualized.

Contents

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 intelligent 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:

A major event during the current fiscal year 2005 was the acquisition of Pfleiderer Track Systems, a most important addition to our Group. On July 26, 2005, Vossloh AG and Pfleiderer AG had informed the general public about their exclusive negotiations regarding the envisaged deal. This was followed on August 2, 2005, by the signing of a sale & transfer agreement. Then, in the course of the same month, the Supervisory Boards gave their consent, too. Assuming the still pending decision by the cartel authorities is favorable, we hope to close the deal some time in the fourth quarter of 2005.

For Vossloh, the takeover of Pfleiderer Track Systems and the related access to yet another specialty market spell significant growth momentum. In the rail infrastructure market, Pfleiderer has evolved into a worldwide leading supplier of track systems. Through its internationally operating organization, this former Pfleiderer AG unit addresses the needs of both public and private rail infrastructure operators for ballastless "rigid tracks" used on high-speed lines, for concrete track sleepers and switch sleepers. For ballastless tracks used on high-speed lines, Pfleiderer Track Systems enjoys undisputed status of technology leader on the world market.

Not least of all because of its superior position on the German market—especially with German Rail—Pfleiderer's products and systems command internationally high recognition, especially in the rapidly growing regions of Central & Eastern Europe and Asia where national rail companies frequently adopt the standards of German Rail and hence opt for the products and systems of Pfleiderer Track Systems.

Pfleiderer is represented in virtually all the significant rail markets and has seven sleeper production plants situated in Germany, Spain, Hungary, and Romania. Of the around 850 employees, just under 350 work at the five German plants. Pfleiderer Track Systems reported sales of €138 million in 2004 and, in the long term, expects to generate some 70 percent of its business outside of Germany on the international arena. Over the years ahead, growth is budgeted to outpace market expansion.

By coordinating Pfleiderer's market strategy with Vossloh's own infrastructure units (rail fasteners and switches) we hope to create substantial sales synergies—both through reciprocally accessing each other's markets under existing contacts and by a concerted conquest of fresh markets driven by the available systems selection. This major extension to Vossloh's present lineup in track systems will sharpen even further the Group's systems supplier profile.

The period under review saw a changing of the guard at the head of Vossloh AG's Supervisory Board. As of September 23, 2005, Dr. Kajo Neukirchen resigned as member and chairman. The Supervisory Board then elected Dr.-Ing. Wilfried Kaiser as its new chairman. During the nineties, Dr. Kaiser had for many years worked on the Executive Board of ABB AG (Mannheim) chiefly in charge of Rail Transportation. Since May 2005, he has been a member of Vossloh's Supervisory Board on which he had previously served from 1999 to 2003, a period in which this body had comprised 12 members on account of the number of employees at the German plants.

Vossloh AG
CEO

Burkhard Schuchmann

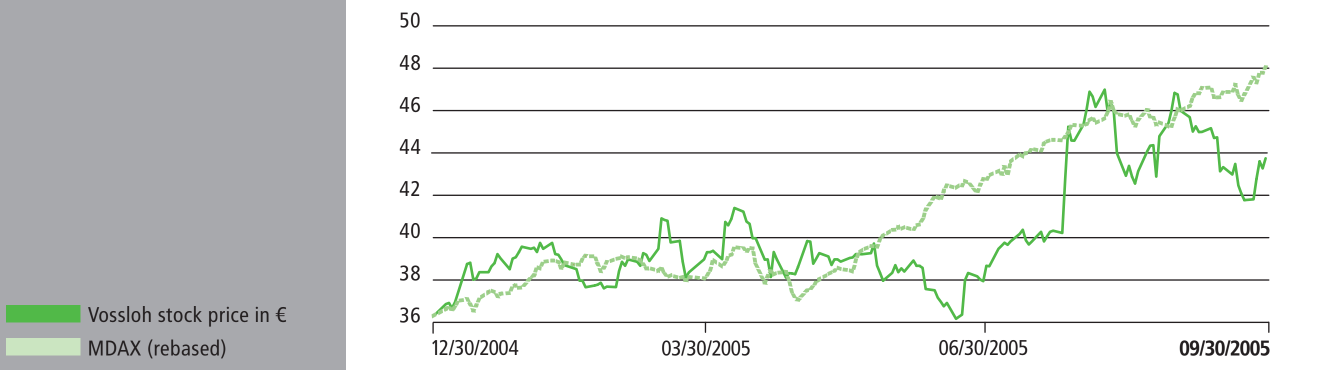
Q3/2005 saw an unabated continuation of the MDAX (the index comprising Germany's midsize companies including Vossloh) upswing observable since the spring, despite rising oil prices and a temporary uncertainty due to the early general election. At September 30, 2005, this index reached its year high of 7,106, representing a total year-to-date gain of 32.2 percent. The MDAX Q3 advance was 12.4 percent.

Vossloh's Q3 stock price performance was largely influenced by the acquisition of Pfleiderer AG's Track Systems. The sharp rise as an immediate response to the announcement of exclusive contractual negotiations reflected the favorable assessment of this transaction by the market. On notification of the signing of the agreement, Vossloh stock surged by August 9, 2005, to its nine-month (3Q) high of €47.50. At September 30, 2005, the price was €43.76 (Xetra). In the course of the third quarter of 2005, Vossloh's stock price advanced 13.1 percent and compared with year-end 2004, by 20.4 percent.

At 7.2 million, the 3Q trading volume matched the year-earlier magnitude and averaged some 37,000 shares per trading day. Some 90 percent of the shares were traded through the electronic system Xetra.

Altogether 13 financial analysts regularly observe Vossloh and their research reports contain assessments regarding the stock's further potential. The assessments of three analysts already reflect the takeover of Pfleiderer Track Systems as approved by the Supervisory Boards in August. At present, 85 percent of the analysts recommend "buy," two analysts "hold." Upward price potentials range between €43 and €55, the mean is €48.63. 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 September 30, 2005



By September 30, 2005, sales by the Vossloh Group added up to €711.9 million, up €72.3 million or 11.3 percent over the year-earlier €639.6 million.

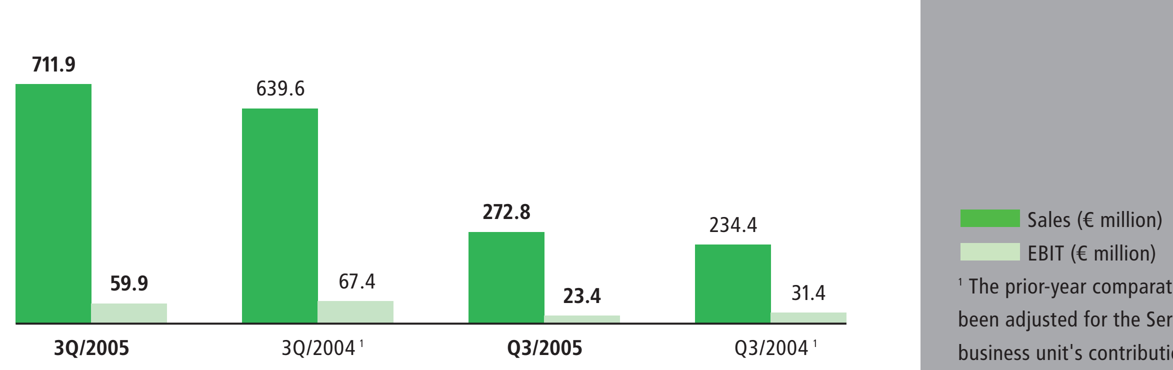
Sales by the Rail Infrastructure and Motive Power divisions were well above the year-earlier levels. At €34.3 million, Information Technologies sales dropped below the 3Q/2004 total of €42.6 million.

Nine-month sales by the Rail Infrastructure division—which comprises the Fastening Systems, Switch Systems and Infrastructure Services business units—totaled €421.2 million, outshining the year-earlier €372.0 million by €49.2 million or 13.2 percent.

The Electrical Systems and Locomotives business units—which together make up the Motive Power division—posted sales of €258.5 million (up from €224.8 million) for the period January through September 2005. This is a growth of 15.0 percent. Of this total, €62.7 million was contributed by the Valencia-based diesel locomotive plant acquired from Alstom as of April 1, 2005.

The generally difficult situation in rail industry business, soaring steel prices and the lack of invitations to bid for diesel locomotives prompted Vossloh's Executive Board at the end of 2004 to initiate a groupwide efficiency-boosting and cost-cutting program. The problems have cast the thickest clouds on Vossloh Locomotives in Kiel where the high production volumes of previous years will prove beyond reach in the periods ahead. As a consequence of the necessary restructuring at this location, alongside loaned labor, 180 of the company's own employees are quitting in 2005. These retrenchments were fully provided for to the debit of the 3Q/2005 bottom line.

Sales and EBIT of the Vossloh Group



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

The one-off burdens on Vossloh Locomotives, higher commodity prices, and the severe erosion of other operating income all combined to shrink 3Q EBIT from €67.4 million a year ago to now €59.9 million (down 11 percent), despite significantly higher 9-month sales.

Vossloh Group					
		3Q/2005	3Q/2004	**Q3/2005**	Q3/2004
Net sales[1]	€ mill.	711.9	639.6	272.8	234.4
EBITDA[1]	€ mill.	76.2	85.4	29.3	37.5
EBIT[1]	€ mill.	59.9	67.4	23.4	31.4
EBIT margin[1]	%	8.4	10.5	8.6	13.4
EBT[1]	€ mill.	46.0	56.4	19.0	26.4
Group earnings	€ mill.	28.8	37.5	12.2	18.2

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

Three-quarter net interest expense, up by €2.9 million from €11.0 million to €13.9 million, rose mainly in the wake of financing the acquisition of the Valencia-based diesel locomotive plant. Nine-month (3Q) group earnings shrank from the year-earlier €37.5 million to €28.8 million in 2005.

The year-on-year Q3 comparison (three months ended September 30) shows a marked increase in sales: Q3/2005 sales surged 16.4 percent from €234.4 million to €272.8 million, whereas Q3 EBIT plunged around 25 percent, from €31.4 million in 2004 to €23.4 million in the current year. Q3 group earnings decreased by €6.0 million or 33.0 percent from €18.2 million to €12.2 million.

In comparison with 2004, the 3Q regional sales segmentation presented a percentage slump in German sales. While still at 30.8 percent of the total a year ago, 3Q/2005 sales accounted for a mere 20.8 percent. In contrast, the share of business in France rose, French 3Q/2005 sales contributing almost one-quarter to the Group's total sales (up from 20.6 percent). The business volume expansion in the remaining Euroland countries is also ascribable to the first-time inclusion of Vossloh España, which generated 3Q sales of €56.9 million in Spain alone.

These trends demonstrate that Vossloh's growing internationalization helps to largely compensate a shortfall of sales in certain markets (currently in Germany) through additional business volumes elsewhere.

Sales by region					
		3Q/2005	**3Q**/2004[1]	**Q3/2005**	Q3/2004[1]
Germany	€ mill.	148.3	197.0	70.4	68.2
France	€ mill.	170.1	131.6	60.0	46.5
Other Euroland	€ mill.	209.7	120.5	84.6	45.7
Other Europe	€ mill.	117.9	140.9	31.2	58.5
Total Europe	**€ mill.**	**646.0**	**590.0**	**246.2**	**218.9**
North America	€ mill.	13.9	12.9	8.2	5.6
Latin America	€ mill.	5.2	0.1	0.8	0.0
Total Americas	**€ mill.**	**19.1**	**13.0**	**9.0**	**5.6**
Asia	**€ mill.**	**37.3**	**24.2**	**13.7**	**6.6**
Other regions	**€ mill.**	**9.5**	**12.4**	**3.9**	**3.3**
Total	**€ mill.**	**711.9**	**639.6**	**272.8**	**234.4**

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

As of September 30, 2005, Vossloh's total assets grew 6.5 percent from the year-end 2004 balance of €1,021.3 million to €1,087.6 million. In the first nine months of 2005, working capital moved up by €29.0 million to €332.2 million, and capital employed by €97.1 million to €787.3 million. The first-time inclusion of Vossloh España substantially contributed to all these increases.

The funding of this acquisition, as well as the cash dividend payout in May and capital outlays of €21.4 million, all raised net financial debt from December 31, 2004, by €77.4 million to €248.5 million as of September 30, 2005. The Group's net leverage (i.e., the ratio of net financial debt to equity) jumped from 51.7 percent nine months ago to now 72.9 percent.

Vossloh Group				
		9/30/2005	12/31/2004	9/30/2004
Total assets	€ mill.	1,087.6	1,021.3	999.1
Total equity	€ mill.	340.7	331.1	316.0
Equity ratio	%	31.3	32.4	31.6
Working capital	€ mill.	332.2	303.2	303.4
Working capital ratio[1]	%	35.0	32.9	35.4
Fixed assets	€ mill.	455.1	387.0	373.6
Capital employed	€ mill.	787.3	690.2	677.0
ROCE[1]	%	10.1	15.3	13.3
ROE[1]	%	18.0	27.1	23.8
Net financial debt	€ mill.	248.5	171.1	236.0
Net leverage	%	72.9	51.7	74.7

[1] annualized

At €421.2 million, Rail Infrastructure sales advanced 13.2 percent over the year-earlier €372.0 million thanks to the performances by Vossloh Switch Systems and Vossloh Infrastructure Services.
As expected, sales by the Fastening Systems business unit inched down from the year-earlier level. An appreciable re-weighting among the business units has meant a dip in the division's EBIT margin from 17.9 percent in 2004 to 15.2 percent this year. EBIT totaled €63.9 million (down from €66.4 million).

Rail Infrastructure					
		3Q/2005	3Q/2004	**Q3/2005**	Q3/2004
Net sales	€ mill.	421.2	372.0	143.8	133.3
EBITDA	€ mill.	73.7	75.6	25.9	29.4
EBIT	€ mill.	63.9	66.4	22.5	26.4
EBIT margin	%	15.2	17.9	15.6	19.8

3Q sales by Vossloh Fastening Systems reached €109.0 million in 2005 (down from €113.6 million), thus exceeding budget, mainly due to rising demand for rail fasteners inside Germany.
Order intake in the first nine months of 2005 amounted to €110.9 million (down from €123.8 million); orders on hand at September 30 came to €25.9 million (down from €29.5 million).

At €192.5 million, sales by Vossloh Switch Systems outnumbered the year-earlier €156.9 million by 22.7 percent. With sales in Germany and France virtually unchanged versus 2004, total European revenues rose thanks to incremental business in Italy and Spain. Outside of Europe, strong exports to the Middle East again propelled sales. 3Q/2005 order intake totaled €188.9 million (down from €214.1 million). A large portion of new business resulted from switches ordered for tram projects in France. Order backlog at September 30, 2005, amounted to €163.3 million (down from €172.3 million).

3Q/2005 sales by Infrastructure Services mounted 24.1 percent from €108.3 million to €134.4 million, albeit short of budget due to order placement delays. Most of the business was related to the construction of new tram lines in various French cities including Marseille, Grenoble, Montpellier, and Valenciennes. In Belgium, revenues rose through maintenance work on the country's state rail lines. Orders on hand at September 30 reached €172.8 million (down from €212.1 million).

Rail Infrastructure				
		9/30/2005	12/31/2004	9/30/2004
Working capital	€ mill.	182.4	164.6	156.4
Working capital ratio[1]	%	32.5	32.0	31.5
Fixed assets	€ mill.	296.5	294.9	288.2
Capital employed	€ mill.	478.9	459.5	444.5
ROCE[1]	%	17.8	19.7	19.9

[1] annualized

The rise in inventories at Vossloh Infrastructure Services meant a gain in working capital from €156.4 million to €182.4 million at September 30, 2005.

3Q/2005 sales at Motive Power totaled €258.5 million or 15 percent over the year-earlier €224.8 million. Of this amount, Vossloh España, a member of the consolidation group since April 2005, contributed €62.7 million. The need to downsize capacities at the Kiel location and the related restructuring burden depressed EBIT from the prior-year €7.3 million to €6.0 million.

The Services business unit was sold off with economic effect as of January 1, 2005, and to maintain comparability its data has been eliminated from the year-earlier figures.

Motive Power					
		3Q/2005	3Q/2004	**Q3/2005**	Q3/2004
Net sales	€ mill.	258.5	224.8	115.0	85.5
EBITDA	€ mill.	11.1	14.2	7.7	9.0
EBIT	€ mill.	6.0	7.3	5.8	6.5
EBIT margin	%	2.3	3.2	5.0	7.6

Sales by Vossloh Locomotives totaled €200.2 million (up from €166.4 million) of which the Valencia plant inputted €62.7 million and diesel-hydraulic locomotive business €135.6 million (down from €163.9 million). Whereas the Valencia plant has an order backlog allowing it to run at more or less full capacity, diesel-hydraulic locomotive production at Kiel suffers most especially from still weak demand for its products. Orders posted during the period added up to €212.5 million (up from 90.2 million), order backlog at September 30, 2005, amounted to €527.1 million (up from €215.1 million).

At €58.3 million, sales by Vossloh Electrical Systems almost matched the prior year's €58.6 million. A large chunk was attributable to contracts for the supply of electrical traction equipment for trolleybuses destined for Vancouver, Lucerne, and Geneva, and electrical equipment for trams intended for Cologne, Düsseldorf, and Bremen. At the start of the third quarter of this year, the first of 188 low-floor articulated trolleybusses was handed over to the Vancouver client. Orders on hand at September 30, 2005, came to €200.0 million (down from €263.8 million).

Motive Power				
		9/30/2005	12/31/2004	9/30/2004
Working capital	€ mill.	122.9	121.6	135.0
Working capital ratio[1]	%	35.7	35.2	44.4
Fixed assets	€ mill.	122.0	64.0	60.0
Capital employed	€ mill.	244.9	185.6	195.0
ROCE[1]	%	3.2	10.1	5.0

[1] annualized

The acquisition-related rise in fixed assets combined with one-off restructuring burdens on EBIT have eroded ROCE from 5.0 to 3.2 percent.

Sales by Vossloh Information Technologies added up to 34.3 million, still short of the prior period's €42.6 million. Alongside sluggish order intake during the previous quarters, the 19.5-percent reduction was also due to delays in order invoicing until probably into the final quarter of 2005. This latter factor, in particular, yielded a slightly negative EBIT of €0.1 million (down from€2.4 million).

Information Technologies					
		3Q/2005	3Q/2004	**Q3/2005**	Q3/2004
Net sales	€ mill.	34.3	42.6	14.0	15.6
EBITDA	€ mill.	0.7	3.4	(0.1)	1.6
EBIT	€ mill.	(0.1)	2.4	(0.3)	1.3
EBIT margin	%	(0.2)	5.6	(2.1)	8.3

At €25.8 million, order intake by end-September surpassed the year-earlier €13.5 million and includes contracts for supplying to the Danish state rail certain signaling equipment for automatic routing control based on Alister, the electronic interlock system developed by Vossloh Information Technologies, as well as for a rail control center contracted by the Swiss state rail.

Information Technologies				
		9/30/2005	12/31/2004	9/30/2004
Working capital	€ mill.	25.5	16.6	14.3
Working capital ratio[1]	%	55.7	25.7	25.1
Fixed assets	€ mill.	16.5	15.9	13.8
Capital employed	€ mill.	42.0	32.5	28.1
ROCE[1]	%	(0.2)	23.4	11.4

[1] annualized

Rising inventories coupled with lower trade payables as of September 30, 2005, lifted working capital from €16.6 million at year-end 2004 to €25.5 million as of September 30, 2005.

Capital expenditures

3Q/2005 capital expenditures by the Vossloh Group added up to €21.4 million (up from €19.7 million), an increase of just under 9 percent.

Additions to tangible assets					
		3Q/2005	3Q/2004	**Q3/2005**	Q3/2004
Rail Infrastructure	€ mill.	11.9	10.9	3.3	3.7
Motive Power	€ mill.	7.2	7.0	2.5	2.0
Information Technologies	€ mill.	1.5	1.0	0.3	0.5
Vossloh AG	€ mill.	0.8	0.8	0.4	0.7
Total	**€ mill.**	**21.4**	**19.7**	**6.5**	**6.9**

Rail Infrastructure expenditures centered on the Infrastructure Services (€6.7 million) and Switch Systems (€4.2 million) business units. Alongside €5.2 million outlays for expanding existing facilities, another €3.8 million went toward equipment replacement.

Motive Power spent €5.8 million on Vossloh Locomotives and €1.4 million on Vossloh Electrical Systems. The Locomotives business unit's expenditures were virtually all capitalized product development costs.

Half of the outlays at Information Technologies concerned expansions related to projects for further developing passenger information systems.

Research & development

3Q/2005 R&D expenditures totaled €5.3 million (down from €6.3 million). In addition and according to IAS 38, Vossloh Locomotives capitalized development costs of €3.3 million for the period. Not taken into account are the project-related development costs included in the cost of sales.

More than one-half of the total R&D expenditures was absorbed by Vossloh Electrical Systems, specifically single-wheel drive and energy storage systems for electrically powered buses, vehicle data management systems and the development of traction current converters in an upgraded performance category.

Vossloh Fastening Systems completed the first prototype of a self-contained measuring station for continuously recording track data.

Vossloh Information Technologies finalized the successful modifications of its Alister electronic interlock system to match the track switches used in Germany. The system, originally developed for Sweden, can now be marketed in Germany, too.

As of September 30, 2005, the Vossloh Group employed a worldwide workforce of 4,673, up 9.1 percent or 391 from September 30, 2004, chiefly due to the April 1, 2005 closing of the takeover of the Valencia-based locomotive plant (around 485 employees).

Contrasting with this addition is the 77-employee retrenchment in the wake of restructuring at Kiel-based Vossloh Locomotives. The Vossloh Fastening Systems workforce shrank by 36 persons, mainly because of the disposal of the Delitzsch location.

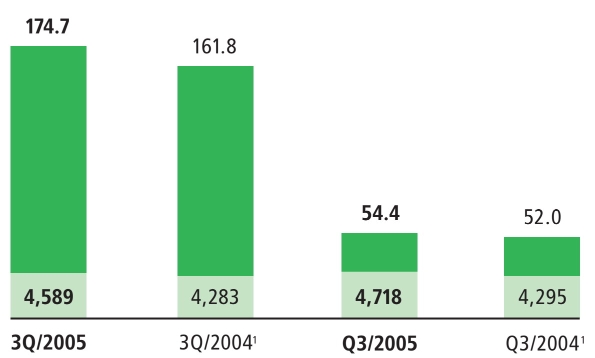
3Q/2005 personnel expenses totaled €174.7 million, up €12.9 million or 8.0 percent from €161.8 million, and including €2.7 million restructuring costs. Excluding this nonrecurring burden, personnel expenses mounted €10.2 million or 6.3 percent. The increase was mainly due to the addition of Vossloh España. Group personnel expenses per capita (rounded) edged up by 0.8 percent, from €37,800 to €38,100. Sales per capita totaled €155,100 (up from €149,300). The 3Q ratio of payroll to value added rose from 69.6 percent in 2004 to 73.2 percent in 2005.

Headcount at

	9/30/2005	12/31/2004[1]	9/30/2004[1]
Rail Infrastructure	2,827	3,005	2,823
Motive Power	1,536	1,131	1,143
Information Technologies	278	285	283
Vossloh AG	32	32	33
Total	**4,673**	**4.453**	**4,282**

[1] Services business unit deducted

Group workforce trend and personnel expenses



Personnel expenses (€ million)
Period's average headcount

[1] Services business unit deducted

Despite the still troubled situation in the rail industry, especially within Germany, the Vossloh Group does expect to generate for all of 2005 net sales of around €1.0 billion, as most recently stated. EBIT is predicted to range around €90 million, group earnings to total €47 million as budgeted.

Interim financial statements as of September 30, 2005

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

Consolidated income statement
for the nine months (3Q) ended September 30, 2005

€ million	**3Q/2005**	**3Q**/2004	**Q3/2005**	Q3/2004
Net sales	711.9	639.6	272.8	234.4
Cost of sales	(568.2)	(501.7)	(218.8)	(179.7)
General administrative and selling expenses	(87.6)	(78.6)	(29.9)	(27.9)
R&D expenses	(5.3)	(6.3)	(2.1)	(2.0)
Other operating income/expenses, net	7.5	12.0	1.0	4.5
Operating result	**58.3**	**65.0**	**23.0**	**29.3**
Income from associated affiliates	0.8	0.8	0.2	0.3
Other investment income	0.0	0.2	0.0	0.2
Income from securities and other financial assets	0.3	0.0	0.2	0.0
Other financial results	0.5	1.4	0.0	1.6
Earnings before interest and taxes (EBIT)	**59.9**	**67.4**	**23.4**	**31.4**
Net interest expense	(13.9)	(11.0)	(4.4)	(5.0)
Earnings before taxes (EBT)	**46.0**	**56.4**	**19.0**	**26.4**
Income taxes	(16.0)	(18.3)	(6.5)	(8.2)
Net income from continuing operations	**30.0**	**38.1**	**12.5**	**18.2**
Minority interests	(0.6)	(0.6)	(0.3)	(0.0)
Net loss of discontinued operations	(0.6)	(0.0)	(0.0)	(0.0)
Group earnings	**28.8**	**37.5**	**12.2**	**18.2**
Earnings per share (EpS)				
Undiluted EpS (€)	1.97	2.57	0.83	1.25
Fully diluted EpS (€)	1.96	2.56	0.83	1.24

Consolidated statement of cash flows

for the nine months (3Q) ended September 30, 2005

€ million	3Q/2005		3Q/2004	
Cash flow from operating activities				
Net earnings incl. minority interests	29.4		38.1	
Amortization/depreciation/write-down (net after write-up) of fixed assets	16.3		17.1	
Other noncash expenses/income (net)	6.0		0.5	
Book gains/losses (netted) from the disposal of fixed assets	0.3		(3.2)	
Change in inventories, trade receivables and other assets allocable to operating activities	(60.8)		(56.0)	
Change in trade payables and other liabilities allocable to operating activities	19.2		(26.1)	
Cash flow from operating activities		10.4		(29.6)
Cash flow from investing activities				
Cash inflow from the disposal of intangible and tangible assets	1.5		5.4	
Cash outflow for additions to intangible and tangible assets	(21.9)		(19.2)	
Cash inflow from the disposal of financial assets	0.0		3.1	
Cash outflow for additions to financial assets	(3.8)		0.0	
Cash inflow from disposal of short-term securities	0.7		1.7	
Cash inflow from the divestment of consolidated subsidiaries and other units	0.0		4.5	
Cash outflow for the acquisition of consolidated subsidiaries and other units	(24.0)		(6.5)	
Cash flow from investing activities		(47.5)		(11.0)
Cash flow from financing activities				
Cash inflow from transfers to equity	2.2		0.0	
Cash outflow to stockholders (incl. minority interest owners)	(19.8)		(19.9)	
Change in treasury stock	1.3		0.0	
Net finance from short-term credits	(54.3)		4.4	
Net finance from medium- and long-term loans	(2.3)		121.2	
Cash flow from financing activities		(72.9)		105.7
Net (outflow)/inflow of cash & cash equivalents		(110.0)		65.1
Cash & cash equivalents at beginning of period		140.0		24.1
Cash & cash equivalents at end of period		30.0		89.2

Assets

€ million	**9/30/2005**	12/31/2004	9/30/2004
Total noncurrent assets	**487.2**	**413.3**	**393.1**
Intangible assets	333.2	276.0	272.8
Tangible assets	100.8	97.4	88.1
Investment properties	7.4	6.9	6.9
Financial assets	13.7	6.7	5.8
shares in unconsolidated subsidiaries	5.0	3.6	2.7
associated affiliates	0.9	1.4	1.1
other investments and long-term securities	1.8	1.6	1.9
long-term loans	6.0	0.1	0.1
Total fixed assets	455.1	387.0	373.6
Sundry noncurrent assets	6.9	5.5	6.7
Deferred tax assets	25.2	20.8	12.8
Total current assets	**600.4**	**608.0**	**606.0**
Inventories	208.7	169.0	205.1
Trade receivables	290.6	250.9	238.5
Due from unconsolidated subsidiaries and investees	3.4	3.8	6.0
Sundry current assets	67.6	43.6	67.1
Short-term securities	0.1	0.7	0.1
Cash & cash equivalents	30.0	140.0	89.2
	1,087.6	**1,021.3**	**999.1**

Equity & liabilities

€ million	9/30/2005	12/31/2004	9/30/2004
Total equity	**340.7**	**331.1**	**316.0**
Capital stock	37.7	37.4	37.4
Additional paid-in capital	40.2	37.8	37.8
Treasury stock	(0.0)	(1.1)	(1.1)
Reserves retained from earnings	241.4	203.2	204.0
Undistributed group profit	0.0	0.1	0.1
Group earnings	28.8	57.2	37.5
Accumulated other comprehensive income (OCI)	(13.2)	(9.3)	(5.1)
Minority interests	5.8	5.8	5.4
Noncurrent liabilities and accruals	**354.8**	**309.9**	**315.4**
Noncurrent financial debts	212.3	191.4	250.1
Other noncurrent liabilities	29.1	44.4	6.7
Pension accruals	20.9	20.2	15.6
Other noncurrent accruals	68.7	36.6	36.2
Deferred tax liabilities	23.8	17.3	6.8
Current liabilities and accruals	**392.1**	**380.3**	**367.7**
Current financial debts	66.2	120.4	75.2
Trade payables	146.6	101.3	121.6
Due to unconsolidated subsidiaries and investees	3.4	4.3	4.3
Sundry current liabilities	105.9	96.1	105.9
Current accruals	70.0	58.2	60.7
	1,087.6	**1,021.3**	**999.1**

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
Transfer to reserves retained from earnings				36.4	(36.4)				0.0
Changes through initial consolidation								(0.1)	(0.1)
Net income for 3Q/2004						37.5		0.6	
Accumulated OCI from									
currency translation differences							1.1	0.2	
statement at fair value of financial instruments							(1.0)		
Comprehensive income						37.5	0.1		37.6
Minority interests								0.8	0.8
Stockholder-related changes in equity:									
Dividend payout					(19.0)			(0.9)	(19.9)
Balance at 9/30/2004	**37.4**	**37.8**	**(1.1)**	**204.0**	**0.1**	**37.5**	**(5.1)**	**5.4**	**316.0**
Stockholder-unrelated changes in equity:									
All other changes				(0.6)				0.0	(0.6)
Changes through initial consolidation				(0.2)				(0.1)	(0.3)
Net income for Q4/2004						19.7		0.0	
Accumulated OCI from									
currency translation differences							0.6	0.3	
statement at fair value of financial instruments							(4.8)		
Comprehensive income						19.7	(4.2)		15.5
Minority interests								0.3	0.3
Stockholder-related changes in equity:									
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
Transfer to reserves retained from earnings				38.2	(38.2)				0.0
Sale of treasury stock		0.2	1.1						1.3
Net income for 3Q/2005						28.8		0.6	
Accumulated OCI from									
currency translation differences							0.5	0.1	
statement at fair value of financial instruments							(4.4)		
Comprehensive income						28.8	(3.9)		24.9
Minority interests								0.7	0.7
Stockholder-related changes in equity:									
Dividend payout					(19.1)			(0.7)	(19.8)
Capital increases from SOPs	0.3	2.2							2.5
Balance at 9/30/2005	**37.7**	**40.2**	**0.0**	**241.4**	**0.0**	**28.8**	**(13.2)**	**5.8**	**340.7**

(1) Introduction

The consolidated interim financial statements as of September 30, 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 September 30, 2005. One investee is carried at equity (as associated affiliate) 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, 25 subsidiaries 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.

(3) Accounting principles

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

For German companies, income taxes were 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 Vossloh Services, a business unit meantime disposed of and shown as discontinued operation, was changed in comparison to the annual report 2004 as IFRS 5 had to be newly applied as from January 1, 2005.

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.

(4) Earnings per share

Analysis of EpS:

		3Q/2005	3Q/2004
Weighted average number of shares		14,672,229	14,604,608
Dilutive shares from stock options under the ESOP and LTIP		23,799	41,275
Fully diluted weighted average number of shares		14,696,028	14,645,883
Group earnings	€ mill.	28.8	37.5
Undiluted (basic) EpS	**€**	**1.97**	**2.57**
Fully diluted EpS	€	1.96	2.56

(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 Vossloh 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*					
		3Q/2005	3Q/2004	**Q3/2005**	Q3/2004
Income	€ mill.	0.0	3.2	0.0	1.2
Expenses	€ mill.	(0.9)	(3.2)	(0.0)	(1.2)
Loss on disposal	€ mill.	(0.1)	(0.0)	(0.0)	(0.0)
Pretax (loss)/profit	€ mill.	(1.0)	0.0	0.0	0.0
Tax expense	€ mill.	0.4	0.0	0.0	0.0
Net (loss)/income	**€ mill.**	**(0.6)**	**0.0**	**0.0**	**0.0**

(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:

		3Q/2005	3Q/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)**

The acquisition of the Valencia-based diesel-electric locomotive plant as of April 1, 2005, resulted in an outflow of cash and cash equivalents of €24.0 million, which breaks down as follows:

Fixed assets	€ mill.	60.1
+ current assets	€ mill.	47.9
– liabilities	€ mill.	(52.2)
– accruals	€ mill.	(31.8)
= cash outflow for the acquisition of subsidiaries	**€ mill.**	**24.0**

(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 guaranties/suretyships and from the collateralization of third-party debts—shrank by €0.8 million to €4.3 million.

Segment information		Rail Infrastructure	Motive Power	Information Technologies	Intermediate holding company/ consolidation	Rail Technology	H.O./ consolidation	Group
Net sales								
3Q/2005	€ mill.	421.2	258.5	34.3	(2.3)	711.7	0.2	711.9
3Q/2004[1]	€ mill.	372.0	224.8	42.6	(0.1)	639.3	0.3	639.6
Q3/2005	€ mill.	143.8	115.0	14.0	(0.1)	272.7	0.1	272.8
Q3/2004[1]	€ mill.	133.3	85.5	15.6	(0.1)	234.3	0.1	234.4
Amortization/depreciation[2]								
3Q/2005	€ mill.	9.8	5.1	0.8	0.1	15.8	0.5	16.3
3Q/2004[1]	€ mill.	9.2	6.9	1.0	0.0	17.1	0.9	18.0
Q3/2005	€ mill.	3.4	1.9	0.2	0.1	5.6	0.3	5.9
Q3/2004[1]	€ mill.	3.0	2.5	0.3	0.0	5.8	0.3	6.1
Net interest result								
3Q/2005	€ mill.	(5.7)	(4.3)	(0.7)	(8.1)	(18.8)	4.9	(13.9)
3Q/2004[1]	€ mill.	(5.5)	(3.9)	(0.5)	(8.0)	(17.9)	6.9	(11.0)
Q3/2005	€ mill.	(1.9)	(1.5)	(0.3)	(2.7)	(6.4)	2.0	(4.4)
Q3/2004[1]	€ mill.	(1.7)	(1.4)	(0.2)	(2.7)	(6.0)	1.0	(5.0)
EBIT								
3Q/2005	€ mill.	63.9	6.0	(0.1)	(1.2)	68.6	(8.7)	59.9
3Q/2004[1]	€ mill.	66.4	7.3	2.4	(1.7)	74.4	(7.0)	67.4
Q3/2005	€ mill.	22.5	5.8	(0.3)	(0.5)	27.5	(4.1)	23.4
Q3/2004[1]	€ mill.	26.4	6.5	1.3	(0.8)	33.4	(2.0)	31.4
EBT								
3Q/2005	€ mill.	58.2	1.7	(0.8)	(9.3)	49.8	(3.8)	46.0
3Q/2004[1]	€ mill.	60.9	3.4	1.9	(9.7)	56.5	(0.1)	56.4
Q3/2005	€ mill.	20.6	4.3	(0.6)	(3.2)	21.1	(2.1)	19.0
Q3/2004[1]	€ mill.	24.7	5.1	1.1	(3.5)	27.4	(1.0)	26.4
Net earnings/(deficit)[3]								
3Q/2005	€ mill.	36.2	1.8	(0.5)	(6.1)	31.4	(2.6)	28.8
3Q/2004	€ mill.	38.4	2.6	1.1	(5.8)	36.3	1.2	37.5
Q3/2005	€ mill.	12.5	3.3	(0.3)	(1.9)	13.6	(1.4)	12.2
Q3/2004	€ mill.	16.3	3.1	0.6	(2.1)	17.9	0.3	18.2
Capital expenditures (tangibles)								
3Q/2005	€ mill.	11.9	7.2	1.5	0.0	20.6	0.8	21.4
3Q/2004[1]	€ mill.	10.9	7.0	1.0	0.0	18.9	0.8	19.7
Q3/2005	€ mill.	3.3	2.5	0.3	0.0	6.1	0.4	6.5
Q3/2004[1]	€ mill.	3.7	2.0	0.5	0.0	6.2	0.7	6.9
Capital employed								
9/30/2005	€ mill.	478.9	244.9	42.0	254.6	1,020.4	(233.1)	787.3
12/31/2004	€ mill.	459.5	185.6	32.5	244.4	922.0	(231.8)	690.2
Total assets								
9/30/2005	€ mill.	608.5	404.5	51.3	257.5	1,321.8	(234.2)	1,087.6
12/31/2004	€ mill.	601.0	270.8	39.0	252.5	1,163.3	(142.0)	1,021.3
9-month average headcount								
3Q/2005		2,883	1,394	281	0	4,558	31	4,589
3Q/2004[1]		2,820	1,151	279	0	4,250	33	4,283

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

[2] Excl. write-down of financial assets

[3] Before P&L transfer

Vossloh AG's boards	
Executive Board	Burkhard Schuchmann, Chairman Milagros Caiña-Lindemann Werner Andree
Supervisory Board	Dipl.-Ing. Dr. Wilfried Kaiser, consultant, Munich, 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
Financial diary 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 (9/30/2005)	14,731,512
Stock price (9/30/2005)	€43.76
3Q/2005 high/low	€47.50/€36.11
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