Interim report as of June 30, 2005

The Vossloh Group at a glance

Group		H1/2005	H1/2004
Income statement data			
Net sales[1]	€ mill.	439.1	405.2
thereof Rail Infrastructure	€ mill.	277.4	238.7
Motive Power	€ mill.	143.5	139.3
Information Technologies	€ mill.	20.3	27.0
EBIT[1]	€ mill.	36.5	36.0
Net interest expense[1]	€ mill.	(9.5)	(6.0)
EBT[1]	€ mill.	27.0	30.0
Group earnings (total)	€ mill.	16.6	19.3
Earnings per share (EpS)	€	1.14	1.32
EBIT margin[1]	%	8.3	8.9
Pretax return on equity (ROE)[1]	%	16.4	20.2
Return on capital employed (ROCE)[1]	%	9.5	11.2
Balance sheet data			
Fixed assets	€ mill.	453.0	371.9
capital expenditures[2]	€ mill.	14.9	12.8
amortization/depreciation[1,2]	€ mill.	10.4	11.9
Working capital	€ mill.	318.8	270.3
Working capital ratio	%	36.3	33.2
Capital employed	€ mill.	771.8	642.2
Total equity	€ mill.	330.5	296.8
thereof minority interests	€ mill.	5.4	5.3
Net financial debt	€ mill.	258.7	215.4
Net leverage	%	78.3	72.6
Total assets	€ mill.	1,108.5	959.4
Equity ratio	%	29.9	30.9
Cash flow statement data			
Cash flow from operating activities	€ mill.	(7.4)	(3.2)
Cash flow from investing activities	€ mill.	(41.0)	(12.8)
Cash flow from financing activities	€ mill.	(26.4)	62.3
Change in cash & cash equivalents	€ mill.	(74.8)	46.3
Workforce			
Six-month (H1) average headcount[1]		4,629	4,296
thereof Rail Infrastructure		2,990	2,834
Motive Power		1,327	1,152
Information Technologies		282	277
Vossloh AG		30	33
Payroll-to-added value ratio[1]	%	75.4	74.3
Personnel expenses[1]	€ mill.	120.3	109.8
Share data			
Stock price at June 30	€	38.70	39.12
Market capitalization at June 30	€ mill.	570.1	571.4

[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 6 months ended June 30, balance sheet data being stated as of June 30. Where required, ratios have been annualized.

The Vossloh Group structure

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

Rail Infrastructure

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

Motive Power

Ultramodern Vossloh diesel locomotives have for years now been leading the way throughout Europe. Cost efficiency, flexibility and 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:

Despite the still troubled situation in the rail industry, the Vossloh Group looks back on a heartening H1/2005. Although sales were somewhat short of budget, we did manage to slightly exceed expected earnings. And so we are launching optimistically into the second half of the year which anyway is normally much stronger in terms of our business activities.

Our previous interim report had mentioned the necessary groupwide efficiency enhancement and cost reduction programs. The problems are most manifest at our Kiel location which is unable to repeat the high locomotive outputs of previous years. The chief reason for this is the lack of invitations to bid on the part of certain state rail authorities. We have nonetheless succeeded in maintaining our previous market shares.

The groundwork for the successful remolding of this location was laid in March 2005 through a basic agreement reached after protracted negotiations with the works council and the local trade union. Implementation of the measures agreed is proceeding to plan and most of them are due for completion by year-end.

The same applies to the integration of the Valencia-based locomotive plant acquired from Alstom as of April 1, 2005. Whereas Kiel builds diesel-hydraulic locomotives, Valencia is our plant for the diesel-electric variety. Hence, Vossloh can now cover the entire market for diesel locomotives. Vossloh España's capacities are already fully booked for the years ahead.

Regarding Valencia, we have plenty on our plate, including the development of a large six-axle locomotive with over 4,000-HP rating, for which there appears to be growing demand but which until now has been unavailable in this design on the European market. This locomotive's market potential we estimate at around 200 units for the period up to 2010—in Western Europe alone. Other target markets include Central & Eastern Europe, North Africa, and the Near & Middle East. This new mega-machine will make its public debut on the occasion of the world's biggest rail trade fair *InnoTrans* in Berlin in the fall of 2006.

Our Spanish acquisition has further cemented the Group's internationalization—as underscored by the H1/2005 figures where Vossloh's French business for the first time easily topped German. In fact, H1/2005 European sales (excluding Germany) totaled €322 million or around three-quarters of the Group's total revenues. This proportion emphasizes that Vossloh has meanwhile graduated into a European player and also shows that such a strong international base largely helps our group offset shrinking business in certain markets (like Germany at present) with incremental sales elsewhere.

We are confident as to all of 2005 even though we are shouldering a heavy burden due to the necessary restructuring work. However, as we have tackled the required tasks quickly and rigorously and have already implemented and will further implement the resulting measures, the positive impact will be felt as early as next year. Then, in 2006, the effects will have become even more manifest.

Vossloh AG
CEO

Burkhard Schuchmann

The German stock market in the second quarter of 2005 was largely influenced by the political scenario. Due to the announcement of early elections for the Bundestag and the related possibility of a change of government, the MDAX—the index including Germany's midsize companies—ascended to new heights. At April 1, 2005, it had started out at 5,695, falling to 5,465 on April 29, 2005, its lowest level for the quarter. This was followed by an upswing which by June 30, 2005, had surged to 6,322 for the MDAX, in all an 11.0-percent gain for the second quarter.

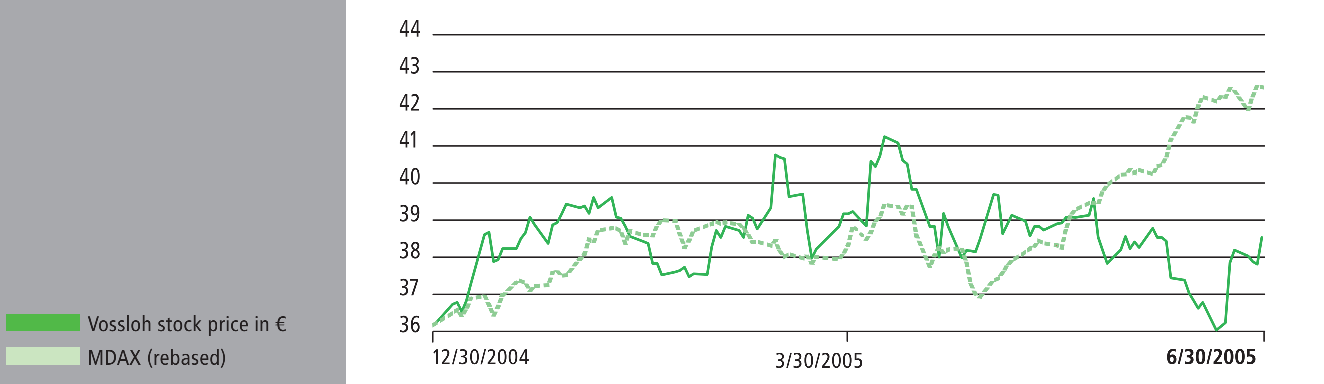
Vossloh stock failed to keep up with the Q2 market as such. On May 26, 2005, the price (reduced upon dividend payout) had still been as high as €38.35. Then, however, uncertainty on the part of a number of market players due to speculations by the press prompted profit-taking until the Q2 low of €36.11 on June 17, 2005. By the end of the quarter, the price had rallied appreciably to reach €38.70 (Xetra). In all of Q2/2005, Vossloh stock did suffer a 1.6-percent decline but, compared with year-end 2004, was still up by 6.5 percent.

The number of Vossloh shares traded in H1/2005 was around 4.1 million, equivalent to an average daily volume of around 33,000 of which the electronic system Xetra accounted for approximately 85 percent.

Out of the authorized but unissued capital approved by Vossloh AG's annual stockholders' meeting of June 25, 1998, altogether 91,289 new no-par bearer shares of common stock were issued in exchange for stock options exercised, such shares corresponding to €233,376.62 of the Company's total capital stock, which consequently rose as of end-June 2005 to €37,660,512.42, divided into 14,731,512 no-par bearer shares of common stock.

Vossloh stock is regularly reviewed by 14 financial analysts whose research reports appraise the stock for upward price potential. At present, around 85 percent recommend "buy," two analysts "hold." Upward price potentials range between €41 and €55, the mean being €45.65. 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 June 30, 2005



In the first six months (H1) of 2005, the Vossloh Group generated net sales of €439.1 million, 8.4 percent or €33.9 million up from the year-earlier €405.2 million.

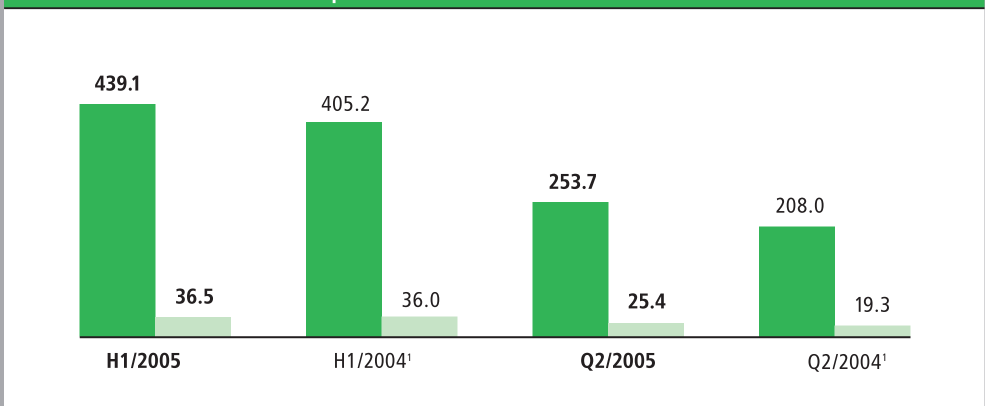
Whereas both the Rail Infrastructure and Motive Power divisions reported higher revenues, Information Technologies, the third division, posted reduced H1 sales of €20.3 million (down from €27.0 million).

The Fastening Systems, Switch Systems, and Infrastructure Services business units—which make up the Rail Infrastructure division—together generated H1 sales of €277.4 million (up €38.7 million from €238.7 million). Motive Power—comprising Vossloh Electrical Systems and Vossloh Locomotives—showed H1/2005 sales of €143.5 million (up from €139.3 million). The Valencia-based diesel locomotive plant taken over from Alstom as of April 1, 2005, and now operating as Vossloh España, contributed since its first-time inclusion in April, sales of €29.4 million. Even though the acquisition had not been closed back in January as originally planned, the Valencia revenues fully made up for the significant decline in sales by Vossloh Locomotives GmbH, Kiel, caused by the shortage of invitations to bid for diesel locomotives. In all, the Locomotives business unit generated sales of €108.5 million in H1/2005 versus €106.1 million in H1/2004.

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 cast the thickest clouds on Vossloh Locomotives GmbH 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 will quit in 2005. These retrenchments were fully provided for to the debit of the H1/2005 bottom line.

Despite these one-off burdens and the sharp rise in steel prices, the Vossloh Group's EBIT in H1/2005 advanced 1.4 percent, from €36.0 million to €36.5 million.

Sales and EBIT of the Vossloh Group



Sales (€ million)
EBIT (€ million)

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

However, the higher net interest expense (up by €3.5 million) also depressed H1/2005 group earnings to €16.6 million (down from €19.3 million). The heavier interest burden was mainly imposed by the increased net financial debt, which had risen when the acquisition of the Valencia-based locomotives plant was financed, and a generally slightly higher interest rate level.

Vossloh Group					
		H1/2005	H1/2004	**Q2/2005**	Q2/2004
Net sales[1]	€ mill.	439.1	405.2	253.7	208.0
EBITDA[1]	€ mill.	46.9	47.9	30.8	25.5
EBIT[1]	€ mill.	36.5	36.0	25.4	19.3
EBIT margin[1]	%	8.3	8.9	10.0	9.3
EBT[1]	€ mill.	27.0	30.0	20.6	16.3
Group earnings	€ mill.	16.6	19.3	13.1	10.8

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

The year-on-year Q2 comparison (three months ended June 30) shows a marked rise in sales and earnings: Q2/2005 sales surged 22.0 percent from €208.0 million to €253.7 million, and EBIT even outpaced this growth rate by soaring close to 32 percent, from €19.3 million to €25.4 million. Q2 group earnings climbed €2.3 million, from €10.8 million to €13.1 million.

Versus 2004, the H1 regional sales segmentation presented a percentage slump in German sales. While still at 31.8 percent of the total a year ago, H1/2005 sales accounted for a mere 17.7 percent.

In contrast, business in France boomed, French H1/2005 sales contributing almost one-quarter to the Group's total sales (up from 21.0 percent).

The business volume expansion in the remaining Euroland countries is also ascribable to the first-time inclusion of Vossloh España, which generated H1 sales of €26.8 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					
		H1/2005	H1/2004[1]	**Q2/2005**	Q2/2004[1]
Germany	€ mill.	77.9	128.8	44.1	65.0
France	€ mill.	110.1	85.1	59.8	46.7
Other Euroland	€ mill.	125.1	74.8	81.8	35.7
Other Europe	€ mill.	86.7	82.4	46.8	47.7
Total Europe	**€ mill.**	**399.8**	**371.1**	**232.5**	**195.1**
North America	€ mill.	5.7	7.3	4.0	2.3
Latin America	€ mill.	4.4	0.1	3.1	0.0
Total Americas	**€ mill.**	**10.1**	**7.4**	**7.1**	**2.3**
Asia	**€ mill.**	**23.6**	**17.6**	**11.0**	**8.8**
Other regions	**€ mill.**	**5.6**	**9.1**	**3.1**	**1.8**
Total	**€ mill.**	**439.1**	**405.2**	**253.7**	**208.0**

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

As of June 30, 2005, Vossloh's total assets grew 8.5 percent from the year-end 2004 balance of €1,021.3 million to €1,108.5 million.

In the first six months of 2005, working capital edged up by €15.6 million to €318.8 million, while capital employed rose by €81.6 million to €771.8 million. The first-time inclusion of Vossloh España considerably contributed to all increases (total assets, working capital, capital employed), this subsidiary reporting as of June 30, 2005, working capital of €6.2 million and capital employed of €61.6 million.

Vossloh Group				
		6/30/2005	12/31/2004	6/30/2004
Total assets	€ mill.	1,108.5	1,021.3	959.4
Total equity	€ mill.	330.5	331.1	296.8
Equity ratio	%	29.9	32.4	30.9
Working capital	€ mill.	318.8	303.2	270.3
Working capital ratio[1]	%	36.3	33.0	33.2
Fixed assets	€ mill.	453.0	387.0	371.9
Capital employed	€ mill.	771.8	690.2	642.2
ROCE[1]	%	9.5	15.3	11.2
ROE[1]	%	16.4	27.1	20.2
Net financial debt	€ mill.	258.7	171.1	215.4
Net leverage	%	78.3	51.7	72.6

[1] annualized

The funding of this acquisition, as well as the cash dividend payout in May and capital outlays of €14.9 million, all raised net financial debt from December 31, 2004, by €87.6 million to €258.7 million as of June 30, 2005. The Group's net leverage (i.e., the ratio of net financial debt to equity) jumped from 51.7 percent six months ago to now 78.3 percent.

At €1.2+ billion, the Vossloh Group's order backlog as of June 30, 2005, was substantially above both the year-earlier €1.0 billion and the year-end 2004 backlog of €0.8 billion. Orders on hand at Vossloh España accumulated to around €440 million by June 30, 2005.

At €277.4 million, Rail Infrastructure sales were a good 16 percent up over the year-earlier figure, Vossloh Infrastructure Services and Vossloh Switch Systems contributing to the increase.

With the EBIT margin slightly down, H1 EBIT at €41.4 million exceeded the prior-year €40.0 million.

Rail Infrastructure					
		H1/2005	H1/2004	**Q2/2005**	Q2/2004
Net sales	€ mill.	277.4	238.7	150.8	126.0
EBITDA	€ mill.	47.8	46.2	26.7	26.0
EBIT	€ mill.	41.4	40.0	23.5	22.8
EBIT margin	%	14.9	16.8	15.6	18.1

At €69.8 million, sales by Vossloh Fastening Systems matched the year-earlier volume. As in Q1/2005, the shortfall in domestic revenues was offset by incremental exports into the Netherlands and Turkey.

H1/2005 sales at Vossloh Switch Systems jumped 30 percent from €100.0 million to €130.0 million. Alongside further shipments of switches for various tram projects in France, it was again strong sales to Israel and Iran that prompted Q2 sales to rise.

H1 sales by Vossloh Infrastructure Services amounted to €87.5 million, also well up over the prior year's €72.4 million. Almost all of these revenues were generated in France, Luxembourg, and Belgium. Major shares of sales resulted from track and overhead conductor construction for tram projects in various French cities.

Rail Infrastructure				
		6/30/2005	12/31/2004	6/30/2004
Working capital	€ mill.	180.8	164.6	148.0
Working capital ratio[1]	%	32.6	32.0	31.0
Fixed assets	€ mill.	295.5	294.9	288.4
Capital employed	€ mill.	476.3	459.5	436.3
ROCE[1]	%	17.4	19.7	18.3

[1] annualized

The increase in trade receivables and inventories within Switch Systems raised the division's working capital, which climbed from €164.6 million a year ago to €180.8 million. Although H1 EBIT did move up, it was the higher capital employed that caused a shallow decline in annualized ROCE.

H1 sales by the Motive Power division added up to €143.5 million (up from the year-earlier €139.3 million), including the €29.4 million Q2 sales by the newly acquired diesel-electric locomotive production plant in Valencia, a member of the Locomotives business unit since April 1, 2005, and operating under the name of Vossloh España.

Despite the one-off burdens entailed by the restructuring program at the Kiel location, a sharp profitability improvement in Q2/2005 resulted in a black H1 EBIT of €0.2 million, meantime only slightly short of the year-earlier €0.8 million.

The Services business unit was sold off with economic effect as of January 1, 2005. For comparability reasons, this unit's contributions have been eliminated from the year-earlier accounts.

Motive Power					
		H1/2005	H1/2004	**Q2/2005**	Q2/2004
Net sales	€ mill.	143.5	139.3	91.3	67.5
EBITDA	€ mill.	3.4	5.2	5.8	0.3
EBIT	€ mill.	0.2	0.8	4.0	(2.1)
EBIT margin	%	0.2	0.6	4.4	(3.1)

Including Vossloh España's input, H1/2005 sales by Vossloh Locomotives reached €108.5 million (up from €106.1 million). As to order intake, this was equally shared by diesel-electric and diesel-hydraulic locomotives and hence despite the ongoing postponement of contracts by numerous European state railways, H1 orders booked for diesel-hydraulic locomotives were still up over the prior year's €71.0 million—one of the reasons being additional demand on the part of leasing companies. As of June 30, 2005, orders on hand at Vossloh Locomotives totaled €586.2 million (up from €256.4 million), €444.0 million of this backlog being in the order books of Vossloh España.

H1 sales by Vossloh Electrical Systems were likewise up, to €35.0 million versus the year-earlier €33.2 million. Besides the sales realized according to the percentage of completion from electrical equipment for trams and trolleybuses, Q2/2005 saw the delivery of the first trolleybuses destined for Geneva and the first of the K4500 trams for Cologne. Orders on hand at June 30, 2005, amounted to €190.9 million, expectedly short of the year-earlier €265.0 million which had included a megacontract.

Motive Power				
		6/30/2005	12/31/2004	6/30/2004
Working capital	€ mill.	114.7	121.6	113.5
Working capital ratio[1]	%	40.0	35.7	40.7
Fixed assets	€ mill.	121.6	64.0	60.6
Capital employed	€ mill.	236.3	185.6	174.1
ROCE[1]	%	0.2	10.0	0.9

[1] annualized

The advance in capital employed (due to the acquisition) and the one-off restructuring costs eroded ROCE.

Despite a conspicuous improvement from the preceding quarter, Information Technologies suffered appreciably from lackluster new business in Great Britain and Germany during Q4/2004 and Q1/2005. As a consequence, sales in H1/2005 at €20.3 million fell short of the prior year's €27.0 million as did H1 EBIT at €0.2 million, likewise under the prior year's.

Vossloh Information Technologies began to extend its sales network in Q2/2005. A cooperation agreement was signed with a distributor in Israel and a representative office opened in China.

Information Technologies					
		H1/2005	H1/2004	**Q2/2005**	Q2/2004
Net sales	€ mill.	20.3	27.0	13.6	14.4
EBITDA	€ mill.	0.8	1.8	1.2	1.4
EBIT	€ mill.	0.2	1.1	0.9	1.0
EBIT margin	%	0.8	4.2	6.6	6.7

The increase in trade receivables—because invoices were issued just before June 30, 2005—as well as the decrease in prepayments received and liabilities drove up working capital, which soared from €10.0 million a year ago to €19.9 million. Since EBIT plunged and working capital surged in H1, the annualized ROCE plummeted from 9.6 percent in 2004 to now 0.9.

Information Technologies				
		6/30/2005	12/31/2004	6/30/2004
Working capital	€ mill.	19.9	16.6	10.0
Working capital ratio[1]	%	49.1	25.7	18.6
Fixed assets	€ mill.	16.5	15.9	13.6
Capital employed	€ mill.	36.4	32.5	23.6
ROCE[1]	%	0.9	23.4	9.6

[1] annualized

Capital expenditures

H1/2005 capital expenditures by the Vossloh Group added up to €14.9 million (up from €12.8 million).

Additions to tangible assets					
		H1/2005	H1/2004	**Q2/2005**	Q2/2004
Rail Infrastructure	€ mill.	8.6	7.2	5.2	4.2
Motive Power	€ mill.	4.7	5.0	2.4	2.5
Information Technologies	€ mill.	1.2	0.5	0.9	0.2
Vossloh AG	€ mill.	0.4	0.1	0.2	0.1
Total	**€ mill.**	**14.9**	**12.8**	**8.7**	**7.0**

Rail Infrastructure expenditures centered on the Infrastructure Services (€5.6 million) and Switch Systems (€2.6 million) business units. Spending by Vossloh Infrastructure Services included outlays originally scheduled for the latter half of the year.

Motive Power spent €3.7 million on Vossloh Locomotives and another €1.0 million on Vossloh Electrical Systems. The Locomotives business unit's expenditures were virtually all capitalized development costs.

Research & development

H1/2005 R&D expenditures totaled €3.2 million (down from €4.3 million). In addition and according to IAS 38, Vossloh Locomotives capitalized development costs of €3.2 million for the period (up from €2.7 million). Not taken into account are the project-related development costs included in the cost of sales.

R&D efforts at Vossloh Fastening Systems focused on testing and further refining newly developed rail fasteners and on their installation in test circuits while Vossloh Switch Systems pushed ahead with the development of new switch systems for high-speed lines.

Motive Power research centered on new drive systems, alternative energy storage systems, innovative control technologies, and new types of vehicle data management systems.

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

Workforce

As of June 30, 2005, the Vossloh Group employed a worldwide workforce of 4,745, up 10.1 percent or 435 from June 30, 2004, chiefly due to the April 1, 2005, closing of the takeover of the Valencia-based locomotive plant (around 460 employees). Contrasting with this addition is the retrenchment due to restructuring at Kiel-based Vossloh Locomotives. The necessary steps will mean further headcount shrinkage at this location in the latter half of the year.

H1/2005 personnel expenses totaled €120.3 million, up 9.6 percent from €109.8 million, including €3.2 million restructuring costs. Excluding this nonrecurring burden, personnel expenses mounted €7.3 million or 6.6 percent mainly on account of the inclusion of the Valencia locomotive plant.

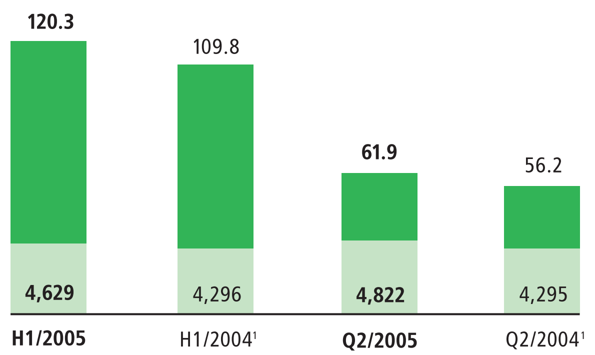
Group personnel expenses per capita (rounded) advanced by 1.6 percent, from €25,600 to €26,000. Sales per capita totaled €94,900 (up from €94,300).

The H1 ratio of payroll to value added rose from 74.3 percent in 2004 to 75.4 percent in 2005.

Headcount at	**6/30/2005**	12/31/2004[1]	6/30/2004[1]
Rail Infrastructure	2,890	3,005	2,847
Motive Power	1,552	1,131	1,152
Information Technologies	272	285	279
Vossloh AG	31	32	32
Total	**4,745**	**4,453**	**4,310**

[1] Services business unit deducted

Group workforce trend and personnel expenses



Personnel expenses (€ million)

Period's average headcount

[1] Services business unit deducted

Even though the takeover of the Valencia-based diesel locomotive plant was not closed as expected as of January 1, 2005, but only at April 1, 2005, group sales for 2005—while taking into account all presently foreseeable sales risks related to project contracts—should climb around 10 percent to about €1,013 million. Although this is a little short of the €1,060 million sales target most recently announced, from today's vantage point we still reckon that group earnings will reach the budgeted €47.4 million, with EBIT at a good €91 million. These are figures that already reflect the results of the groupwide efficiency enhancement and cost savings programs.

Interim financial statements as of June 30, 2005

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

Consolidated income statement

for the six months (H1) ended June 30, 2005

€ million	**H1/2005**	H1/2004	**Q2/2005**	Q2/2004
Net sales	439.1	405.2	253.7	208.0
Cost of sales	(349.4)	(322.0)	(200.7)	(164.3)
General administrative and selling expenses	(57.7)	(50.7)	(32.1)	(26.2)
R&D expenses	(3.2)	(4.3)	(1.4)	(2.2)
Other operating income/expenses, net	6.5	7.5	5.6	4.0
Operating result	**35.3**	**35.7**	**25.1**	**19.3**
Income from associated affiliates	0.6	0.5	0.3	0.2
Income from securities and other financial assets	0.1	0.0	0.1	0.0
Other financial results	0.5	(0.2)	(0.1)	(0.2)
Earnings before interest and taxes (EBIT)	**36.5**	**36.0**	**25.4**	**19.3**
Net interest expense	(9.5)	(6.0)	(4.8)	(3.0)
Earnings before taxes (EBT)	**27.0**	**30.0**	**20.6**	**16.3**
Income taxes	(9.5)	(10.1)	(7.3)	(5.5)
Net income from continuing operations	**17.5**	**19.9**	**13.3**	**10.8**
Minority interests	(0.3)	(0.6)	(0.2)	(0.3)
Net loss of discontinued operations	(0.6)	0.0	0.0	0.3
Group earnings	**16.6**	**19.3**	**13.1**	**10.8**
Earnings per share (EpS)				
Undiluted EpS (€)	1.14	1.32	0.90	0.74
Fully diluted EpS (€)	1.13	1.32	0.89	0.74

Consolidated statement of cash flows
for the six months (H1) ended June 30, 2005

€ million	H1/2005		H1/2004	
Cash flow from operating activities				
Net earnings incl. minority interests	16.9		19.9	
Amortization/depreciation/write-down (net after write-up) of fixed assets	10.4		12.3	
Other noncash expenses/income (net)	1.5		(0.5)	
Book gains/losses (netted) from the disposal of fixed assets	0.3		(3.4)	
Change in inventories, trade receivables and other assets allocable to operating activities	(50.4)		(24.2)	
Change in trade payables and other liabilities allocable to operating activities	13.9		(7.3)	
Net cash used in operating activities		(7.4)		(3.2)
Cash flow from investing activities				
Cash inflow from the disposal of intangible and tangible assets	0.5		5.2	
Cash outflow for additions to intangible and tangible assets	(14.9)		(12.8)	
Cash inflow from the disposal of financial assets	0.1		0.0	
Cash outflow for additions to financial assets	(2.3)		0.0	
Cash (outflow for additions to)/inflow from disposal of short-term securities	(0.4)		1.3	
Cash inflow from the divestment of consolidated subsidiaries and other units	0.0		0.0	
Cash outflow for the acquisition of consolidated subsidiaries and other units	(24.0)		(6.5)	
Net cash used in investing activities		(41.0)		(12.8)
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	(5.1)		(41.5)	
Net finance from medium- and long-term loans	(5.0)		123.7	
Net cash (used in)/provided by financing activities		(26.4)		62.3
Net (outflow)/inflow of cash & cash equivalents		(74.8)		46.3
Cash & cash equivalents at beginning of period		140.0		24.1
Cash & cash equivalents at end of period		65.2		70.4

Assets

€ million	6/30/2005	12/31/2004	6/30/2004
Total noncurrent assets	**485.3**	**413.3**	**394.0**
Intangible assets	332.2	276.0	272.8
Tangible assets	101.0	97.4	87.6
Investment properties	7.5	6.9	7.0
Financial assets	12.3	6.7	4.5
shares in unconsolidated subsidiaries	3.6	3.6	1.0
associated affiliates	0.9	1.4	1.4
other investments and long-term securities	1.8	1.6	2.0
long-term loans	6.0	0.1	0.1
Total fixed assets	453.0	387.0	371.9
Sundry noncurrent assets	6.8	5.5	7.0
Deferred tax assets	25.5	20.8	15.1
Total current assets	**623.2**	**608.0**	**565.4**
Inventories	219.1	169.0	202.4
Trade receivables	267.5	250.9	225.4
Due from unconsolidated subsidiaries and investees	4.2	3.8	5.1
Sundry current assets	66.1	43.6	61.6
Short-term securities	1.1	0.7	0.5
Cash & cash equivalents	65.2	140.0	70.4
	1,108.5	**1,021.3**	**959.4**

Equity & liabilities

€ million	6/30/2005	12/31/2004	6/30/2004
Total equity	**330.5**	**331.1**	**296.8**
Capital stock	37.7	37.4	37.4
Additional paid-in capital	40.1	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	16.6	57.2	19.3
Accumulated other comprehensive income (OCI)	(10.7)	(9.3)	(6.0)
Minority interests	5.4	5.8	5.3
Noncurrent liabilities and accruals	**346.9**	**309.9**	**330.0**
Noncurrent financial debts	209.6	191.4	257.0
Other noncurrent liabilities	24.6	44.4	6.7
Pension accruals	20.7	20.2	19.0
Other noncurrent accruals	70.3	36.6	37.8
Deferred tax liabilities	21.7	17.3	9.5
Current liabilities and accruals	**431.1**	**380.3**	**332.6**
Current financial debts	115.4	120.4	29.3
Trade payables	145.0	101.3	141.2
Due to unconsolidated subsidiaries and investees	2.6	4.3	4.8
Sundry current liabilities	105.3	96.1	101.5
Current accruals	62.8	58.2	55.8
	1,108.5	**1,021.3**	**959.4**

Statement of changes in equity

€ million	Capital stock	Additional paid-in capital	Treasury stock	Reserves retained from earnings	Undistrib-uted group profit	Group earnings	Accumulated OCI	Minority interests	**Total**
Balance at 12/31/2003	**37.4**	**37.8**	**(1.1)**	**167.6**	**0.0**	**55.5**	**(5.2)**	**5.6**	**297.6**
Stockholder-unrelated changes in equity:									
Carryover to new account					55.5	(55.5)			0.0
Transfer to reserves retained from earnings				36.4	(36.4)				0.0
Changes through initial consolidation								(0.1)	(0.1)
Net income for H1/2004						19.3		0.6	
Accumulated OCI from									
currency translation differences							1.0	0.1	
statement at fair value of financial instruments							(1.8)		
Comprehensive income						19.3	(0.8)		18.5
Minority interests								0.7	0.7
Stockholder-related changes in equity:									
Dividend payout					(19.0)			(0.9)	(19.9)
Balance at 6/30/2004	**37.4**	**37.8**	**(1.1)**	**204.0**	**0.1**	**19.3**	**(6.0)**	**5.3**	**296.8**
Stockholder-unrelated changes in equity:									
All other changes				(0.6)					(0.6)
Changes through initial consolidation				(0.2)				(0.1)	(0.3)
Net income for H2/2004						37.9		0.1	
Accumulated OCI from									
currency translation differences							0.6	0.3	
statement at fair value of financial instruments							(3.9)		
Comprehensive income						37.9	(3.3)		34.6
Minority interests								0.4	0.4
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 H1/2005						16.6		0.3	
Accumulated OCI from									
currency translation differences							0.2	0.0	
statement at fair value of financial instruments							(1.6)		
Comprehensive income						16.6	(1.4)		15.2
Minority interests								0.3	0.3
Stockholder-related changes in equity:									
Dividend payout					(19.1)			(0.7)	(19.8)
Capital increases from SOPs	0.3	2.1							2.4
Balance at 6/30/2005	**37.7**	**40.1**	**0.0**	**241.4**	**0.0**	**16.6**	**(10.7)**	**5.4**	**330.5**

(1) Introduction

The consolidated interim financial statements as of June 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 June 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, 24 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:

		H1/2005	H1/2004
Weighted average number of shares		14,642,096	14,604,293
Dilutive shares from stock options under the ESOP and LTIP		19,469	44,246
Fully diluted weighted average number of shares		14,661,565	14,648,539
Group earnings	€ mill.	16.6	19.3
Undiluted (basic) EpS	**€**	**1.14**	**1.32**
Fully diluted EpS	€	1.13	1.32

(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*

		H1/2005	H1/2004	**Q2/2005**	Q2/2004
Income	€ mill.	0.0	2.0	0.0	1.0
Expenses	€ mill.	(0.9)	(2.0)	(0.0)	(0.5)
Loss on disposal	€ mill.	(0.1)	(0.0)	(0.0)	(0.0)
Pretax (loss)/profit	€ mill.	(1.0)	0.0	0.0	0.5
Tax expense	€ mill.	0.4	0.0	0.0	(0.2)
Net (loss)/income	**€ mill.**	**(0.6)**	**0.0**	**0.0**	**0.3**

(6) Cash flow statement

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

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

		H1/2005	H1/2004
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)**	**0.0**

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								
H1/2005	€ mill.	277.4	143.5	20.3	(2.2)	439.0	0.1	439.1
H1/2004[1]	€ mill.	238.7	139.3	27.0	0.0	405.0	0.2	405.2
Q2/2005	€ mill.	150.8	91.3	13.6	(2.1)	253.6	0.1	253.7
Q2/2004[1]	€ mill.	126.0	67.5	14.4	0.0	207.9	0.1	208.0
Amortization/depreciation[2]								
H1/2005	€ mill.	6.4	3.2	0.6	0.0	10.2	0.2	10.4
H1/2004[1]	€ mill.	6.2	4.4	0.7	0.0	11.3	0.6	11.9
Q2/2005	€ mill.	3.2	1.8	0.3	0.0	5.3	0.1	5.4
Q2/2004[1]	€ mill.	3.2	2.4	0.4	(0.1)	5.9	0.3	6.2
Net interest result								
H1/2005	€ mill.	(3.8)	(2.8)	(0.4)	(5.4)	(12.4)	2.9	(9.5)
H1/2004[1]	€ mill.	(3.8)	(2.5)	(0.3)	(5.3)	(11.9)	5.9	(6.0)
Q2/2005	€ mill.	(2.0)	(1.4)	(0.2)	(2.8)	(6.4)	1.6	(4.8)
Q2/2004[1]	€ mill.	(1.9)	(1.3)	(0.2)	(2.4)	(5.8)	2.8	(3.0)
EBIT								
H1/2005	€ mill.	41.4	0.2	0.2	(0.7)	41.1	(4.6)	36.5
H1/2004[1]	€ mill.	40.0	0.8	1.1	(0.9)	41.0	(5.0)	36.0
Q2/2005	€ mill.	23.5	4.0	0.9	(0.3)	28.1	(2.7)	25.4
Q2/2004[1]	€ mill.	22.8	(2.1)	1.0	(0.3)	21.4	(2.1)	19.3
EBT								
H1/2005	€ mill.	37.6	(2.6)	(0.2)	(6.1)	28.7	(1.7)	27.0
H1/2004[1]	€ mill.	36.2	(1.7)	0.8	(6.2)	29.1	0.9	30.0
Q2/2005	€ mill.	21.5	2.6	0.7	(3.1)	21.7	(1.1)	20.6
Q2/2004[1]	€ mill.	20.9	(3.4)	0.8	(2.7)	15.6	0.7	16.3
Net earnings/(deficit)[3]								
H1/2005	€ mill.	23.7	(1.5)	(0.2)	(4.2)	17.8	(1.2)	16.6
H1/2004	€ mill.	22.1	(0.5)	0.5	(3.7)	18.4	0.9	19.3
Q2/2005	€ mill.	13.8	1.6	0.3	(1.8)	13.9	(0.8)	13.1
Q2/2004	€ mill.	12.9	(1.6)	0.5	(1.8)	10.0	0.8	10.8
Capital expenditures (tangibles)								
H1/2005	€ mill.	8.6	4.7	1.2	0.0	14.5	0.4	14.9
H1/2004[1]	€ mill.	7.2	5.0	0.5	0.0	12.7	0.1	12.8
Q2/2005	€ mill.	5.2	2.4	0.9	0.0	8.5	0.2	8.7
Q2/2004[1]	€ mill.	4.2	2.5	0.2	0.0	6.9	0.1	7.0
Capital employed								
6/30/2005	€ mill.	476.3	236.3	36.4	255.3	1,004.3	(232.5)	771.8
12/31/2004	€ mill.	459.5	185.6	32.5	244.4	922.0	(231.8)	690.2
Total assets								
6/30/2005	€ mill.	603.0	388.8	46.5	254.6	1,292.9	(184.4)	1,108.5
12/31/2004	€ mill.	601.0	270.8	39.0	252.5	1,163.3	(142.0)	1,021.3
6-month average headcount								
H1/2005		2,990	1,327	282	0	4,599	30	4,629
H1/2004[1]		2,834	1,152	277	0	4,263	33	4,296

[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.-Vwt. Dr. rer. pol. Karl Josef Neukirchen, former CEO of mg technologies ag, Bad Homburg, Chairman
	Dipl.-Kfm. Dr. Jürgen Blume, sworn public auditor and tax accountant, Bad Bentheim, Vice-Chairman
	Dipl.-Ing. Dr. Wilfried Kaiser, consultant, Munich
	Wolfgang Klein, galvanizer, Werdohl
	Wilfried Köpke, engineering designer, Kiel
	Peter Langenbach, lawyer, Wuppertal
Financial diary 2005	
Publication of interim report	
as of September 30	October 25, 2005
Press conference	December 9, 2005
Meeting with DVFA analysts	December 9, 2005
Financial diary 2006	
Publication of financial information 2005	March 2006
Press conference	March 2006
Meeting with DVFA analysts	March 2006
Annual stockholders' meeting	May 24, 2006
Investor Relations	
Contact	Christiane Konrad
Email	investor.relations@ag.vossloh.com
Phone	(+49-2392) 52-249
Fax	(+49-2392) 52-264
Vossloh stock details	
ISIN	DE0007667107
Traded at	Xetra, Düsseldorf, Frankfurt, Berlin,
	Bremen, Hamburg, Hannover,
	Stuttgart, Munich
Index	MDAX
No. of shares (6/30/2005)	14,731,512
Stock price (6/30/2005)	€38.70
H1/2005 high/low	€41.87/€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 (+49-23 92) 52-0
Fax (+49-23 92) 52-219