

2003 Events

June 25 Annual General Meeting,
IHK, Augsburg

Service

We will be happy to supply you with all relevant information on our company. Simply send us the enclosed post card by mail or fax (+49 (0)8 21/55 84-12 04). You may also opt to have your name added to our mailing list so that we can supply you with information on a regular basis. Your personal details will be treated confidentially.

From _____

Name First name _____

Company _____

Street address _____

Postal code City _____

Fax _____

E-mail _____

WashTec AG
Investor Relations
Postfach 11 11 69

86147 Augsburg



KEY FIGURES

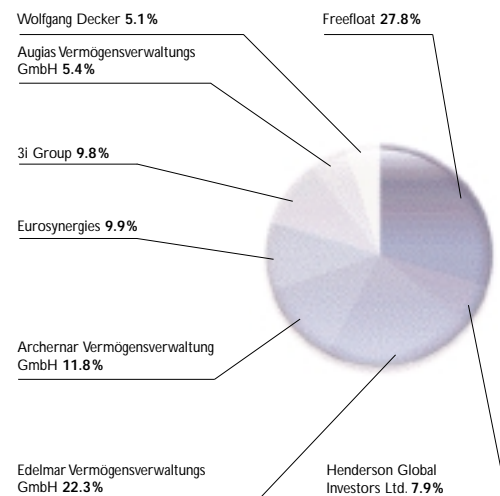
	2002	2001
	in EUR million	in EUR million
Sales revenues	235.5	256.2
- domestic	99.6	112.7
- international	135.9	143.5
EBITDA	5.5	25.0
EBIT	-7.5	13.5
Financial results	-8.6	-9.1
EBT	-16.1	4.3
Net profit/loss for the year	-14.1	1.6
Diluted/undiluted earnings per share in EUR	-1.85	0.21
Dividend in EUR	-	0.10
Employees*	1,688	1,764
Personnel expenses	88.4	88.6
Personnel expenses ratio	37.1%	33.7%
Raw materials and supplies	102.1	110.9
Raw materials and supplies ratio	42.9%	42.3%
Capital expenditure	10.8	9.7
Cash flow from current operations	21.0	6.5
Net cash flow	8.4	-10.8
Total assets	224.4	246.1
Equity	25.5	40.1

* annual average

WASHTEC AG SHARES HELD BY MEMBERS OF THE EXECUTIVE AND SUPERVISORY BOARDS AS PER DECEMBER 31, 2002

Executive Board	Number/Type
Wolfgang Decker	385,440 shares
Sabine Decker	4,850 shares
	Registered convertible bonds Value : € 76,700
	40,000 option rights
Dirk Brunnengräber	0
Supervisory Board	
Prof. Dr. Ing. Kari Eugen Becker	0
Dr. Peter Brütt	0
Dr. Merten Burgdorf	28,325 shares (28,324 owned by his spouse)
Bernd Kosegarten	0
Dr. Hanno Monauni	0
Robert A. Osterrieth	0

SHAREHOLDER STRUCTURE OF WASHTEC AG



WashTec AG
 Argonstraße 7
 86153 Augsburg
 Postfach 11 11 69
 86147 Augsburg
 Telefon +49 (0)8 21/55 84-0
 Telefax +49 (0)8 21/55 84-12 04
 washtec@washtec.de
 www.washtec.de

I am interested in WashTec AG. Please send me your:

Annual reports Mail E-mail Press information (e-mail only)

Please include me in your mailing list

Please send me information on your products:

Car wash installations Train wash equipment

Commercial vehicle wash equipment _____

I am a:

Private investor
 Institutional investor Institution _____
 Analyst Institution _____
 Journalist Medium _____
 _____ Company _____

Letter to our shareholders

2

Innovation

4

2002 facts & figures

5

Corporate governance at WashTec

7

WashTec - the share

8

Report of the Supervisory Board

9

2002 Group financial
statements to IAS

26

2002 financial statements of
WashTec AG to HGB

57



Dear shareholders,

2002 turned out to be a highly challenging year for our company. Apart from the continuing deterioration of general economic sentiment, WashTec's German operations were specifically affected by consolidation in the petrol industry, where the BP/Aral and Shell/DEA mergers put the brakes on capital spending. The shortfalls in capital spending recorded in the first half of the year were not compensated for during the rest of the period. The restructuring measures decided and launched at the end of 2001 were not sufficient to offset the downturn in profits which was largely caused by the market-related decline in sales. Faced with an unsatisfactory operating result, we will push ahead the restructuring of the WashTec Group at a clearly higher pace in FY 2003.

Innovative products to secure the market position
Despite the adverse market environment, WashTec successfully defended its number one position in the market. We intend to consolidate this leading position in 2003 through the introduction of SoftCare, a new line of products which will replace the CK and Softwash brands in the roll-over segment of the car wash market. Developed under our best-practice policy, these roll-over washes offer the combined benefits of the California Kleindienst and Wesumat product families. The launch of WashTec SoftCare marks the completion of the post-merger streamlining of our product portfolio. The two models presented at the "automechanika" trade fair, SoftCare Intro and SoftCare Pro, have been very well received all-round. Our strong market position is also reflected in the fact that WashTec was a successful bidder for all contracts put out to tender by the major petrol companies last year.

Our Systems Business showed a gratifying development, as our full-service operator concept was progressively accepted in the marketplace, underlining our position as a full-service provider. This business contributed EUR 0.5 million in profits in 2002.

FY 2003 sees focus on comprehensive restructuring
A comprehensive improvement of the cost structures has been defined as the company's top priority in FY 2003. In light of the negative profitability, all businesses of the WashTec Group will be reviewed to determine their current and future profit earning capability. Loss-making and marginally profitable activities will be discontinued or reorganized. The company has retained the firm of Roland Berger Strategy Consultants to analyze the Group's restructuring potential and to draft a restructuring plan. The planned closure of the Schöllkrippen production plant will make a decisive contribution to an improvement of the cost structures. This closure is a first step towards a concentration of the Group's production sites. Some 100 out of the 182 employees affected have been offered new jobs in Augsburg. The concentration on a single location will allow for more efficient processes, leading to lower overhead and complexity costs.

This is only one element of a cost cutting programme designed to improve profits by more than EUR 20 million during the current financial year and the following two financial years. While certain initial effects will already be felt in 2003, the restructuring charges will weigh heavily on FY 2003 profits. We expect the company to return to profitability in 2004.

Market development

Building on the success at "automechanika", the world's leading trade fair for auto service and petrol station equipment, as well as the successful bids in last year's tenders, WashTec was able to record brisk new order activity already in the 4th quarter of 2002 when new orders were up 21% compared to the same period of the previous year. This trend has continued into the current year, resulting in a year-on-year increase in sales during the first months of the year. This development has mainly been supported by a pickup in domestic business. International orders are expected to show a steady trend. Taking into account the streamlined product range, we expect full-year sales for FY 2003 to come in slightly below the level recorded in 2002.

Generational change on the Executive Board

The financial year 2002 was also marked by management change at WashTec. Dirk Brunnengräber was appointed Executive Board member in charge of Production and Technology already in August 2002, succeeding Dietmar Waldemar Mundil, whose contract expired in September 2002. Wolfgang Decker, the long serving Chairman of the Executive Board of WashTec AG, retired from the Board effective January 31, 2003, shortly after completion of the financial year. In this context, responsibilities on the Executive Board were reorganized. Jürgen Lauer joined the Board in January 2003 and is in charge of Finance while Sabine Decker is in charge of Sales. At its meeting on April 28, 2003, the Supervisory Board delegated Johannes Kehr to the company's Executive Board for the duration of one year pursuant to §105 (2) AktG. While Johannes Kehr will serve as the Speaker of the Executive Board for the duration of his delegation, he will also be in charge of Service as well as



overseeing the ongoing restructuring programme. Both Mr Mundil and Mr Decker will remain available to the company in an advisory capacity in the future so that the company will be able to benefit from their industry expertise. On behalf of all employees, the Executive Board thanks both gentlemen for their long years of service to the company.

WashTec on the stock market

The WashTec share price continued to decline in the largely unfavourable stock market environment prevailing during 2002, marking the lowest point - at EUR 1.20 - since the flotation of the company. The management aims to raise the valuation of the company, and thereby the share price, through sustained improvements in the company's operation. The Executive Board and the employees have accepted the challenges of the current financial year. We are convinced that WashTec will emerge from the thorough reorganization as a world market leader poised to realize its profitability targets.

Augsburg, May 2003

Johannes Kehr
Speaker of the Executive Board

Dirk Brunnengräber
Production

Sabine Decker
Sales

Jürgen Lauer
Finances



“automechanika”, the world’s leading trade fair for auto service and petrol station equipment, once again emphasized WashTec’s position as the innovation leader in our industry. We presented SoftCare, a new generation of machines which will progressively replace the roll-over washes so far marketed under the California Kleindienst and Softwash brands. Developed under our best-practice policy, the SoftCare series embodies all the advantages and benefits of its two predecessors. At the same time, it offers an all-new level of reliability and customizability. Its launch marks the completion of the post-merger streamlining of the two companies’ product ranges. The market’s initial response to the SoftCare series has been positive all-round.

In addition to this highlight, we introduced AquaX, a chemical-free water reclaim system which will allow us to satisfy the steadily increasing demand for this type of equipment.

SoftCare Intro - for the highest level of functionality
SoftCare Intro meets the car wash needs of auto dealerships, car rentals, service shops and petrol stations with low-to-medium throughput. Combining a space-saving design with impressive performance and economical operation, this car wash is designed for the highest level of functionality. While retaining the installation width of its predecessors, SoftCare Intro accommodates wider vehicles. All processes are microprocessor-controlled to ensure an optimum washing result and autodiagnostic capabilities are designed into the equipment. In the eventuality of a failure the system can use cellular phone technology to send an SMS text message to the WashTec service centre, allowing for an even faster and efficient response.

SoftCare Pro - for a perfect car wash business

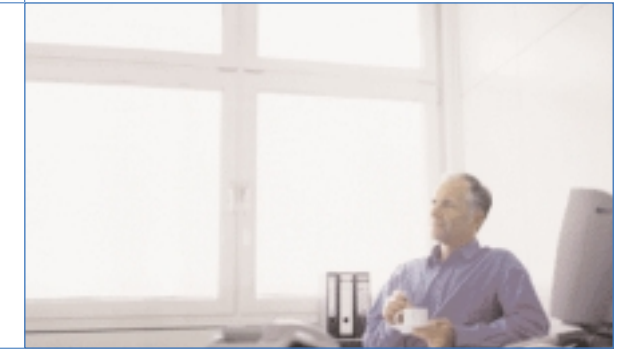
The new SoftCare Pro is designed for sites handling a substantial car wash throughput. The drive-in side of this new model can be customized using a wide variety of different designs. This way the car wash can be customized to fit in with the general appearance of the site. Equipped with a “smart microprocessor”, the system “reads” the contours of each car which can thus be recognized as belonging to a particular vehicle category. Having captured the required data, the system automatically adjusts the positions of the brushes and the washing sequence to suit the different needs of compact cars, limousines or small delivery vans.

SofTecs® - cleaning with care

SofTecs® is a special polyethylene-based material which cleans vehicle surfaces in a particularly caring, non-abrasive manner. The typical traces of abrasion left behind by many conventional brushes are now a thing of the past - foamed polyethylene will clean even the most sensitive paintwork thoroughly and carefully. Long-term tests have demonstrated that this new material will deliver a consistent cleaning performance for a longer service life than any alternative material commercially available today.

AquaX - chemical-free water reclaim technology

Developed by WashTec, AquaX is a water reclaim system which requires no flocculation agents or other chemical additives. Using a purely physical process, the chemical-free system feeds the processed water back to the supply tank for renewed use, benefiting the environment and the operator’s bottom line in equal measure.



Even though WashTec was able to consolidate its number one position in the marketplace and in spite of the fact that the company was a successful bidder in all 2002 tenders put out by the petrol industry, sales declined by 8% year-on-year to EUR 235.5 million.

This development was mainly due to the spending restraint resulting from the merger activity in the German petrol industry, with the sluggish German economy also playing a role. International sales held steady at the previous year’s level, accounting for approximately 58% of total sales.

The business development in 2002 remained clearly below expectations. The shortfalls in revenues recorded in the first half of the year were not compensated for during the second half of the year. Fourth quarter figures, in particular, came in clearly below expectations.

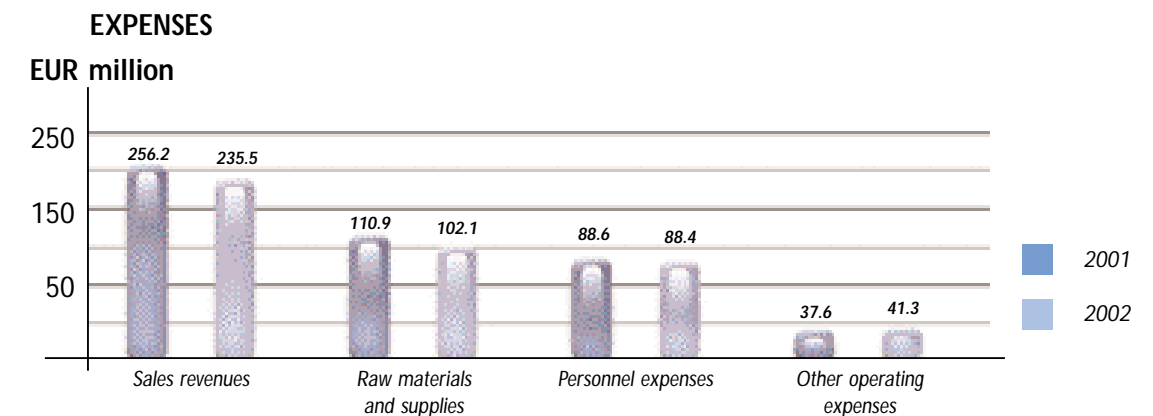
The raw materials and supplies ratio was 42.9%, compared to 42.3% in the previous year. The introduction

of the new SoftCare roll-over washes will allow for a significant medium-term reduction of the ratio.

Personnel expenses amounted to EUR 88.4 million. Special effects such as provisions for old-age part time work as well as severance payments meant that personnel expenses did not decline over the previous year (EUR 88.6 million) despite the restructuring measures taken. The personnel costs ratio rose to 37.1%.

Other operating expenses rose from EUR 37.6 million to EUR 41.3 million, which was also due to special effects such as write-offs on receivables and inventories as well as provisions for contingencies and warranty claims.

EBITDA declined from EUR 25.0 million to EUR 5.5 million. This decline includes non-recurrent effects amounting to EUR 11 million.





Compared to the previous year, financial expenditure was reduced to EUR 8.6 million (EUR 9.1 million). The positive cash flow generated in the past financial year allowed for a reduction of the available credit lines by EUR 4 million at year-end.

The Group's total assets contracted from EUR 246.1 million to EUR 224.4 million.

Improved debtor management resulted in a reduction of trade receivables by EUR 14.0 million to EUR 53.9 million. Inventories declined from EUR 42.0 million to EUR 39.3 million.

Due to the loss reported for the year, shareholders' equity declined to EUR 25.5 million (previous year: EUR 40.1 million). Successful completion of the current restructuring programme should result in a material improvement of the equity ratio which currently stands at 11%.

Outlook

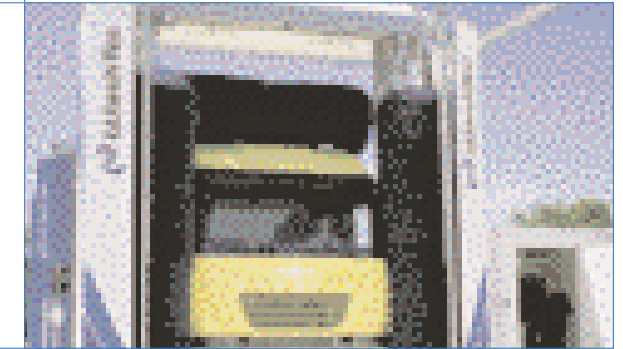
The company's top priority in FY 2003 is to make progress towards much leaner cost structures. This will require an additional set of aggressive measures including the continued centralization of processes both in production and administration.

A thorough analysis together with Roland Berger Strategy Consultants was completed around the end of the first quarter.

The implementation of the required measures was launched immediately after completion of the study. Initial effects are to become visible already in the current financial year.

Already in January the company announced the concentration of the roll-over wash production in Augsburg. The pooling of production sites has been facilitated by the launch of the new SoftCare generation. The Group-wide restructuring programme has identified and defined measures to be implemented over a three-year period in order to release potential profits in excess of EUR 20 million. Loss-making units will be reorganized or discontinued.

The company's 2003 profitability will be significantly impacted by the streamlining of the product range, a slight year-on-year decline in sales and the required restructuring expenses. However, the Board expects to report a material improvement in 2004 and assumes that an EBIT margin of 8% can be achieved in the medium term.



The Executive Board and the Supervisory Board of WashTec AG share the objectives of the German Corporate Governance Code which promotes responsible, transparent management and control aimed at a sustained improvement of the company's value. We have decided to endorse the five sections of the Code in essence.

At their meetings on December 10, 2002, the Executive Board and the Supervisory Board decided to implement the recommendations published by the Government Commission save for the exceptions detailed below and to issue the following declaration of conformity:

The company has adopted the German Corporate Governance Code on corporate management and control as proposed by the Commission appointed by the German government. Save for the exceptions set out in detail below, the company has endorsed the Code and will comply with its provisions in the future:

3.8. D&O insurance:

The D&O insurance does not include a deductible.

5.1.2. Age limit for members of the Executive Board:

The rules of procedure for the Executive Board do not stipulate an age limit.

5.4.1. Age limit for members of the Supervisory Board:

No age limit is stipulated for members of the Supervisory Board of WashTec AG.

5.4.5. Supervisory Board compensation model:

The compensation model for the Supervisory Board does not contain any variable components. No additional compensation is paid to the chairperson or to members serving on Supervisory Board Committees.

7.1.1., 7.1.2. Publication of Group accounts and interim reports:

Both the Group accounts and the interim reports are prepared to international accounting standards. The Group accounts are published within 120 days after the end of the financial year; interim reports are published within 60 days after the end of the respective period. This policy complies with the recommendations of Deutsche Börse AG, the operator of the German stock exchanges.

This declaration of compliance has been posted on the Internet at www.washtec.de.

In the meantime, the Supervisory Board has adopted the following decisions:

3.8. D&O insurance:

The premium payable for the Supervisory Board's portion of the D&O insurance will be borne by the Supervisory Board itself.

5.1.2. Age limit for members of the Executive Board:

The rules of procedure for the Executive Board do stipulate an age limit.

Augsburg, May 2003

The Executive Board

The Supervisory Board



Transparent communication

The Executive Board of WashTec AG regularly reports on the company's business development to the shareholders. Analysts and journalists were briefed on current developments and the company's outlook at the November 2002 Financial Forum in Frankfurt am Main as well as on the occasion of numerous private meetings. Last year also saw a redesign of the company's website which offers shareholders and investors expanded information on WashTec AG since September 2002.

Share price

The past financial year was characterized by a negative stock market sentiment, as insecurities regarding economic trends led to marked investor restraint, resulting in a continued decline of the major market indices. The German DAX index lost more than 40% between January 1 and December 31, 2002, with the SMAX index contracting by approximately one third during the same period. The WashTec share price largely tracked the trend of the SMAX-All-Share Performance Index and the CDAX-Machinery Performance Index; March and April saw a brief upturn in the stock price which did not continue, however.

Liquidity

The daily trading volume in 2002 averaged 4445 shares (previous year: 1717 shares). This strong year-on-year increase is due to the high daily trading volume recorded in the first half of the year, when an average of 8796 shares were traded each day. Trading activity declined significantly in the second half of year, when the average number of shares traded was down to 1515, i.e. below the previous year's level. Most shares were traded on the floor or through the electronic trading system of the Frankfurt Stock Exchange.

WashTec and Germany's new stock market index system

When Deutsche Börse AG introduced its new index structure in 2002, WashTec AG decided to list its shares in the General Standard segment for the time being. The decision not to seek a listing in the Prime Standard segment was mainly driven by cost considerations. The company's top priority in the current business year is to focus all available resources on its operating business. WashTec AG remains committed to providing investors with comprehensive and transparent information in a timely and detailed manner. Management's goal is to raise the shareholder value through sustained success in the company's business operations.

THE SHARE	
	EUR
Number of shares	7,600,000
Market capitalization at year-end	10,500,000
Share price, annual high	4.25
Share price, annual low	1.20
Share price, annual average	2.5243

In accordance with its statutory obligations and its duties under the company's corporate charter, the Supervisory Board constantly monitored the company's situation and development during the financial year 2002. The Supervisory Board advised and supervised the Executive Board both with regard to its planned business policies and regarding fundamental management issues.

The Supervisory Board was regularly kept informed by the Executive Board as regards the 2002 business trend, deviations from the budgets, the situation of the company as well as significant events and plans. This information was provided in written and oral form. The Executive Board coordinated the company's strategic orientation with the Supervisory Board which also received regular progress reports on the implementation of the restructuring programme. All transactions requiring Supervisory Board approval or deemed to be of particular importance were scrutinized at Supervisory Board meetings.

In order to optimize its work, the Supervisory Board set up a General Committee and an Audit Committee. During the financial year 2002, the Supervisory Board held nine meetings at which a close look was taken at the situation and development of WashTec AG in a challenging economic environment, the 2001 annual accounts and Group accounts, appointments and the Board's risk control systems. The Supervisory Board convened at least once in each quarter. No member of the Supervisory Board attended fewer than seven meetings.

The deliberations of the Supervisory Board focused on the effects of the declining sales volume as well as on the Executive Board's implementation of the

restructuring programme which was monitored and supported by the Supervisory Board.

The budget for the year 2003 as well as the business plan for the subsequent years were discussed and authorized by the Supervisory Board following a briefing by the Executive Board which provided detailed information on the production, sales, development, personnel and financial budgets and plans.

At its meeting on December 10, 2002, the Supervisory Board was instrumental in the company's adoption, subject to the exceptions detailed in the declaration of conformity, of the German Corporate Governance Code recommended by the government commission. The Supervisory Board of WashTec AG shares the objectives of the Corporate Governance Code which aims to promote responsible and transparent corporate management in order to increase the value of the company. The Supervisory Board welcomes the introduction of the code, considering it an important step in the evolution both of the legal framework and the day-to-day practice of corporate management and control in Germany.

The financial statements and consolidated financial statements to IAS of WashTec AG for the year ended December 31, 2002 as well as the combined management report of WashTec AG established by the Executive Board of WashTec AG were audited by Ernst & Young Deutsche Allgemeine Treuhand AG, Munich, and received their unqualified audit certificate. In the context of their audit, the auditors had to assess whether the Executive Board has taken the required statutory measures, in particular whether the company has put in place a monitoring system which allows for early identification of developments



that could jeopardize the company's continued existence. With regard to the early warning system, the auditors stated that the Executive Board has taken the measures required under § 91 (2) of the German Stock Corporation Law (AktG) and that these measures are suitable for the early identification of developments that could jeopardize the continued existence of the company and the Group.

The Supervisory Board meeting on May 8, 2003 focused on the audited financial statements and the audited consolidated financial statements as well as the combined management report. The requisite documents had been made available to all members for timely inspection and were discussed in detail with the Executive Board in the presence of the auditors who reported on the results and the focus of their audit. All questions posed by members of the Supervisory Board were answered exhaustively. The Supervisory Board approved the result of the audit. No objections were raised against the final result of the audit. The Supervisory Board approved the financial statements and the consolidated financial statements prepared by the Executive Board at its meeting on May 8, 2003. The financial statements are thus formally deemed approved and accepted.

Having been elected by the annual general meeting, the new Supervisory Board convened on June 20, 2002 and re-elected Dr. Märten Burgdorf as its chairman. Dr. Märten Burgdorf resigned for health reasons with immediate effect in February 2002. Dr. Peter Brütt and Dr. Hanno Monauni resigned from the Supervisory Board in February 2003. The Augsburg local court appointed Michael Busch and Alexander von Engelhardt new members of the Supervisory Board on March 4, 2003; on April 7,

2003, the court appointed Johannes Kehr as a new member of the Supervisory Board. At its meeting on March 26, 2003, the Supervisory Board elected Alexander von Engelhardt chairman of the Supervisory Board. Following the above described changes on the Supervisory Board, the general committee is now composed of Alexander von Engelhardt (chairman), Bernd Kosegarten and Robert A. Osterrieth while the audit committee is composed of Bernd Kosegarten (chairman), Prof. Dr. Karl-Eugen Becker and Robert A. Osterrieth.

The Supervisory Board appointed Dirk Brunnengräber as new member of the Executive Board in charge of technology effective August 1, 2002, given that Waldemar Mundil's contract expired on September 30, 2002. In the context of a generational change on the Executive Board, Wolfgang Decker retired from the Executive Board effective January 31, 2003. In this context, responsibilities on the Executive Board were reorganized. Sabine Decker took over responsibility for Sales. Jürgen Lauer was appointed as a new member of the Executive Board in charge of finance effective January 20, 2003. At its meeting on April 28, 2003, the Supervisory Board delegated Johannes Kehr to the company's Executive Board for the duration of one year pursuant to §105 (2) AktG effective May 1, 2003. While Johannes Kehr will serve as the Speaker of the Executive Board for the duration of his delegation, he will also be in charge of overseeing the ongoing restructuring.



The Supervisory Board would like to express its thanks to all retired members of the Supervisory Board as well as to all Executive Board members for the work performed; the Supervisory Board expressly appreciates the commitment shown by all employees and their representatives.

Augsburg, May 2003

The Supervisory Board

Alexander von Engelhardt
Kronberg
Chairman of the Supervisory Board
Businessman

- Chairman of the Supervisory Board:
Singulus Technologies AG (Kahl Main)
- Vice Chairman of the Supervisory Board:
Dr. Schmidt AG & Co (Berlin),
K. u. M. Möbel AG (Kirchlengern)
- Member of the Supervisory Board:
Gütermann AG (Gutach),
Comline AG (Hamburg),
Tarkett-Sommer AG (Frankenthal)

Bernd Kosegarten
Hamburg
Vice Chairman of the Supervisory Board
- Member of the Supervisory Board:
IENOPTIK PHOTONICS AG

Prof. Dr.-Ing. Karl Eugen Becker
Gauting
Member of the Supervisory Board
- Chairman of the Supervisory Board:
Data Modul AG (Munich),
TÜV Süddeutschland Holding AG (Munich)

- Member of the Supervisory Board:
Hans Einhell AG (Landau/Isar)

Michael Busch
Berlin
Member of the Supervisory Board
Management consultant
- Vice Chairman of the Supervisory Board:
Kampa AG (Minden)

- Member of the Supervisory Board:
Sto AG (Stuhlingen)

Johannes Kehr
Weißenhorn
Member of the Supervisory Board
Management consultant
- delegated to the Executive Board in accordance with §105 (2) AktG effective May 1, 2003; his seat at the Supervisory Board remains suspended during this period.

Robert A. Osterrieth
London
Member of the Supervisory Board
Director German Venture Advisors 2000 Limited (London)

- Chairman of the Supervisory Board:
Kleindienst Datentechnik AG (Augsburg)
- Member of the Supervisory Board:
Pari Capital AG (Munich)

GROUP CASH FLOW STATEMENT 2002

	31.12.2002	31.12.2001
	T€	T€
Consolidated net loss for the year (2001 profit)	-14,078	1,606
Depreciation of fixed assets (net of appreciation)	12,997	11,495
Minority interest in the results for the year	0	-10
Interest expenses mezzanine loan (non affecting cash flow)	1,563	1,970
Effects of deferred tax	-2,179	2,612
Change in long-term receivables	-290	-32
Increase/release of long-term provisions, net	1,777	1,704
Losses on the disposal of fixed assets	73	147
Sub-total before changes to net current assets	-137	19,492
Decrease in inventories	2,659	201
Decrease/increase in trade receivables	13,895	-3,638
Increase in receivables from enterprises in which participations are held	-116	-31
Decrease in receivables from tax authorities	3,509	139
Decrease in other assets	51	864
Increase/decrease in prepayments and deferred income (net)	675	-1,454
Increase/decrease in provisions	1,430	-10,499
Decrease/increase in payments received on account	-567	1,378
Increase/decrease in trade payables	764	-695
Decrease/increase in other liabilities	-2,158	2,792
Increase/decrease in long-term liabilities	1,008	-2,042
Increase in cash flow from operating activities	21,013	6,507
Capital expenditure paid	-5,315	-5,536
Receipts from long-term assets	0	55
Sales proceeds from the disposal of fixed assets	323	1,085
Changes in group companies	0	-518
Decrease in cash flow from investment activities	-4,992	-4,914
Payments to shareholders (dividends)	-760	-2,370
New long-term borrowings	0	844
Repayments of long-term liabilities from finance leases	-2,494	-5,730
Repayments of long-term liabilities due to banks	-3,526	-4,380
Repayments of long-term liabilities due to former shareholder Granbee	-861	-709
Decrease in cash flow from financing activities	-7,641	-12,345
Net increase/decrease in cash and cash equivalents	8,380	-10,752
Cash and cash equivalents as of 01.01.2002	-85,460	-74,708
Cash and cash equivalents as of 31.12.2002	-77,080	-85,460
Cash-in-hand and bank balances	4,918	3,815
Short term bank liabilities	-81,998	-89,275

Combined directors' report	14
Financial statements to IAS	26
Notes	32
Auditor's certificate	56
Financial statements to HGB	57
Notes	60
Auditor's certificate	68

WashTec AG, Augsburg

COMBINED DIRECTORS' REPORT FOR THE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2002

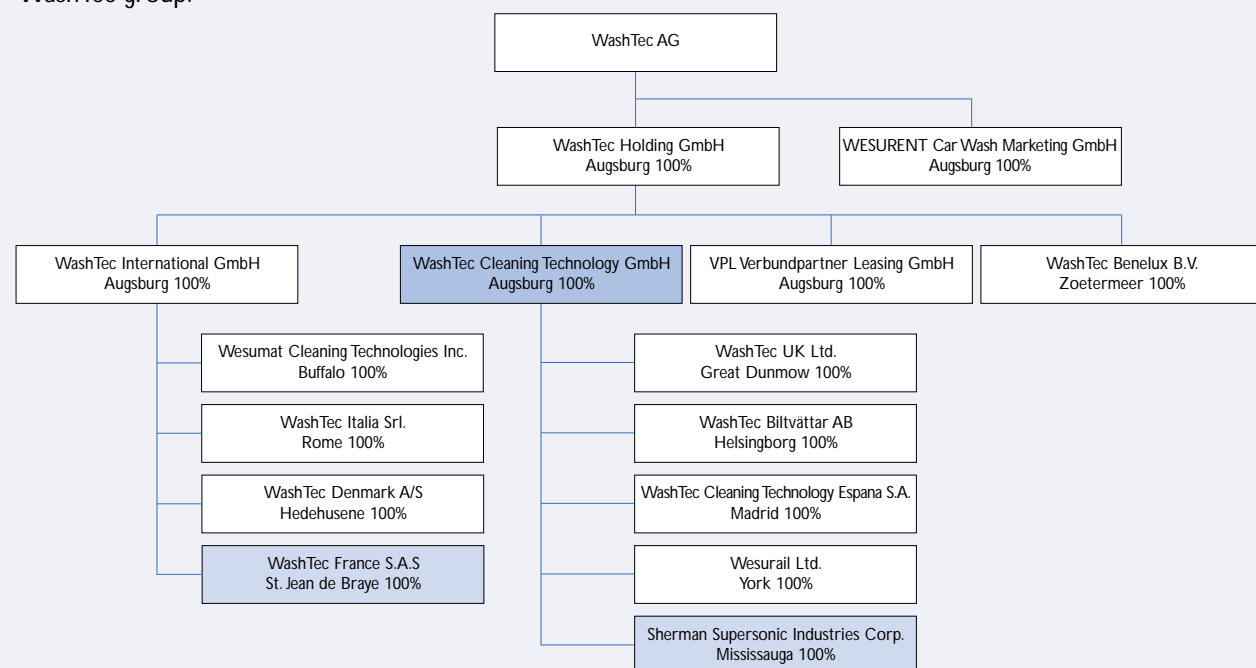
GENERAL

The WashTec group is worldwide market leader in the field of cleaning technology for transport systems. The group produces and markets cleaning technology for cars, commercial vehicles and track vehicles.

The accounting of WashTec is conducted in accordance with International Financial Reporting Standards (IFRS).

1. Group structure

The following diagram provides an overview of the WashTec group:



1.1 WashTec AG

WashTec AG is the holding company (ultimate parent company) of the WashTec group. It undertakes the management function of the WashTec group and provides advice on legal, financial, marketing, development and production matters. 7 members of staff were employed by WashTec AG at the year-end. The company does not conduct its own operations. Operative activities are conducted by the key affiliated enterprises, details of which are therefore provided below. WashTec Holding GmbH and WESURENT Car Wash Marketing GmbH are the affiliated enterprises of WashTec AG.

1.2 WashTec Holding GmbH

WashTec Holding GmbH is the most important affiliated enterprise of WashTec AG. It acts as a sub-holding company, in which the most significant operative affiliated enterprises of the WashTec group are combined. The activities of the company are the acquisition, holding and sale of participations in businesses, in particular of businesses and land, and the provision of advisory services to commercial enterprises. WashTec Holding GmbH provides services in the fields of finance and accounting, controlling, human resources and EDP for all group companies under it. The registered office of the company is in Augsburg. The most significant affiliated enterprise of WashTec Holding GmbH is WashTec Cleaning Technology GmbH.

1.3. WashTec Cleaning Technology GmbH

The operative company held by WashTec Holding GmbH is WashTec Cleaning Technology GmbH, Augsburg. The company's activities include the production, sale and maintenance of washing facilities for cars, commercial vehicles, trams and trains, including the required water recycling systems and watertight testing equipment for the automobile industry; in addition certain services are provided. The range of products for the car washing facilities includes car washes, portal washing facilities and equipment for self-service washes using various technologies (brush technology, high pressure technology and textile technology). About half of the sales of the equipment produced by WashTec sold under the names of WESUMAT, CALIFORNIA KLEINDIENST and SoftCare is generated in Germany, with the remaining sales in Europe and other foreign countries. Sales in Germany are carried out by sales representatives who are responsible for certain regions, and by means of cross-border master agreements with the oil industry; sales abroad are carried out by the company's own sales companies abroad

and independent dealers. In addition, the service and spare parts business for all distribution channels is becoming increasingly important.

1.4. WESURENT Car Wash Marketing GmbH

WESURENT Car Wash Marketing GmbH's activities extend to the purchase, rent and sale of washing facilities in the name of and for the account of third parties and it offers extensive services relating to this. Employees of WESURENT Car Wash Marketing GmbH analyse sites, operational and competitor situations and other facilities relating to the car washes. Capacity and profitability ratios are determined, financing models worked out and building plans produced. In certain cases WESURENT Car Wash Marketing GmbH also places the orders for all work necessary and carries out the marketing for the respective site. In a typical case the washing facilities are purchased from WashTec Cleaning Technology GmbH by an independent leasing company and leased to WESURENT Car Wash Marketing GmbH. WESURENT Car Wash Marketing GmbH then operates this equipment together with the respective customer in his/her name and for the customer's account.

Other affiliated enterprises

The other affiliated enterprises of WashTec Holding GmbH are VPL Verbundpartner Leasing GmbH and WashTec International GmbH. VPL GmbH is responsible for concluding and selling leasing contracts of all kinds. WashTec International GmbH acts as the holding company for the international affiliated enterprises of WashTec. In order to accelerate international business, WashTec has affiliated enterprises in France, Spain, Norway, Belgium, Denmark, Netherlands, England, Italy, USA and Canada. In addition, in France portal facilities are assembled for the French market and the car wash facilities program ELITE for commercial vehicles is produced there. In Canada wash facilities for trains and busses are produced and in

Buffalo wash facilities for the American market are modified. All the affiliated enterprises are also responsible for the sales and service of the wash facilities.

2. Market and industry

The market for wash facilities for cars in Germany is largely characterised by the replacement of existing machines. These are, as a rule, well equipped. In 2002 the oil industry operated a restrictive investment policy, in particular in Germany for new orders for car wash facilities and the life of the assets was extended as the results of mergers in the oil industry. European foreign countries maintained prior year's levels.

Competition

There are not many competitors in the German and international car wash industry. Official statistics are not available. The group's most important competitors are Otto Christ AG (Memmingen). In the international field the competitors are CECCATO SPA (Italy), ISTOBAL SA (Spain), OY TAMMERMA-TIK AB (Finland) and Ryko Manufacturing Company Inc. (USA); According to internal data WashTec has a 60% market share in Europe (based on the total number of car wash facilities). Worldwide WashTec has a 30% market share.

Based on internal market surveys WashTec expects to have maintained its market share in 2002. All the invitations for tenders were concluded or extended in 2002 and WashTec was listed as a supplier for the first time for ExxonMobil.

3. Economic environment and market trends

The economic environment was weak in 2002. Domestic operations were affected by the mergers within the oil industry and the related postponement of investment until the conclusion of the mergers. Operations abroad proved to be more stable but did not however show signs of any decisive growth so that the fall in domestic sales was not compensa-

ted for. As a result the sales in the business segment Cleaning Technology fell by 8.6% to € 230m. By contrast systems operations experienced further growth. The sales concept provided by WESURENT Car Wash Marketing GmbH improved its footing in the market. Sales rose by 28% to € 5,164m (2001 € 4,032m).

4. The group's position

The results for 2002 are unsatisfactory as a result of the falls in sales and expenses relating to special factors. The group produced a loss of € 14.1m after tax. Sales of WashTec fell by 8% over the prior period. In Germany sales sank overproportionally by 12%. The restructuring program introduced at the end of 2001 and carried out in 2002 could not counteract the losses resulting from the fall in sales. In addition to the losses on margins deriving from the fall in sales, the results for 2002 have been affected by special factors of € 11.0m. In drawing up the consolidated financial statements all the balance sheet items were subject to a comprehensive risk analysis. Provisions of € 1.1m were set up for subsequent costs arising from train and business process technology. The inventories were assessed in depth and revalued following the announcement of the discontinuation of the California Kleindienst production and the closure of the production site Schöllkrippen. A valuation provision of € 1.9m was accounted for on inventories at home and abroad. Domestic and foreign receivables were subjected to a comprehensive range assessment. The specific provision for bad and doubtful debt meant an additional charge of € 2.2m.

In addition, there were one-off effects relating to personnel such as the charge to provisions as the result of wage-bargaining obligations concerning part-time work for employees nearing retirement, and the setting up of a provision for redundancy payments of € 2.0m. The loss made detailed comprehensive restructuring of the whole organisation necessary. The analysis of

all areas was completed by the end of the first quarter, the necessary measures were initiated immediately and implemented. The year 2003 will feel the effects of the restructuring expenses to a great extent. The turnaround for the business is expected for 2004.

4.1 Earnings

As a result of the unfavourable economic conditions and the restrained investment policy of the oil companies, in particular in Germany, sales sank by 8% from € 256,157m to € 235,505m.

The rise in the cost of materials ratio from 42.3% to 42.9% is due to a change in product mix, with an increase in the proportion of train and watertight process sales and the special effects of the introduction of the SoftCare product range.

It was not possible to reduce the personnel expenses substantially from € 88.556m despite the reduction in staff from an average of 1,764 in 2001 to 1,688 in 2002 and they remained at € 88.402m.

The restructuring measures did not lead to the planned savings due to delays in setting up the underlying works agreements and the compensation and redundancy plan. In addition there were one-off factors such as the collective bargaining wage increase of 4%, payments to put workers and administrative staff on equal footing stemming from collective bargaining agreements and charges to the provision for part-time work for employees nearing retirement. Expenses for redundancy payments for personnel measures announced of € 2.0m were already accounted for in 2002. High one-off expenses, together with a sharp fall in sales lead to a deterioration of the personnel expenses ratio from 33.7% in 2001 to 37.1% in 2002.

Other operating expenses rose in 2002 from € 37,615m to € 41,296m as a result of one-off effects and charges to provisions for bad debt and warranties, provisions for pending losses and the participation in the trade fair 'automechanika', which only takes place every 2 years.

A comparison of the profit and loss accounts for the years 2002 and 2001 produces the following presentation of earnings and its movement in thousand Euro (T€):

EARNINGS (T€ = thousand Euro)	ACTUAL 2002		ACTUAL 2001		Change T€
	T€	%	T€	%	
Sales	235,505		256,157		-20,652
Other operating income	2,466		6,297		-3,831
Total revenue	237,972	100%	262,454	100.0%	-24,482
Cost of materials	-102,139	42.9%	-110,892	42.3%	8,753
Personnel expenses	-88,402	37.1%	-88,556	33.7%	154
Other operating expenses	-41,296	17.4%	-37,615	14.3%	-3,681
Other taxes	-643	0.3%	-440	0.2%	-203
EBITDA	5,492	2.3%	24,952	9.5%	-19,460
Depreciation	-12,997	5.4%	-11,495	4.4%	-1,502
Interest expense	-8,556	3.6%	-9,116	3.5%	560
EBT	-16,061	-6.7%	4,341	1.7%	-20,402
Net taxes	1,983	0.8%	-2,745	1.0%	4,728
Results	-14,078	-5.9%	1,596	0.6%	-15,674

The net effect of the factors mentioned above was a group EBITDA of € 5,492m compared to € 24,952m in the previous year.

Financial expenses sank from € 9,116m to € 8,556m due to the lower levels of loans. The earnings before tax (EBT) amount to € -16,061m compared to € 4,341m in 2001.

After tax the group's loss for the year amounts to € -14,078m compared to a group profit of € 1,606m in 2001.

4.2 Net assets and financial position

The following details are provided on the most significant changes within the net assets and financial position:

The group's fixed assets amounted to € 93,979m as of 31.12.2002 and were 5.6% lower than those

The following shows the most significant changes in the net assets and financial position of the group:

NET ASSETS AND FINANCIAL POSITION	31.12.2001		31.12.2002	
	T€	%	T€	%
Fixed assets	99,563	40%	93,979	42%
Inventories	41,966	17%	39,307	18%
Trade receivables	67,906	28%	53,947	24%
Other receivables	6,517	3%	3,426	2%
Liquid assets	3,815	2%	4,918	2%
Deferred tax	25,185	10%	27,364	12%
Prepaid expenses	1,173	0%	1,426	1%
Assets	246,125	100%	224,367	100%
Equity	40,079	16%	25,489	11%
Bank liabilities	99,359	40%	88,556	39%
Trade payables	16,853	7%	19,497	9%
Other liabilities	73,106	30%	69,963	31%
Provisions	16,613	6%	19,820	9%
Liabilities	205,931	84%	197,836	88%
Deferred income	115	0%	1,042	0%
Equity and liabilities	246,125	100%	224,367	100%

of the previous year of € 99,563m. This was primarily due to the depreciation on the goodwill, which is being depreciated mainly over 20 years with € 3,289m p.a.

Short-term assets fell from € 120,139m to € 101,245m. Inventories were reduced by 6% from € 41,966m to € 39,307m. Trade receivables were reduced by 21% from € 67,906m in 2001 to € 53,947m following the fall in sales, various one-off effects and an improvement in the management of the receivables.

Overall total assets/total liabilities fell by € 21,758m from € 246,125m to € 224,367m.

Following the loss for 2002 equity was reduced to € 25,489m. The movement in equity relates to the results for the year less the dividend for 2001 and the changes from currency translation. The equity in

the balance sheet lies below the inherent value of the WashTec group owing to the technical effects of the consolidation. In considering the real equity the mezzanine loan from the former shareholders, which is largely interest-free and subordinated must be taken into account.

The individual financial statements of WashTec AG disclose equity of € 74,699m.

Provisions increased from € 16,613m by 19.3% to € 19,820m as a result of the charges for warranties, pending losses and personnel-related matters connected with the obligations arising from part-time work for employees nearing retirement and redundancies.

Liabilities to banks were reduced from € 99,669m to € 88,556m following the repayment of the operating loans from cash flow.

4.3 Strategy

The management of WashTec aims at bringing the business back into profit and increasing this profitability as well as the maintenance and strengthening of the group's leading position in the market. Following the unsatisfactory earnings in 2002 the strategy of the WashTec group was subjected to a thorough analysis in the first quarter of the current year by management, together with Roland Berger Strategy Consultants. The leading market position as a supplier of cleaning technology for transport systems is to be maintained by concentrating on core competencies. Loss-making and unsatisfactory areas are to be reorganised or discontinued. The following are some of the key elements of WashTec's strategy:

- Qualitatively high-value products

WashTec's goal is to develop, produce and supply qualitatively high-value car washes. Management has attached great importance to the fact that the

production must comply with this and has committed its suppliers to comply with the high standards of quality.

- Innovation

WashTec sees itself as a leader of innovation in national and international car wash business and also wishes to expand on this position in the medium term:

- In 2002 the company presented a new combined generation of portal facilities, which are designed to succeed the portal facilities with the trade names California Kleindienst and Softwash. SoftCare was developed following the best practice principle using an analysis of all the portal facilities in the market. In design and technology it underlines WashTec's leading position in the market.
- Filter systems allow the washing water to be reused instead of using expensive fresh water. 2002 saw the introduction of the water recycling system AquaX to the market, which works without chemical additives.
- Juno, currently the fastest portal car wash for cars (cars in 2 minutes 30 seconds, fully washed and dried).
- SofTecs, washing material made from foamed, non-water-absorbent polyethylene.

- Efficient production

In Germany the company has manufacturing facilities in Augsburg, Schöllkrippen and Recklinghausen, and abroad in Houlgate/France, Mississauga/Canada and Buffalo/USA. In Augsburg portal facilities with the trade name Wesumat, car washes, car washes for commercial vehicles, self-service car washes, train wash facilities and special systems, for example for testing the watertightness of cars for the automobile industry are manufactured. In Schöllkrippen portal facilities with the trade name California Kleindienst

and components for other production sites are assembled. The electronic production of the control systems for the main product ranges and other repairs of the electronic components are carried out in Recklinghausen.

Portal facilities and car washes for commercial vehicles for the French market are produced in Houlgate. Mississauga is the production site for wash facilities for trains and commercial vehicles especially for the Canadian and North American market. The site in Buffalo carries out modifications and assembly of the wash portals for the USA.

A flexible working hours model means that the number of working hours per week of between 26 and 42 hours can be adjusted to meet needs. By setting up master agreements with a few strategic suppliers, favourable purchase prices should be secured through scale effects. The company uses master agreements to secure the supply of key components and components which have a critical effect on timing. As a general rule, the company aims at always having at least two sources for key components.

Supplier audits and quality agreements allow the company to reduce its own testing.

All WashTec's production sites will undergo a further comprehensive cost analysis in 2003. Increasing the efficiency of production is designed to be a significant factor in improving the group's results. As part of the strategic concentration of production and to adjust the capacities to the market, the production of the portal facilities are to be centered at one site in Augsburg in the future, with improved links to the centralised functions. The production sites abroad will also undergo a test of efficiency.

- Sales

WashTec focuses on customer-orientated solutions in its operative processes as part of long-term customer

care. WashTec is the only supplier of cleaning technology for transport systems, which can offer its global customers a corresponding sales and service network. In addition to direct sales of the facilities to petrol station operators and independent distributors, there are supply contracts with many well-known oil companies, most of which are active internationally. Sales in Germany are carried out by sales representatives, who are, in addition, supported by the management's direct contact with important customers.

- Service

The extensive and at the same time competent management of our customers with, in some cases, contractually agreed reaction times of a few hours, is a key element of the business strategy. WashTec is different from its competitors in this respect in a positive sense. Spare parts are supplied to service technicians on site within 24 hours if necessary. The working hours of the service employees have been adjusted to suit the hours the customers wash – fast assistance is also available on Saturdays. The German call center of WashTec's service organisation in Augsburg received about 180,000 calls in the reporting year. The assembly of the facilities in Germany was in some cases carried out by sub-contractors during the reporting year. This strategic concept ensures that the required capacity is quickly available and will continue. The improvement of the efficiency of the service organisation is a key element in the measures to improve the earnings of the WashTec group.

- Internationalisation

WashTec supplies cleaning technology for transport systems worldwide – with the exception of a few markets in Japan and South America – via affiliated enterprises or sales partners and achieved about 58% of its sales abroad in 2002. Distribution in the Italian and American markets, which were newly acquired in recent years, was established successfully. Today WashTec is listed as a supplier with the large

oil companies in the USA. In order to develop the US market further, a cooperation agreement with an American producer of cleaning technology was established. Opportunities in the growth markets such as China or the Russian Federation are watched continuously.

- Quality management

WashTec has obtained certification complying with DIN EN ISO 9001 for all key sites and, for the main production site in Germany, also certification in accordance with DIN EN ISO 14001. The German service organisation is also SCC-certified in order to meet the requirements for working in an environment with explosive material. Quality management, together with pursuit of safety, health and environmental aspects are strategic activities of WashTec's production.

- Environmental management

As the first business in the industry in Europe, WashTec has received certification in accordance with DIN ISO 14001. This relates to the development, construction, production, sales, service and maintenance of vehicle washes, cleaning facilities for track vehicles, maintenance facilities, water recycling systems including related periphery and watertight process technology.

5. Risks of future development

The key operative activities are carried out in WashTec Cleaning Technology GmbH and the foreign group companies, and WESURENT Car Wash Marketing GmbH.

The comments on the risks of future development relate to all the companies, which are controlled directly or indirectly by WashTec AG. The WashTec group is exposed to the following significant risks directly and/or indirectly. The individual risks are listed according to operational functions:

1. Finance:

- Liquidity
- Lines of credit
- Default on receivables
- Interest and currency risks

2. Sales/market:

- Dependency on large customers
- Orders received
- Tender period
- Change in margins

3. Production:

- Production sites
- Quality management
- Environmental management
- Choice of suppliers

4. Personnel:

- Relationship with employees, workers council and trade unions
- Employee fluctuation
- Influence of rates of sickness on operations

5. Legal:

- Patents and licences

WashTec carries out the following measures as part of an early warning system for risks to avoid risk, reduce risk, transfer risk and to monitor the remaining risks in the business:

1. Finance

- As of 31 December 2002 WashTec AG, WashTec Holding GmbH, WashTec International GmbH, WashTec Cleaning Technology GmbH, VPL Verbundpartner Leasing GmbH and WashTec UK Ltd. had € 108.7m (2001: € 108.8m) worth of short-term operating lines of credit from various German banks at their disposal, of which € 92.3m was taken up at the year-end. These lines of credit to finance short-term operations were granted to

the WashTec group by various German banks on the basis of a joint liability of WashTec Holding GmbH and WashTec Cleaning Technology GmbH. The long-term liabilities to banks as of 31 December 2002 of € 6.6m are secured on mortgages. The WashTec group is financed mainly via WashTec Cleaning Technology GmbH, which, as the most important operative business also has the largest financing requirements.

- Due to the losses of the WashTec group in 2002 the management consultants Roland Berger Strategy Consultants were appointed in January of the current year to analyse the restructuring potential and to work out a restructuring concept for the WashTec group. As a result of the findings of the study a far-reaching restructuring plan is being implemented, affecting the whole group, from the second quarter of the current year onwards. Earnings potential of over € 20m pa is to be realised over a period of three years as part of this group-wide concept. Positive results are expected for 2004.

The closure of the site in Schöllkrippen announced in the current year and other planned restructuring measures will have a negative effect on earnings in 2003 and lead to an additional requirement for short-term finance. This additional financing can be covered by a financing concept produced in 2003, which foresees respective contributions from the lending banks, the major shareholders, senior employees and other employees.

- WashTec is making efforts to keep the risk of non-payment to a minimum. Where the creditworthiness of the customer is not first-class, limits on receivables are imposed. Proof of creditworthiness or financing are required for new customers.

2. Sales/market

- The producers of car washes for vehicles meet with a definite force behind demand in the market

by the oil companies. They influence directly or indirectly the investment decisions on 75% of the investment volume for car washes. WashTec tries specifically to spread its selling activities over various customers and its aim is not to have any one customer with over 10% of the new machine sales.

- Orders received and deliveries are subject to strong seasonal fluctuations. Normally the main sales activities take place in the second half of the year and this is when the majority of the annual sales are realised. This strong fluctuation in capacity is being taken into account with numerous internal adjustments.
- WashTec is making attempts to obtain master agreements on the supply of car washes with all the most important oil companies, whereby it is custom in the industry that the oil companies invite tenders to be made and on the basis of the offers submitted then conduct negotiations on master agreements.
- WashTec analyses the movement in margins according to product/product group/customer/customer group and sales area or region on a monthly basis.

3. Production

- In the reporting year WashTec's production sites are to be found in Augsburg, Schöllkrippen and Recklinghausen (WashTec Cleaning Technology GmbH), Houlgate/France (WashTec France S.A.), Mississauga/Canada (Sherman Supersonic Ind. Corp.) and Buffalo/USA (WESUMAT Cleaning Technologies Inc.).
- With the evaluations from quality management and environmental management WashTec tries to record, analyse all the relevant risks from the business processes systematically and on a timely basis and to implement countermeasures if necessary.

- WashTec's suppliers frequently manufacture components from WashTec's instructions and plans, and are committed to delivering the highest quality 'just in time'. The company has at least two suppliers for all key components. By cooperating closely with the suppliers, which is necessary anyway because of quality management and environmental management, bottlenecks and shortages in procurement can largely be avoided. To ensure flexibility in production and procurement WashTec refuses to enter into long-term contracts with suppliers; despite this, WashTec has a large base of reliable suppliers which have worked together successfully with the company in recent years.

4. Personnel

- Employees in WashTec Holding GmbH and the domestic affiliated enterprises are subject to the collective wage bargaining agreements and similar agreements.
- In 2002 works agreements on working hours were concluded for the production sites Schöllkrippen and the service organisation in order to avoid restructuring redundancies as far as possible. In addition a compensation/redundancy plan was negotiated, which included the loss of 72 jobs nationwide.
- In the current year restructuring redundancies will be made following the conclusion of compensation and redundancy plans as a result of the announced closure of the production site Schöllkrippen and the implementation of the measures to improve earnings in the WashTec group.

5. Legal

- The business activities of WashTec are heavily dependent on the company either owning the patents itself for the production of the car washes, or being licenced to use them. The patents neces-

sary to produce the car washes are owned by the company itself to a large extent, or they are the subject of long-term licence contracts which grant WashTec the exclusive use of these rights. In addition, WashTec is interested in extensive international protection of its patents and applies the necessary funds to this effect.

6. Significant changes in the companies to be consolidated

In 2002 there were no significant changes in the companies to be consolidated.

7. Research and development

New developments and changes to existing products are carried out centrally in Augsburg with the aid of the most modern 3D CAD systems and computer-assisted simulation tools in control areas.

The major aspect of product development in 2002 was the conclusion of the development of the SoftCare portal car wash. Both of the basic models SoftCare Intro and SoftCare Pro were presented at the automechanika in Frankfurt in September 2002 and were very well received by the professional public. The most modern technology for controlling, water distribution and mechanics maximises the availability of the facility. With the consistent expansion of communication via cellular radio, extensive remote control from the service center has been made possible so that, for example, desired adjustments to the wash program can be implemented at once.

Despite the universal use of the same parts in the technical construction of the SoftCare portals it is possible to produce various different designs and colour combinations according to the customer's wishes within the regular delivery period of 4-6 weeks total delivery period. Intensive operational monitoring of the SoftCare machines supplied with

the beginning of the series production safeguards the customers' investment and ensures the high level of quality expected by the company.

Parallel to the new developments in the portal field, an innovative system for water recycling was developed and introduced into the market successfully. The AquaX filter system has been adapted for use with portal car washes; it combines tried and trusted filter methods with innovative ideas on efficiency and availability. AquaX reduces the operating costs of the water recycling since this very environmentally friendly technology does away with the need for chemicals such as clumping agents. The MaxiWash product range for commercial vehicles was revised. Models which optimise costs and functions ensure that MaxiWash can be utilised in all the geographical sales regions.

In the reporting year it was possible to introduce further product improvements relating to cleaning results and user needs regarding car washes and self-service facilities. In the segment for train washes and watertight process technology comprehensive capital goods projects with high levels of technical requirements were implemented and delivered successfully.

8. Outlook

The fall in sales and unsatisfactory earnings of the WashTec group in 2002 have made thorough and extensive restructuring of the group necessary in 2003. The business will be radically trimmed in order to be able to make a profit even if the sales volume is lower, and to be able to react better to shifts in the market. Therefore in January WashTec appointed the management consultants Roland Berger Strategy Consultants to analyse the restructuring potential and to work out a restructuring concept for the group. Following the completion of the study in the first quarter, the defined measures will be implemented from the beginning of

the second quarter in the current year. WashTec's core business will be subject to a thorough examination. All the business segments will be analysed. Loss-making and unsatisfactory areas are to be reorganised or discontinued.

In Germany the production of the portal facilities following the introduction of SoftCare will be centralised at a site in Augsburg in the current year, the production site Schöllkrippen will be shut down. Concentration on one site will allow for more effective processes and brings with it considerable cost-savings on overheads and complexity costs. Further measures have been identified for all the business segments at home and abroad. An earnings potential of over € 20m pa is to be realised over a period of three years. Initial effects are already apparent in the current year.

The business expects a marginal reduction in sales in 2003 compared to the prior year following the planned product revision. Initial effects from the implementation of the restructuring concept are expected in the current year. However, the results for 2003 will be heavily affected by the costs of restructuring once more.

On completion of the restructuring measures the Board of Directors expects positive results from 2004.

Augsburg, May 2003

WashTec AG

Board of Directors

Johannes Kehr (Chairman)

Dirk Brunnengräber

Sabine Decker

Jürgen Lauer

GROUP PROFIT AND LOSS ACCOUNT FOR THE PERIOD 01.01.2002 TO 31.12.2002

		01.01.2002 to 31.12.2002	01.01.2001 to 31.12.2001
	Notes	€	€
Sales	28)	235,505,280	256,157,093
Increase (decrease) in work-in-progress		-2,276,744	58,648
Own work capitalised		917,793	25,910
Other operating income	29)	3,825,257	6,212,596
Total		237,971,586	262,454,247
Cost of materials			
Cost of raw materials, consumables and supplies and of purchased merchandise		89,270,041	97,879,080
Cost of purchased services		12,868,474	13,012,598
	30)	102,138,515	110,891,678
Personnel expenses			
Wages and salaries		73,611,109	73,897,921
Social security		13,085,450	13,772,005
Pension costs		1,705,369	886,116
	31)	88,401,928	88,556,042
Depreciation on intangible fixed assets and tangible assets			
		12,997,140	11,495,370
Other operating expenses	32)	41,295,620	37,614,725
Other taxes		643,210	439,792
Total operating expenses		245,476,413	248,997,607
Operating results		-7,504,827	13,456,640
Income from financial assets			
		79,417	70,957
Other interest and similar income		318,116	407,656
Interest and similar expenses		-8,953,607	-9,594,499
Financial results	33)	-8,556,074	-9,115,886
Results from ordinary activities/ Results before tax			
		-16,060,901	4,340,754
Taxes on income	34)	-1,982,763	2,744,661
Net loss for the year (2001 net profit)		-14,078,138	1,596,093
plus: Minority interests		0	10,037
Group net loss for the year (2001 net profit)		-14,078,138	1,606,130
Accumulated results brought forward			
		-8,567,889	-7,803,671
Distribution to shareholders		-760,000	-2,370,348
Consolidated accumulated losses		-23,406,027	-8,567,889
Earnings per share (undiluted = diluted)	35)	-1.85	0.21

ASSETS			
	Notes	31.12.2002 €	31.12.2001 €
LONG-TERM ASSETS			
Intangible assets			
Concessions, industrial and similar rights and assets and licences in such rights and assets		3,173,358	2,041,813
- of which purchased		810,665	1,102,603
- of which self-produced	7)	2,362,693	939,210
Goodwill		43,674,541	46,975,033
Payments on account		0	87,668
		46,847,899	49,104,514
Tangible assets			
Land, land rights and buildings including buildings on third party land		28,113,825	29,192,501
Technical equipment and machines		2,986,422	2,709,371
Finance leasing	8)	10,374,666	12,633,000
Other equipment, factory and office equipment		5,157,249	5,040,834
Payments on account and assets under construction		0	358,717
		46,632,162	49,934,423
Financial assets			
Participations		87,423	171,292
Other loans	9)	12,509	12,591
Other securities		398,749	340,259
		498,681	524,142
		93,978,742	99,563,079
DEFERRED TAX			
	10)	27,363,987	25,185,051
Long-term receivables and other assets (due in more than 1 year)			
Trade receivables	12)	0	63,704
Other assets	15)	353,473	0
	12)	353,473	63,704
Total long-term assets		121,696,202	124,811,834
SHORT-TERM ASSETS			
Inventories			
Raw materials, consumables and supplies (incl. spare parts)		32,581,648	32,967,789
Work-in-progress		1,923,580	2,893,821
Finished goods	11)	4,774,481	6,080,984
Payments on account		27,458	23,683
		39,307,167	41,966,277
Short-term receivables and other assets (due in less than 1 year)			
Trade receivables	13)	53,946,507	67,841,735
Receivables from enterprises in which participations are held	14)	460,188	344,116
Receivables from tax authorities	15)	451,751	3,960,473
Other assets	16)	2,161,103	2,212,396
	12)	57,019,549	74,358,720
Cash-in-hand, postal giro balances and bank balances	17)	4,918,019	3,814,614
Total short-term assets		101,244,735	120,203,315
PREPAID EXPENSES			
	18)	1,425,824	1,173,270
Total assets		224,366,761	246,124,715

EQUITY AND LIABILITIES			
	Anhang	31.12.2002 €	31.12.2001 €
EQUITY			
Subscribed capital	19)	20,000,000	20,000,000
Capital reserves	20)	27,383,540	27,383,540
Consolidated accumulated losses	21)	-23,406,027	-10,174,019
Differences on consolidation for currency translation		1,511,371	1,263,121
		25,488,884	40,078,772
MINORITY INTERESTS			
		0	-12,896
LONG-TERM LIABILITIES AND PROVISIONS			
Long-term liabilities			
Convertible bonds	26)	0	154,666
Due to banks and similar institutes	25)	6,557,543	10,084,001
Other	27)	45,087,934	43,006,091
		51,645,477	53,244,758
Long-term provisions			
Pension provisions	22)	5,487,227	5,092,536
Other long-term provisions	24)	6,411,919	5,029,937
		11,899,146	10,122,473
Total long-term liabilities and provisions		63,544,623	63,367,231
SHORT-TERM LIABILITIES AND PROVISIONS			
Short-term liabilities			
Convertible bonds	26)	288,880	154,666
Due to banks and similar institutes	25)	81,998,156	89,275,128
Payments received on account of orders		3,384,061	3,951,017
Trade payables		19,497,403	16,853,098
Bills of exchange	27)	0	1,880,760
Other (tax and levies)		5,045,290	5,092,993
Other (social security)		2,356,082	2,293,676
Other		13,800,465	16,584,532
		126,370,337	136,085,870
Short-term provisions			
Tax provisions	23)	300,624	288,305
Other short-term provisions	24)	7,619,929	6,202,495
		7,920,553	6,490,800
Total short-term liabilities and provisions		134,290,890	142,576,670
DEFERRED INCOME			
		1,042,364	114,938
Total equity and liabilities		224,366,761	246,124,715

WashTec AG, Augsburg

MOVEMENT IN FIXED ASSETS OF THE GROUP FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2002														
	ACQUISITION AND PRODUCTION COSTS						ACCUMULATED DEPRECIATION					NET BOOK VALUES		
	01.01.2002 T€	Currency differences T€	Charge for the year T€	Disposals T€	Transfers T€	31.12.2002 T€	01.01.2002 T€	Currency differences T€	Charge for the year T€	Disposals T€	Transfers T€	31.12.2002 T€	31.12.2002 T€	31.12.2001 T€
INTANGIBLE ASSETS														
Concessions, industrial and similar rights and assets and licences in such rights and assets	5,064	0	1,739	-3	3	6,809	3,022	0	611	-3	0	3,636	3,173	2,042
- of which purchased	4,125	0	239	-3	3	4,370	3,022	0	535	-3	0	3,560	810	1,103
- of which self-produced	939	0	1,500	0	0	2,439	0	0	76	0	0	76	2,363	939
Goodwill	64,986	-16	0	0	0	64,970	18,011	-5	3,289	0	0	21,295	43,675	46,975
Payments on account	88	0	0	0	-88	0	0	0	0	0	0	0	0	88
	70,138	-16	1,739	-3	-85	71,779	21,033	-5	3,900	-3	0	24,931	46,848	49,105
TANGIBLE ASSETS														
Land, land rights and buildings	42,878	-146	171	125	263	43,041	13,686	-49	1,429	139	0	14,927	28,114	29,192
Technical equipment and machines	13,593	-158	1,511	866	85	14,165	10,884	-87	1,245	861	-2	11,179	2,986	2,709
Other equipment factory and office equipment	12,035	-116	1,829	729	0	13,019	6,994	-97	1,584	619	0	7,862	5,157	5,041
Finance leasing	20,478	0	5,490	8,190	0	17,778	7,845	0	4,752	5,194	0	7,403	10,375	12,633
Payments on account	269	0	6	12	-263	0	-90	1	87	0	2	0	0	359
	89,253	-420	9,007	9,922	85	88,003	39,319	-232	9,097	6,813	0	41,371	46,632	49,933
FINANCIAL ASSETS														
Participations	245	1	0	85	0	161	73	0	0	0	0	73	88	172
Other loans	12	0	1	0	0	13	0	0	0	0	0	0	13	12
Other securities	340	0	58	0	0	398	0	0	0	0	0	0	398	340
	597	1	59	85	0	572	73	0	0	0	0	73	499	524
FIXED ASSETS	159,988	-435	10,805	10,004	0	160,354	60,425	-237	12,997	6,810	0	66,375	93,979	99,563

WashTec AG, Augsburg
Group changes in equity 2002

MOVEMENT IN GROUP EQUITY IN THOUSAND EURO					
	Subscribed capital	Capital reserves	Group net retained profits/ net accumulated losses	Differences on consolidation from currency translation	Total
01 Januar 2001	19,429	27,955	-7,803	999	40,580
Dividende for the prior year			-2,371		-2,371
Net profit for the year 2001			1,606		1,606
Capital increase	571	-571			
Changes in currencies				264	264
31 Dezember 2001	20,000	27,384	-8,568	1,263	40,079
Dividends for the prior year			-760		-760
Net loss for the year 2002			-14,078		-14,078
Changes in currencies				248	248
31 Dezember 2002	20,000	27,384	-23,406	1,511	25,489

GROUP CASH FLOW STATEMENT 2002

	31.12.2002 T€	31.12.2001 T€
Consolidated net loss for the year (2001 profit)	-14,078	1,606
Depreciation of fixed assets (net of appreciation)	12,997	11,495
Minority interest in the results for the year	0	-10
Interest expenses mezzanine loan (non affecting cash flow)	1,563	1,970
Effects of deferred tax	-2,179	2,612
Change in long-term receivables	-290	-32
Increase/release of long-term provisions, net	1,777	1,704
Losses on the disposal of fixed assets	73	147
Sub-total before changes to net current assets	-137	19,492
Decrease in inventories	2,659	201
Decrease/increase in trade receivables	13,895	-3,638
Increase in receivables from enterprises in which participations are held	-116	-31
Decrease in receivables from tax authorities	3,509	139
Decrease in other assets	51	864
Increase/decrease in prepayments and deferred income (net)	675	-1,454
Increase/decrease in provisions	1,430	-10,499
Decrease/increase in payments received on account	-567	1,378
Increase/decrease in trade payables	764	-695
Decrease/increase in other liabilities	-2,158	2,792
Increase/decrease in long-term liabilities	1,008	-2,042
Increase in cash flow from operating activities	21,013	6,507
Capital expenditure paid	-5,315	-5,536
Receipts from long-term assets	0	55
Sales proceeds from the disposal of fixed assets	323	1,085
Changes in group companies	0	-518
Decrease in cash flow from investment activities	-4,992	-4,914
Payments to shareholders (dividends)	-760	-2,370
New long-term borrowings	0	844
Repayments of long-term liabilities from finance leases	-2,494	-5,730
Repayments of long-term liabilities due to banks	-3,526	-4,380
Repayments of long-term liabilities due to former shareholder Granbee	-861	-709
Decrease in cash flow from financing activities	-7,641	-12,345
Net increase/decrease in cash and cash equivalents	8,380	-10,752
Cash and cash equivalents as of 01.01.2002	-85,460	-74,708
Cash and cash equivalents as of 31.12.2002	-77,080	-85,460
Cash-in-hand and bank balances	4,918	3,815
Short term bank liabilities	-81,998	-89,275

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS OF WASHTEC AG

GENERAL INFORMATION

1. General information on the group

The company's name is WashTec AG and it is registered in the commercial register for the town of Augsburg under the number HRB 81.

The company's registered office is Argonstraße 7, 86153 Augsburg, Federal Republic of Germany.

The activities of the WashTec AG include the purchase, holding and sale of participations in businesses, in particular, it acts as a holding company for the WashTec group.

2. Accounting

The consolidated financial statements of WashTec AG (as ultimate parent company) have been drawn up in compliance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), taking into account the Interpretations of the Standing Interpretations Committees (SIC) which are applicable at the year-end. It is consistent with the guideline 83/349/EWG from the European Union on group accounting.

No accounting and valuation policies were used compliant with German law which do not comply with the IFRS and SIC.

The requirements of § 292a Commercial Code (HGB) have been met regarding the exemption from the duty to prepare consolidated financial statements in accordance with German law. The assessment of these requirements is based on the German Accounting Standards no.1 and 1a (DRS 1 and DRS 1a) issued by the German Standards Committee.

The WashTec consolidated financial accounts in accordance with IFRS include the following accounting and valuation policies not consistent with German commercial law:

- Omission of provisions for deferred maintenance
- Deferred tax in accordance with the balance sheet orientated liability method and on tax accumulated losses brought forward
- Capitalisation of the asset value and accounting for the remaining liability on finance lease contracts in accordance with the allocation criteria of IAS 17
- Capitalisation of development costs in accordance with IAS 38
- Accounting for and valuation of financial instruments in accordance with IAS 39 from 1 January 2001
- Recording income and profit realisation in accordance with work carried out relating to train and watertight process technology
- Calculation of the pension provision in accordance with IAS 19
- In the capital consolidation the option contained in the German commercial regulations of netting off the goodwill against reserves was not applied. In calculating the goodwill, the hidden reserves on land and buildings, including the related accrued tax, and the deferred tax assets on the accumulated losses brought forward were valued and deducted
- Depreciation on fixed assets is charged only on a straight-line basis
- No general provision for bad and doubtful debt was accounted for

Certain items in the profit and loss account and in the balance sheet were netted off to improve clarity and are therefore disclosed in full in the notes.

3. Consolidated companies

WashTec AG holds direct and indirect interests in 6 domestic and 16 foreign companies. With the exception of WESUMAT Hungaria Kft., Budapest, Hungary, (40%) and Markus Spolka z.o.o., Krakow, Poland (50%) the company is the sole shareholder in each company.

Changes to the group of companies to be consolidated relate only to the deconsolidation of WESUCONTROL GmbH, Augsburg, which was liquidated in 2002.

The following group companies are included in the consolidated financial statements of WashTec AG as of 31 December 2002:

	Interest %
Domestic companies	
WashTec Cleaning Technology GmbH, Augsburg *)	100
WashTec Holding GmbH, Augsburg	100
WashTec International GmbH, Augsburg*)	100
WESURENT Car Wash Marketing GmbH, Augsburg **)	100
VPL Verbundpartner Leasing GmbH, Augsburg *)	100
Foreign companies	
WashTec France S.A., St. Jean de Braye, France	100
WESUMAT Belgium S.A., Ohain (Lasne), Belgium	100
WashTec UK Ltd., Great Dunmow, Great Britain	100
California Kleindienst Limited, Wokingham, Great Britain	100
WashTec A/S, Hedehusene, Denmark	100
WESUMAT Fahrzeugwaschanlagen Ges.m.bH, Wien, Austria	100
WashTec Cleaning Technology España S.A., Madrid, Spain	100
WashTec Benelux, B.V., Zoetermeer, Netherlands ****	100
WashTec Biltvättar AB, Helsingborg, Sweden	100
Sherman Supersonic Industries Corp., Mississauga, Canada ***	100
WESURAIL (UK) Ltd., York, England	100
Wesumat Inc., Buffalo, USA	100
WashTec SRL, Rome, Italy	100

* before transfer of results to WashTec Holding GmbH

** before transfer of results to WashTec AG

*** Sub-consolidation with Sherman Supersonic Industries Corp., Tonawanda, New York, USA, the results of which are included in Sherman Supersonic Industries Corp., Mississauga, Canada

**** Sub-consolidation with California Kleindienst Administrative B.V., Zoetermeer, Netherlands, the results of which are included in WashTec Benelux B.V., Zoetermeer, Netherlands

Details of the activities of the most important affiliated enterprises as set out in the articles of incorporation are provided below:

WashTec Holding GmbH, Augsburg

The activities include the purchase, holding and sale of participations in businesses, in particular of businesses and land, and the provision of advisory services to commercial enterprises. Furthermore, it acts as a holding company for the WashTec group.

WashTec Cleaning Technology GmbH, Augsburg

The company's activities include the production, procurement, sale, rent, leasing, assembly and

operation of washing facilities in general and, in particular, car washes, and the procurement, sale and manufacture of all related spare parts and secondary products for cleaning, polishing and drying, and, in addition, trading in technical industrial products of all kinds.

Wesurent Car Wash Marketing GmbH, Augsburg
Wesurent Car Wash Marketing GmbH's activities include the purchase, rent and operation of washing facilities in the name of and for the account of third parties and it offers extensive services relating to this. These include analyses of the site, operation and competition, the determination of capacity and profitability ratios and the generation of financing models and building plans. In certain cases the company also places the orders for all work necessary and carries out the marketing for the respective site. In a typical case the washing facilities are purchased from WashTec Cleaning Technology GmbH by an independent leasing company and leased to WESURENT Car Wash Marketing GmbH. WESURENT Car Wash Marketing GmbH then operates this equipment together with the respective customer in his/her name and for the customer's account.

Other group companies

With the exception of WashTec France S.A.S., Orleans, France, which also produces lorry washes and portal washes for the French market, Sherman Supersonic Industries Corp., Mississauga, Canada, and Tonawanda, USA, which produce washes for road and track vehicles and modify prefabricated car washes to comply with American standards, all the other group companies are concerned solely with the sale and maintenance of vehicle car washes.

The following holdings were not included in the consolidation for the stated reason and were taken into account at acquisition cost:

	Interest %	Reason
WESUMAT Hungaria Kft., Budapest, Hungary	40	Immaterial
Markus Spolka z.o.o., Krakow, Poland	50	Dormant and immaterial
Neptune Ltd., London, England	100	Dormant and in liquidation

4. Basis of consolidation

Capital consolidation

The capital consolidation is carried out in accordance with the benchmark method of IAS 22 by netting off the acquisition costs against the group share of equity at the time of the acquisition. Goodwill of € 24.837m arising before 1 January 1995 was netted off against the capital reserves. Assets and liabilities were taken over at their market value. The difference between the acquisition costs for the purchased company and the respective share of the assets and liabilities was, in cases where it arose, allocated by means of the activating hidden reserves. Any asset difference remaining after this was increased by the deferred tax liability on the hidden reserves and decreased by the deferred tax asset on the acquired tax accumulated losses brought forward. The remaining amount was capitalized as goodwill and – consistent with its future use – amortised over 20 years. Details of the useful lives of the largest goodwill items are set out in no.7.

Intercompany accounts

Receivables and liabilities between the group companies have been eliminated.

Intercompany profit

The inventories in the consolidated financial statements are valued at group production cost and group acquisition costs. Intercompany profit of € 2.369m (2001: € 2.401m) has been eliminated. The upper limit of the group production costs includes the attributable costs for the product-related general administration on a proportional basis.

Consolidation of income and expenses

In the group profit and loss account the sales revenue and other operating income arising from supplies and services to other group companies has been eliminated against the respective expenses of the recipient of the supplies and services.

5. Foreign currency translation

The monetary assets and liabilities denominated in foreign currencies are translated at the respective rate ruling at the year-end. Realised and unrealized profits and losses are netted off.

The financial statements of the foreign group companies are translated into Euro using the method of functional currency. The functional currency is the respective local currency. Assets and liabilities are therefore translated at the middle rates ruling at the year-end, the profit and loss account is translated using the annual average rates.

Differences from this translation and the translation of the prior year's balances brought forward are netted off against equity. Goodwill arising in the foreign subsidiaries from the capital consolidation is rolled forward at historical rates.

The following exchange rates were used for the translation of the respective currencies of the countries which are not members of the European Monetary Union:

Currency	Average		Year-end	
	2002 €	2001 €	31.12.2002 €	31.12.2001 €
1 US-Dollar	1.06	1.12	0.95	1.13
1 Canadian Dollar	0.67	0.72	0.60	0.71
1 British Pound	1.59	1.61	1.54	1.64
100 Swedish Krona	10.93	10.78	10.97	10.72
100 Danish Krona	13.46	13.42	13.75	13.45
100 Norwegian Krona	13.37	12.44	13.46	12.56

6. Accounting and valuation policies

The financial statements of WashTec AG and the domestic and foreign affiliated enterprises have been prepared using uniform accounting and valuation policies in accordance with IAS 27. Accounting policies used by the affiliated enterprises which do not conform with the group policies were not adjusted in certain cases where their effect was immaterial for the consolidated financial statements.

The most significant group accounting and valuation policies are as follows:

The intangible assets include purchased computer programs and licenses, with estimated useful lives of between three and five years. They are valued at acquisition cost less standard straight-line depreciation.

According to IAS 38 (intangible assets) research costs may not be capitalised and development costs only to the extent that they fulfill exactly defined criteria. In line with this, the costs must be capitalized when the development activities, in all probability, will lead to an inflow of funds which will not only cover the running costs but also the development costs. In addition, various criteria must be fulfilled accumu-

lately regarding the development project and the product to be developed. These requirements have been fulfilled by WashTec, so that the respective costs were capitalized. Depreciation is accounted for on a straight-line basis over 8 years.

The tangible assets, which relate to buildings and business equipment, are valued at acquisition costs less accumulated depreciation. The manufacturing costs of the assets produced by the company itself include a share of material and production overheads and depreciation in addition to the direct costs (IAS 16). Interest for third party debt is not included in the production costs (IAS 23). Repair costs are expensed directly. Depreciation is charged on a straight-line basis over the estimated useful life of the asset proportional to time. Amounts are written off intangible and tangible assets in accordance with IAS 36 if the realizable amount from the respective asset lies below the book value.

Tangible assets which are utilized on the basis of leasing contracts are capitalized and depreciated on a straight-line basis if the requirements for a finance lease in accordance with IAS 17 are fulfilled.

Financial assets relate to shares in non-consolidated enterprises, other loans and other securities. The other loans are loans as defined in IAS 39. They are valued at rolled forward acquisition costs. The other securities are designated to be held-to-maturity as defined in IAS 39. They are valued at rolled forward acquisition costs.

Inventories are valued at acquisition and production costs using the FiFo method. If the net realisable value at the year-end falls, provisions for diminution in value are accounted for. The production costs (IAS 2) include direct material and direct labour costs, indirect labour costs, a share of material and labour overheads and a share of depreciation. Interest for third party debt is not capitalised (IAS 23). Old and

slow-moving items are not valued or valued at scrap value.

Long-term contracts relating to train and watertight process technology are valued in accordance with the percentage-of-completion method (IAS 11). The percentage of completion is determined by the cost-to-cost method. The contracts are disclosed under receivables.

The receivables and other assets are accounted for at nominal value, less any recognizable specific provisions for bad and doubtful debt. Provisions for bad debt are set up for receivables in danger of default.

Pension provisions and similar obligations are calculated in accordance with the projected-unit-credit method (IAS 19). In this accrued-rights, present value method, not only the pensions and the accrued rights at the year-end are taken into account but also the expected increases in salaries and pensions in the future. Actuarial profits and losses, which lie outside a range of ten percent of the insurance volume, are allocated over the average remaining service life.

Tax provisions and other provisions are accounted for to the extent an obligation to a third party is incurred as the result of a past event, which will probably lead to an outflow of assets in the future and this charge against the assets can be estimated reliably.

The provisions disclosed under liabilities take into account all recognizable risks and uncertain obligations to the extent of their probable materialization in accordance with IAS 37. Liabilities are valued at rolled forward acquisition costs (IAS 39.93). Liabilities from finance leases are valued at the present value of the leasing installments at the year-end.

The deferred income serves to apportion the income from maintenance contracts to the respective periods.

Deferred tax is calculated in accordance with IAS 12 on the differing values of the assets and liabilities in the IAS accounts and the tax accounts, on consolidation transactions and on realisable accumulated losses brought forward, but deferred tax assets only if the related tax credit of tax reduction will probably be realized. The deferred tax assets are disclosed separately beneath fixed assets. The deferred taxes are based on rates of tax which are expected in the individual countries at the time the asset will be realized. The rates used are those valid at the balance sheet date or contained in approved tax regulations. The tax rates for deferred tax in the group for the German companies is 40%.

No financial instruments for trading purposes, or which were likely to be sold, were held in the reporting year. All the financial instruments were therefore valued at rolled forward acquisition costs. Except in those cases set out in the explanations on the group balance sheet, the book value is equivalent to the attributable value.

Transaction costs are generally treated as secondary acquisition costs and released over the life of the financial instrument. No simplified valuation policies were applied. In determining the acquisition costs for interest-free liabilities an underlying interest rate of 6% was applied.

The total of the amounts disclosed under assets is largely equivalent to the maximum default risk. There are no significant currency risks. The items were accounted for on the trading day.

Revenue of the year is taken into account when it is realized, irrespective of the payment date. Revenue from the sale of machines, goods and services is realized when the goods and services are delivered or can be delivered and the risks of ownership have been transferred. The company makes use of the instrument of deferred acceptance here. In accor-

dance with our terms and conditions of business and § 293 onwards Civil Code (BGB) customers are invoiced for machines when the rewards and risks of ownership have been transferred, irrespective of whether the respective machine has actually been delivered or not.

Expenses and revenue relating to periods of time are only taken into account to the extent that they relate to the reporting year.

In the consolidated financial statements estimates and assumptions were made affecting the amount and classification of the capitalized assets. The actual values can deviate from the estimates. The estimates relate mainly to the provisions for diminution in value on the inventories, the calculation of the provisions and the extent to which the deferred tax assets can be realised.

THE CONSOLIDATED BALANCE SHEET

Fixed assets

The composition of and movement in fixed assets is disclosed in the group fixed assets schedule attached.

7. Intangible assets

The intangible assets of WashTec Cleaning Technology GmbH include capitalized development costs for the next portal equipment generation amounting to € 2,363m (2001 T€ 939). In addition, research and development costs incurred of T€ 579 (2001: T€ 859) have not been capitalized.

Total goodwill, with a book value of € 43,675m, is as follows as of 31 December 2002:

GOODWILL AS OF 31.12.2002	Acquisition costs		Accumulated	Netbook
	31.12.2002	31.12.2002	depreciation up to	31.12.2002
	in T€	in T€	December 2002	in T€
California-Kleindienst-Gruppe, Augsburg	43,644	6,547		37,097
VPL Verbundpartner Leasing GmbH, Augsburg	3,068	852		2,216
Sherman Supersonic Industries Corp. Canada	2,862	950		1,912
Ibing GmbH, Recklinghausen	4,061	2,999		1,062
Wesumat Benelux B.V., Netherlands	829	52		777
WESUMAT France S.A., France	276	107		169
Wesurail (UK) Limited, UK (Take over train wash technology)	247	82		165
WashTec A/S, Denmark	314	157		157
A. Rohé GmbH, Augsburg	2,976	2,912		64
WashTec France SAS (from company balance sheet)	56	0		56
WESUMAT Fahrzeugwaschanlagen GmbH	6,317	6,317		0
Wesumat Biltvättar AB, Sweden	134	134		0
Wesurail (UK) Limited, Great Britain	186	186		0
Total	64,970	21,295		43,675

The depreciation charge for the year amounted to € 3,289m.

The useful lives of the largest goodwill items as of 31 December 2002 are as follows:

	Useful life in years
California-Kleindienst-Gruppe, Augsburg	20
Wesumat Benelux B.V., Netherlands	20
Sherman Supersonic Industries Corp., Canada	15
Ibing GmbH, Recklinghausen	15
A. Rohé GmbH, Augsburg	11
VPL Verbundpartner Leasing GmbH, Augsburg	15
WESUMAT France S.A., France	15

8. Tangible assets

Included in tangible assets under the item 'finance leases' are assets (machines and vehicles) which are attributable to the group in accordance with IAS 17.

As of 31 December 2002 this item includes machines from sale-and-lease-back arrangements amounting to € 7,560m (2001 € 6,290m), whose historical costs were € 13,512m (2001 € 10,421m). To date depreciation of T€ 5,951 (2001 T€ 4,131) has been charged. In 2002 a net disposal of € 2,109m was carried out, with the historical costs of € 4,665m and accumulated depreciation of € 2,556m.

The sale-and-lease-back arrangements were carried out as part of the sales operations of WESURENT Car Wash Marketing GmbH. The machines produced by WashTec Cleaning Technology GmbH are sold to a leasing company and leased back by WESURENT Car Wash Marketing GmbH, in order to lease these out to its own customers, in particular large distributor groups or oil companies as part of its sales model. The lease back contracts generally have a term of 3-6 years, while the contracts of Wesurent Car Wash Marketing GmbH have a term of 5-10 years with its lessees. The rental income is determined on the basis of the washes carried out. The revenue from this amounted to € 5,164m (2001 € 4,032m) in 2002.

In addition to normal depreciation, T€ 419 was written off in 2002.

Depreciation of tangible assets is charged over the following useful lives:

Tangible assets	Useful life
Buildings	20-50 years
Technical equipment and machines	5-8 years
Other equipment, factory and office equipment	3-8 years

The land, land rights and buildings relate to the following companies:

	2002	2001
	T€	T€
WashTec Cleaning Technology GmbH	26,307	27,107
WashTec UK Ltd., Great Britain	635	791
WashTec Bilvask A/S; Denmark	401	435
WashTec France S.A., France	444	499
Sherman Supersonic Industries Corp., Canada	291	320
Other	36	41
Total	28,114	29,193

Charges of nominal € 35,565m on the land owned by WashTec Cleaning Technology GmbH are entered in the land registry and nominal T€ 942 on land owned by WashTec Bilvask A/S; these are valued at € 6,151m and T€ 397 respectively.

9. Financial assets

The disposals of the participations relate to Kleindienst Svenska A.B., Stockholm, Sweden, California Biltvättar A.B., Helsingborg, Sweden and Oy Kleindienst AB, Helsinki, Finland, which were liquidated in 2002.

Disclosed under securities are securities (Sicav) which the French affiliated enterprise WashTec France S.A. has deposited with a bank as collateral. They have a term to maturity of up to 5 years and a variable rate of interest. The securities are designated to be held to maturity.

10. Deferred tax assets

The net deferred tax asset of € 27,364m derives mainly from deferred tax assets on the usable tax accumulated losses of € 31,885m (€ 30,298m in Germany and € 1,587m abroad; 2001 € 29,593m), and € 4,894m (2001 € 4,975m) deferred tax liability

from the increase in value of the land. There is adequate certainty that the accumulated losses will be realized following the restructuring measures which have been introduced and the positive assessment of the reconstruction plan by Roland Berger Strategy Consultants.

The deferred tax has been calculated in accordance with the liability method on the basis of a tax rate of 40%.

The movement on the deferred tax asset in the reporting year is as follows:

	01.01.2002	Change	31.12.2002
	T€	T€	T€
Tax accumulated losses	29,593	2,292	31,885
Timing differences commercial and tax accounts	3,167	-726	2,441
Intergroup profit	960	-12	948
Pensions	0	114	114
Total	33,720	1,668	35,388

The timing differences between the commercial and the tax accounts relate mainly to the liabilities from mezzanine loans (€ 1,416m) and provisions for part-time work for employees approaching retirement (€ 3,405m).

The movement in the deferred tax liability in the reporting year is as follows:

TIMING DIFFERENCES BETWEEN IAS/COMMERCIAL CODE (HGB)			
	01.01.2002	Change	31.12.2002
	T€	T€	T€
Land and building revaluation	-4,975	81	-4,894
Revenue in accordance with 'percentage of completion'	-103	61	-42
Pensions	-4	4	-0
Mezzanine loans	-1,239	625	-614
Straight-line depreciation	-1,077	0	-1,077
Leasing	-693	324	-369
General bad debt provision	0	-84	-84
Development costs	-376	-569	-945
Redundancy payments	-68	68	-0
Total	-8,535	510	-8,025

Deferred tax receivables and liabilities are netted off against each other where this is legally permissible and the tax receivables and liabilities are due from/to the same tax authorities. The following amounts, arising after netting off the receivables and liabilities, are disclosed in the consolidated financial statements.

	2002	2001
	T€	T€
Deferred tax receivables	35,388	33,720
Deferred tax liabilities	-8,025	-8,535
Total	27,364	25,185

11. Inventories

	2002	2001
	T€	T€
Raw materials, consumables and supplies	32,582	32,968
Work-in-progress	1,924	2,894
Finished goods and purchased merchandise	4,774	6,081
Total	39,280	41,943

In addition prepayments on inventories of T€ 27 (2001 T€ 24) were made.

The provisions for diminution in value on inventories amounted to € 7,457m (2001: € 5,553m) in the reporting year. The book value of the inventories valued at net realizable value was € 3,356m.

12. Receivables and other assets

RECEIVABLES AND OTHER ASSETS		
	2002	2001
	T€	T€
Trade receivables	53,947	67,906
of which:		
long-term receivables (due in > 1 year)	0	64
short-term receivables (due in < 1 year)	53,947	67,842
Receivables from enterprises in which participations are held	460	344
of which:		
long-term receivables	0	0
short-term receivables	460	344
Other assets	2,514	2,212
of which:		
long-term receivables	353	0
short-term receivables	2,161	2,212
Receivables from tax authorities	452	3,960
Total	57,373	74,422
of which:		
long-term receivables	353	64
short-term receivables	57,020	74,358

The other long-term assets relate to a loan to a trader. Interest is charged at the rate of 3% and repayments are to be made in installments of € 50,000.

13. Short-term trade receivables

	2002	2001
	T€	T€
Gross	60,625	72,669
Bad debt provisions	-6,678	-4,827
Net	53,947	67,842

Included in the trade receivables are long-term contracts of T€ 858 (2001: € 1,462m), which have been valued in accordance with the percentage-of-completion method IAS 11. In the reporting year cost of materials here amounted to T€ 670 and personnel expenses to T€ 83. Proportional profit of T€ 105 (before deferred tax) was therefore realized.

14. Receivables from enterprises in which participations are held

The receivables derive from trading with participations not wholly included in the consolidated financial statements. They relate solely to receivables from Wesumat Hungaria KFT, Budapest, Hungary.

15. Receivables from tax authorities

The receivables from the tax authorities concern mainly rebates for corporation tax (T€ 127) and withholding tax (T€ 182).

16. Short-term other assets

The short-term other assets of € 2,161m (2001 € 2,212m) relate to receivables from employees of € 1,048m, which include mainly travel expense advances (T€ 355) and loans and other receivables (T€ 519) for the purchase of convertible bonds. The loans have a maximum term up to 31 December 2008 and were charged interest in the reporting period at the rate of 6%. They were granted in December 1997. Furthermore, creditors debit balances are the largest single item.

17. Bank balances and cash-in-hand

BANK BALANCES AND CASH-IN-HAND		
	2002	2001
	T€	T€
Bank balances and cash-in-hand	4,918	3,815
Total	4,918	3,815

18. Prepaid expenses

The prepaid expenses related to flat-rate maintenance costs and the prepayments of insurance premiums and taxes.

EQUITY

19. Subscribed capital

The company's share capital amounts to € 20,000,000 and is divided into 7,600,000 shares. The subscribed capital is fully paid up. Each share therefore has a nominal value of € 2.63.

Authorised capital

Authorised capital I

The company's board of directors was authorised to increase the nominal capital of the company, with the approval of the supervisory board, once or several times, by up to € 3,681,302 by 16 October 2002 through the issue of new shares in return for cash contributions or non-cash contributions.

Authorised capital II

The board of directors was authorised to increase the nominal capital of the company, with the approval of the supervisory board, once or several times, by up to € 1,175,971 by 16 October 2002 through the issue of new shares in return for cash contributions.

Contingent capital

According to § 218 German Companies Act, the contingent capital of a company increases in the same proportion as the nominal capital does when a capital increase is carried out with the company's funds.

Contingent capital I

In a resolution of the general shareholders' meeting on 28 June 2001 the contingent capital I was increased from € 511,292 by € 15,024 to € 526,316 – following the capital increase from company funds. The nominal capital of the company is increased contingently by up to € 526,316, divided into 200,000 shares with a nominal value of € 2.63. The contingent capital increase will only be carried out to the extent that the creditors of convertible bonds, which were issued following the resolution of the shareholders'

meeting on 17 October 1997, exercise their conversion rights and this is necessary for the conversion in accordance with the terms of the conversion. The equity portion was not disclosed separately since it is immaterial.

Contingent capital II

In a resolution of the shareholders' meeting on 28 June 2001 the contingent capital II was increased from € 1,175,971 by € 34,555 to € 1,210,526 – following the capital increase from company funds. The contingent capital II increase, passed in the resolution of the extraordinary shareholders' meeting on 22 December 1999, means that the nominal capital of the company may be increased contingently by up to € 1,210,526 by issuing up to 460,000 bearer shares, each with a share in the nominal capital of € 2.63. The sole purpose of the contingent capital increase is to grant options to members of the company's board of directors, to members of the boards of directors of affiliated enterprises, to employees (including senior employees) of the company and of affiliated enterprises of the company. The shareholders are not entitled to any legal subscription rights on the options. The contingent capital increase will only be carried out to the extent that the owners of the options granted exercise their options. In the years 2000 to 2002 the board of directors and supervisory board issued 140,000 options to senior employees and directors.

Those entitled to options are not required to pay any consideration for the options. The options may only be exercised after the end of a waiting period of two years, scaled within three years, in 2004 at the latest. The options may only be exercised if the movement in the share price of WashTec is at least equivalent to the SMAX-All-Shares-(share price index)-Xetra before the respective exercise period.

The new shares participate in the company's profits from the beginning of the financial year in the course

of which they are issued as the result of the exercise of options. The board of directors is entitled, with the approval of the supervisory board, to determine further details of the implementation of the contingent capital increase, unless options are to be issued to the members of the board of directors of the company; in this case the supervisory board determines further details of the implementation of the contingent capital increase.

The valuation and accounting treatment of the options accords to the intrinsic value. The intrinsic value is determined by comparing the exercise price and the current market price. Recording of expenses was not necessary.

20. Capital reserves

The capital reserves consist only of the premium from the capital increase carried out. This derives mainly from the contribution of California Kleindienst Holding GmbH into WashTec AG on 01 January 2000.

21. Retained profits brought forward and group profit for the year

The general shareholders' meeting of the parent company passed a resolution on 20 June 2002 authorising payment of a dividend of € 760,000 from the net retained profits of € 6,477,675 of WashTec AG as of 31 December 2001 and carrying the remaining net retained profits forward.

22. Pension provisions

The provision takes account of obligations from accrued rights and current payments to active and former employees and their dependents. The pension scheme grants old-age pensions (from 63 years), early old-age pensions and disability pensions. A qualifying service life of 10 years must be completed for a pension, with service years only be taken into account

from the age of 30. The monthly pension is based on a fixed amount multiplied by the number of qualifying years of service. In addition to this there are individual contractual arrangements. The valuation of the provisions for benefits-orientated pension schemes is based on the projected-unit-credit-method in accordance with IAS 19. The provision was calculated in accordance with actuarial methods. A discount rate of 5.5% (2001 6%) was assumed. The annual increases in salaries and cost-of-living were taken into account with 1.5%. The guidelines 1998 by Klaus Heubeck were used as the biometric base for the calculation. The probability of fluctuation was estimated taking into account age and sex.

The figures disclosed in the balance sheet are derived as follows:

	2002	2001
	T€	T€
Present value of unfinanced obligations	5,973	5,335
Unrecorded actuarial losses	-486	-242
Total	5,487	5,093

The movement in the pensions provision in the years 2002 and 2001 was as follows:

	2002	2001
	T€	T€
01.01.	5,093	5,062
Pensions paid	-286	-307
Charge for the year	680	338
31.12.	5,487	5,093

The charge for the year to the pension provision disclosed in the profit and loss account is made up as follows:

	2002	2001
	T€	T€
Service life expense of the reporting period	367	34
Interest expense	313	304
Pension expense	680	338

23. Tax provisions

As in the prior period, the tax provisions of T€ 301 relate mainly to taxes on income of WashTec AG for prior periods.

24. Other provisions

OTHER PROVISIONS						
	Provisions				Total	
	Part-time for older employees	Warranties	Other	Accrued liabilities	2002	2002
	2002	2002	2002	2002	2002	2002
	T€	T€	T€	T€	T€	T€
01.01.	3,055	2,693	3,947	1,537	11,232	17,988
Charge for the year	1,253	2,580	2,732	855	7,420	3,202
Release	0	-413	-130	-237	-780	-3,090
Profit and loss account	1,253	2,167	2,602	618	6,640	112
Utilised	0	-1,722	-1,367	-751	-3,840	-6,868
31.12.	4,308	3,138	5,182	1,404	14,032	11,232
of which short-term	0	3,138	3,078	1,404	7,620	6,202
of which long-term	4,308	0	2,104	0	6,412	5,030

The other provision of € 5,182m (2001 € 3,947m) relate mainly to long-term repurchase obligations (€ 2,104m), restructuring (€ 1,547m) and provisions for litigation risks (T€ 443). The rise over the prior year is due in particular to the restructuring costs.

The provision for repurchase obligations is calculated on a rolling basis and has a term of up to five years.

The largest item in the accrued liabilities of € 1,404m (2001 € 1,537m) is the legal and professional fees (T€ 260; 2001 T€ 604). The amounts utilized also concern, in the main, legal and professional fees (T€ 512).

The provision for part-time work for employees approaching retirement has been calculated in accordance with the statement from the professional committee of the German Institute of Auditors (IDW RS HFA 3) dated 18.11.1998. It is based on an interest rate of 5.5% and an annual salary increase of 2%.

25. Due to banks and similar institutes

	2002	2001
	T€	T€
Short-term liabilities to banks	81,998	89,275
Long-term liabilities to banks	6,558	10,084
Total	88,556	99,359

Long-term loans of € 6,558m (2001 € 9,861m) have been secured by charges on land. The book value of the land amounts to € 26,708m.

The interest rates on the bank loans in the reporting period are as follows:

BANK LOANS			
	less than 1 year	1-5 years	Over 5 years
31.12.2002	6.4%	5.9%	7.0%
31.12.2001	5.9%	5.9%	7.0%

WEIGHTED, EFFECTIVE AVERAGE INTEREST RATES

	2002	2001
Convertible loans	2.0%	2.0%
Liabilities to banks	6.4%	5.9%

REMAINING TERMS OF LONG-TERM LIABILITIES

T€	2002	2001
1 - 2 years	6,233	6,990
2 - 5 years	54	2,812
Over 5 years	271	282
Total	6,558	10,084

26. Convertible bonds

	2002	2001
	T€	T€
Short-term convertible bonds	289	155
Long-term convertible bonds	0	155
Total convertible bonds	289	310

Through the resolution of the general shareholders' meeting on 17 October 1997 the company's board of directors is authorized to issue registered bearer convertible bonds with an interest rate of 2% p.a. up to 31 December 1998 with a total value of up to € 511,292 (after capital increase in accordance with the general shareholders' meeting on 28 July 2001: € 526,316), with a term to maturity up to 31 December 2008 at the longest. The holders of the registered bearer convertible bonds are entitled to convert each nominal value of registered bearer convertible bonds of € 2.56 (after capital increase: € 2.63) into one ordinary share of the company. The creditors holding the bearer convertible bonds may be management and employees as defined in § 5 paragraph 3 German Labour-Management Relations Act and company employees not bound by collective-bargaining agreements or those of affiliated enterprises. The shareholders are not entitled to any legal sub-

scription rights. The conversion rights can be exercised for the first time three years after the decision of the board of directors on granting bearer convertible bonds for 50% of the shares to be issued, and after five years for the remaining 50%

According to § 7.3 of the terms of issue the employees are entitled to convert their convertible bonds with a payment based on a share price of € 11.21. The respective conversion price is equal to this share price plus 3% p.a. from the date of acquisition. In 1997 € 393,695 of convertible bonds were granted to the board of directors and senior employees. As of December 2002 this amount had fallen to € 288,880.

The market value of the convertible bonds is about T€ 50 below the book value.

27. Liabilities

	2002	2001
	T€	T€
Trade payables	19,497	16,853
Payments received on account of orders	3,384	3,951
Bill of exchange	0	1,881
Other liabilities		
due in less than 1 year:		
taxes and levies	5,045	5,093
social security	2,356	2,294
remaining other liabilities	13,800	16,585
due in 1-5 years	45,088	43,006
Total	89,170	89,663

Other liabilities

The other liabilities relating to taxes and levies include primarily VAT payable, in addition to wage tax for December 2002.

Included in the remaining other liabilities due in less than 1 year (€ 13,800m) and due in 1 to 5 years (€ 45,088m) are finance lease liabilities with the following present values:

OTHER LIABILITIES

	Present value 2002	Nominal value 2002	Present value 2001	Nominal value 2001
	T€	T€	T€	T€
Due in less than 1 year	1,574	1,920	4,847	5,883
Due in 1-5 years	7,952	8,454	7,056	7,330
Total	9,526	10,374	11,903	13,213

The leasing liabilities relate mainly to vehicles and car washing facilities for systems operations.

In addition, the other liabilities due in less than 1 year include debtors credit balances of T€ 633, liabilities due to employees of € 6,508m, liabilities due to the trade associations of T€ 266 and accrued liabilities relating to maintenance contracts of T€ 400.

The other liabilities due in 1-5 years include interest-free loans (mezzanine loans) from the former shareholders of the California Kleindienst group granted to WashTec Holding GmbH amounting to € 37,907m. The loan contract gives the company the option of deferring each scheduled repayment until 15 January 2005 at the latest. In this case interest is then chargeable on the deferred repayments at the rate of the 6-month EURIBOR plus 2.5%. The company has exercised this option with regard to the first two installments due on 15 January 2002 and 2003 amounting to a total of DM 37,000m (€ 18,918m). Interest is therefore due on the loan to this extent. The interest-free part of the loan must be discounted in accordance with IFRS. The interest rate is 6%. The present value of the whole of the loan is € 36,301m as of 31 December 2002.

The other liabilities due in 1-5 years include, as before, the long-term portion (T€ 266) of a loan from the former shareholders of Sherman Supersonic Industries Corp., Mississauga, Canada totaling T€ 870, repayable in

installments of CAD 1,000m on 31 December 2003 and TCAD 411 on 31 December 2004.

THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

28. Sales

The sales of € 235,505m (2001 € 256,157m) include amongst other things revenue from long-term contracts calculated in accordance with the percentage-of-completion method. This amounts to T€ 858 (2001 € 1,462m).

Sales include € 5,164m (2001 € 4,032m) relating to lease and rental revenue for car washes. The contracts do not provide for minimum leasing payments but payments are solely dependent on the number of washes.

29. Other operating income

Other operating income of € 3,825m (2001 € 6,213m) is primarily made up of revenue from the release of provisions (T€ 774), income from the release of the bad debt provisions on receivables (€ 1,427m), foreign exchange rate gains (T€ 260) and income from the sale of leasing cars (T€ 228).

30. Cost of materials

	2002 T€	2001 T€
Cost of raw materials, consumables and supplies and of purchased merchandise	89,270	97,879
cost of purchased services	12,868	13,013
Total	102,138	110,892

31. Personnel expenses

The personnel expenses include € 1,547m (2001 € 1,200m) for redundancy payments, charges for part-time work for employees nearing retirement of € 1,253m (2001 € 1,052m) and for pension provisions of T€ 680 (2001 T€ 338).

The annual average number of employees in the group was as follows:

AVERAGE NUMBER OF EMPLOYEES	2002	2001
Production	1,058	1,106
Administration	630	658
Total	1,688	1,764

32. Other operating expenses

The other operating expenses are as follows:

	2002 T€	2001 T€
Travel expenses and vehicle costs	10,616	9,077
Various administration costs	3,411	4,381
Leasing, rent and maintenance costs	4,346	4,075
Legal and professional fees	2,938	2,897
Advertising and trade fairs	2,657	2,752
Communication and distribution expenses	2,523	2,468
Fees, licences and development costs	919	1,691
Costs of data processing	2,019	1,530
Increase in the bad debt provisions	4,433	1,310
Insurance	783	739
Damages caused by car washes	668	668
Foreign exchange differences	647	515
Cost of own patents and copyrights	447	397
Public relations	378	355
Losses on the disposal of fixed assets	301	147
Other	4,210	4,613
Total	41,296	37,615

The rise in the bad debt provisions is due to an unfavourable aging structure of the receivables on the one hand, and to a more prudent assessment of the extent to which the old receivables will be realized in the light of the poor economic situation.

33. Financial results

	2002 in T€	2001 in T€
Net interest		
Interest and similar income	318	408
Interest and similar expense	-8,954	-9,595
Other financial results		
Other financial revenue	80	71
Financial results	-8,556	-9,116

The interest and similar income solely constitutes interest income. The interest and similar expense includes interest accrued on the mezzanine loans (interest rate 6%) of € 1,563m (2001 € 1,970m).

34. Taxes on income

The item relates mainly to deferred tax, which was capitalised based on the tax losses brought forward of WashTec Cleaning Technologie GmbH, Augsburg in particular.

The following table shows details of the reconciliation of the expected and actual tax expense disclosed. The expected tax expense is derived from the results before taxes on income, multiplied by a tax rate of 40% (25% for corporation tax and 15% for trade tax on income).

T€	Basis of calculation 2002	Tax income 2002	Basis of calculation 2001	Tax expense 2001
Expected taxes on income	-16,091	-6,436	4,341	1,736
Tax differences due to differing rates of tax abroad ⁰⁾	0	95	0	-143
Provisions on accrued tax assets for foreign losses brought forward ¹⁾	3,532	1,413	0	0
Amortisation of goodwill IAS 36	2,481	992	2,484	994
Non-deductible expenses of foreign companies	1,000	400	0	0
Release of tax special item for mezzanine loans	1,346	538	0	0
Non-deductible interest on long-term debt ²⁾	0	371	0	0
Taxes prior years	0	363	0	0
Decrease in corporation tax due to distribution	0	-189	0	-189
Other	0	470	0	347
Total	-7,732	-1,983	6,825	2,745

⁰⁾ This relates primarily to companies in Great Britain

¹⁾ Relates to countries in Norway, USA, Canada, Spain, Sweden, Belgium and Great Britain

²⁾ Incl. the effects of corporation tax due to the deductibility of trade tax

Details of the tax income/tax expense are as follows:

	Tax income 2002 T€	Tax expense 2001 T€
Deferred tax income/tax expense	-2,178	2,612
Actual tax expense	195	133
Total	-1,983	2,745

The amount of actual/deferred tax does not derive from items which were debited or credited directly to equity.

35. Earnings per share

The earnings per share is calculated in accordance with IAS 33 as the group profit for the year divided by the number of shares issued.

	2002	2001
	T€	T€
Group results for the year	-14,078	1,606
Weighted average of the shares issued (in thousands)	7,600	7,600
Earnings per share in € (undiluted = diluted)	-1.85	0.21

The share options and convertible bonds issued are not exercisable as defined in the provisions in the relevant agreements and counter the dilution. For this reason the diluted earnings per share equal the undiluted earnings per share.

Dividends per share

The annual general shareholders' meeting on 25 June 2003 will not propose a dividend for the reporting year.

36. Further details on the cash flow statement

The cash flow statement shows how cash and cash equivalents (cash-in-hand, bank balances and short term bank liabilities) of the WashTec group have changed during year. In accordance with IAS 7 the cash flows were classified according to operational activities in flows of funds from operations, investment activities and financing activities.

In the reporting year the income taxes paid amounted to € -3,280m (2001 T€ 687) and the interest paid to € 7,391m (2001 € 7,624m).

37. Contingent liabilities and other financial commitments

Guarantees

There are guarantees for payments on account, warranties, rent guarantees and performance bonds amounting to € 5,664m concerning the completion of current orders.

Other financial commitments

The group has the following commitments from leasing and rent contract (operations leases) at the balance sheet date, with the respective maturity dates.

In less than	In 1-5 years	Over 5 years	Total
1 Jahr			
T€	T€	T€	T€
1,585	2,741	20	4,346

These relate mainly to leasing of vehicles for the customer service division abroad. The contracts have terms of between 3 and 5 years.

Hedging policies and financial derivatives

WashTec is exposed to price, interest and currency fluctuations in its operations. It is business policy to avoid these risks as far as possible and/or to limit them. All hedging activities are coordinated and carried out centrally.

Currency and interest risks

On a monthly basis WashTec determines all the items which are subject to interest and currency risks, evaluates the probability of negative developments for the company and take decisions on how to avoid, reduce or transfer the respective interest and/or currency positions. In the financial year and the prior year no derivative financial instruments were deployed.

Liquidity risk

One of the most important business goals is to secure the liquidity of the WashTec companies at all times. With the aid of the cash-management system implemented, possible bottlenecks become evident in time and adequate steps are taken. Liquidity is ensured by means of lines of credit not drawn down. The lines of credit to finance short-term operations have been made available to the WashTec group by various German banks in return for joint liability of WashTec Holding GmbH and WashTec Cleaning Technology GmbH. The long-term liabilities due to banks as of 31 December 2002 are secured by charges on land and buildings. The WashTec group is financed primarily via WashTec Cleaning Technology GmbH, which, as the most significant operational company, also has the greatest financial needs.

Risk of default

The theoretical maximum risk of default on the original financial instruments corresponds to the value of all the receivables less the liabilities due to the same creditor. WashTec is making efforts to keep the risk of non-payment to a minimum. Where the creditworthiness of the customer is not first-class, limits on receivables are strictly imposed. Proof of creditworthiness or financing is required for new customers. We assume that the actual risk of default on receivables is covered by the provisions for bad debt.

38. Explanations on segment reporting

In accordance with the provisions of IAS 14 (Segment Reporting) certain data from the financial statements must be presented classified according to operational segments and regions, with the classifications corresponding to internal reporting features. The segment reporting is designed to make the earnings power and the prospects of success for the individual activities of the group transparent.

The business segments include the following activities:

- The business segment cleaning technology includes the development, construction, production, sales and service of automatic cleaning systems for cars, commercial vehicles and track vehicles.
- Systems operations focus on systems solutions for the operation of vehicle washes. Machines produced are sold to a leasing company and then leased back in order to lease these out to customers, in particular large distributor groups or oil companies as part of its sales model. These contracts generally have terms of 5-6 years.

Systems operations are amalgamated in WESURENT Car Wash Marketing GmbH, Augsburg. All the other companies have been allocated to the segment cleaning technology.

The business segments of the WashTec group conduct operations worldwide and may be classified into the following regions: Germany, other Europe, Asia/Australia, North America, South America and other countries.

All the segment data on the business segments corresponds to internal reporting before consolidation. To provide a reconciliation to the consolidated figures the intercompany items are eliminated in a separate column.

The intercompany prices charged between the group companies are at arm's length and compare to prices charged to third parties. At the same time, they take into account the specific market and economic factors peculiar to the individual regions.

BUSINESS SEGMENTS								
T€	2002	2001	2002	2001	2002	2001	2002	2001
	Cleaning	Technology	Systemoperations		Consolidation		Group	
External sales	230,341	252,125	5,164	4,032	0	0	235,505	256,157
Intersegment sales	0	162	0	0	0	-162	0	0
Change in WIP and fin. goods/ own work capitalised/other income	2,490	6,290	0	37	-25	-29	2,465	6,298
Operating results	-8,380	12,328	875	1,129	0	0	-7,505	13,457
Income from interest and financial assets	397	479	0	0	0	0	397	479
Interest and similar expense	-8,568	-9,285	-386	-310	0	0	-8,954	-9,595
Profit/loss from ordinary activities	-16,551	3,522	489	819	0	0	-16,062	4,341
Taxes on income							1,983	-2,745
plus minority interests in results for the year							0	10
Group profit/loss for the year							-14,079	1,606
Equity	25,438	40,028	51	51	0	0	25,489	40,079
Liabilities	172,163	183,364	6,448	5,465	595	502	178,016	189,331
Fixed assets	88,607	93,618	5,372	5,945	0	0	93,979	99,563
Current assets	99,532	119,275	1,118	426	595	502	101,245	120,203
Capital expenditure	7,029	8,934	3,717	725	0	0	10,746	9,659
Depreciation charge	-11,833	-10,856	-1,164	-639	0	0	-12,997	-11,495
Expenses/income not affecting cash excl. Depreciation	-616	441	0	0	0	0	-616	441

Group segment sales may be classified into the following sales groups:

	2002	2001	Change
	T€	T€	T€
Business segment cleaning technology			
New machines	138,262	156,720	-18,458
Spare parts, customer service	78,283	78,682	-399
Second-hand machines	6,657	7,158	-501
Chemicals	3,905	4,254	-349
Periphery products and other	3,234	5,311	-2,077
Total	230,341	252,125	-21,784
Business segment systems operations			
Equipment leasing	5,164	3,989	1,175
Other	0	43	-43
Total	5,164	4,032	1,132

REGIONS

	Germany	Other Europe	Nordth America	Asia / Australia South America/ other	Group
	T€	T€	T€	T€	T€
Net book value tangible assets	42,291	3,852	489	0	46,632
Capital expenditure tangible assets	7,718	1,136	153	0	9,007
Net book value intangible assets	45,765	1,082	0	0	46,847
Capital expenditure intangible assets	1,616	123	0	0	1,739

The group's sales were made in the following regions:

	2002	2001	Change
	T€	T€	T€
Germany	99,572	112,683	-13,111
Other Europe	127,167	131,802	-4,635
Asia/Australia	1,256	5,510	-4,254
North America	6,136	5,359	777
Other	1,374	803	571
Total	235,505	256,157	-20,652

Governing bodies

Board of Directors

Wolfgang Decker, Zusmarshausen
(Chairman) until 31 January 2003

Jürgen Lauer, Weißenhorn
(Finance) from 15 January 2003

Sabine Decker, Augsburg
(Finance) until 19 January 2003
(Sales) from 20 January 2003

Dietmar Waldemar Mundil, Pulheim
(Technology) until 30 September 2002

Dirk Brunnengräber, Puchheim
(Technology) from ab 01 August 2002

Johannes Kehr
(Chairman of the Board) from 1 May 2003

Total remuneration of the board of directors amounted to € 1,509m in 2002. Of this T€ 780 related to redundancy payments.

In addition there are related party transactions in the form of sales-related license payments to a member of the board of T€ 467 (2001 448) for the year 2002. Furthermore, a member of the board of directors is entitled to a pension, which had a present value of T€ 200 as of 31 December 2002.

With regard to the convertible bonds, loans have been granted to members of the board of directors of T€ 175 plus accrued interest. Interest is charged at the rate of 6% p.a.

Supervisory Board

Alexander von Engelhardt, Kronberg
(Chairman) from 4 March 2003

Member of the supervisory board of the following companies:

- Singulus Technologies AG, Kahl/Main (Chairman)
- Dr. Schmidt AG & Co., Berlin (Deputy Chairman)
- K. u. M. Möbel AG, Kirchleingern (Deputy Chairman)
- Gütermann AG, Gutach Breisgau

- Tarkett Sommer AG, Frankental
- Comline AG, Hamburg

Dr. Märten Burgdorf, self-employed businessman,
Swisttal-Heimerzheim (Chairman, left office on
13 February 2003)

Bernd Kosegarten, self-employed management
consultant, Hamburg (Deputy Chairman)
Member of the supervisory board of the following
companies:

- JENOPTIK PHOTONICS AG, Jena

Johannes Kehr (from 9 April 2003; from 1 May 2003
delegated to the board of directors in accordance
with § 105 paragraph 2 Companies Act (AktG))

Prof. Karl Eugen Becker, Gauting
Member of the supervisory board of the following
companies:

- TÜV Süddeutschland Holding AG, Munich
(Chairman)
- Data Modul AG, Munich (Chairman)
- Hans Einhell AG, Landau/Isar

Dr. Peter Brütt, former chairman of the board of
directors of MAN Roland Druckmaschinen AG,
Augsburg (until 21 February 2003)

Member of the supervisory board of the following
companies:

- Epple Druckfarben AG, Neusäß

Michal Busch, Berlin (from 4 March 2003)
Member of the supervisory board of the following
companies:

- Kampa AG, Minden (Deputy Chairman)
- Sto AG, Stühlingen

Dr. Hanno Monauni, economic lawyer and lecturer,
Bad Wimpfen (until 30 March 2003)

Robert A. Osterrieth, Director, German Venture
Advisers Limited, London

Member of the supervisory board of the following
companies:

- Kleindienst Datentechnik AG, Augsburg (Chairman)
- Pari Capital AG, Munich

The remuneration of the supervisory board amount-
ed to T€ 112.

Declaration in accordance with § 161 German Companies Act (AktG) on the Corporate Governance Codex

WashTec AG has provided the required declaration
for 2002 in accordance with § 161 German
Companies Act (AktG) and made this available to
the shareholders.

The board of directors authorised the consolidated
financial statements to be passed on to the supervi-
sory board on 8 May 2003.

Augsburg, 8 May 2003

WashTec AG

Dirk Brunnengräber Sabine Decker Jürgen Lauer Johannes Kehr

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by WashTec AG, Augsburg, consisting of the balance sheet, the profit and loss account, the changes in equity, the cash flow statement and notes on the financial statements for the business year 1 January 2002 to 31 December 2002. The preparation and contents of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) is the responsibility of the board of directors of WashTec AG. Our responsibility is to express an opinion on whether the consolidated financial statements comply with the IFRS based on our audit.

We conducted our audit of the consolidated financial statements in accordance with the German auditing standards, taking into account the German generally accepted standards for the audit of financial statements promulgated by the German Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that an opinion as to whether the consolidated financial statements are free from material error can be expressed with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and the evaluations of possible misstatements are taken into account in the determination of the audit procedures. The evidence supporting the valuation and disclosures in the consolidated financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group directors' report. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the consolidated financial statements give a true and fair view of the group's net assets, financial position and results of operations of the group and the cash flow for the business year in

accordance with the International Financial Reporting Standards.

Our audit, which extended to the combined directors' report of the WashTec group and WashTec AG, Augsburg, for the business year 1 January 2002 to 31 December 2002, prepared by the board of directors, has not led to any reservations. In our opinion, the group directors' report provides a suitable understanding of the group's position and suitably presents the risks of future development. In addition, we also confirm that the consolidated financial statements and the group directors' report for the business year 1 January 2002 to 31 December 2002 fulfil the requirements for the exemption from preparing consolidated financial statements and a group directors' report in accordance with German law.

Munich, 8 May 2003
Ernst & Young
Deutsche Allgemeine Treuhand AG
Wirtschaftsprüfungsgesellschaft

R. Broschulat
Wirtschaftsprüfer

W. Maier
Wirtschaftsprüfer

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 01 JANUARY 2002 TO 31 DECEMBER 2002

	01.01.2002 bis 31.12.2002 €	01.01.2001 bis 31.12.2001 €
Sales	1,535,251	1,817,765
Other operating income	21,753	2,992
	1,557,004	1,820,757
Personnel expenses		
a) Wages and salaries	2,251,100	1,225,656
b) Social security and other pension costs and benefits of which pension costs € 34,357 (2001 € 24,455)	106,308	57,739
Depreciation on intangible fixed assets and tangible assets	17,461	63,282
Other operating expenses	1,707,282	1,605,514
	-4,082,151	-2,952,191
	-2,525,147	-1,131,434
Income from profits transferred under profit and loss agreements		
Other interest and similar income	891,202	359,345
Amounts written of financial assets	15,260	16,017
Interest and similar expenses	-20,397,227	-76,692
	-49,217	-57,736
	-19,539,982	240,934
Results from ordinary activities		
Taxes on income	-22,065,129	-890,500
Other taxes	-11,633	-546,204
	36,662	0
	-25,029	546,204
Net loss for the year	-22,090,158	-344,296
Accumulated profits brought forward	6,477,675	9,192,320
Distribution to shareholders	-760,000	-2,370,349
Net accumulated losses (net retained profits)	-16,372,483	6,477,675

MOVEMENT IN FIXED ASSETS OF WASHTEC AG

	Acquisition and production costs				Accumulated depreciation				Net book value	
	01.01.2002 €	Additions €	Disposals €	31.12.2002 €	01.01.2002 €	Additions €	Disposals €	31.12.2002 €	31.12.2002 €	31.12.2001 €
I. Intangible assets										
Patents and licenses	15,671	0	0	15,671	15,670	0	0	15,670	1	1
Software	310,348	5,000	0	315,348	275,537	16,086	0	291,623	23,725	34,811
II. Tangible assets										
Factory and office equipment	15,721	2,585	0	18,306	14,417	1,375	0	15,792	2,514	1,303
III. Financial assets										
Shares in affiliated enterprises	101,436,181	0	0	101,436,181	76,692	20,397,227	0	20,473,919	80,962,262	101,359,490
	101,762,250	7,585	0	101,769,835	366,646	20,414,688	0	20,781,334	80,988,501	101,395,604

WashTec AG, Augsburg
Balance sheet as of 31 December 2002

ASSETS	31.12.2002	31.12.2001
	€	€
FIXED ASSETS		
Intangible assets		
Concessions, industrial and similar rights and assets and licences in such rights and assets	23,725	34,811
Tangible assets		
Factory and office equipment	2,514	1,303
Financial assets		
Shares in affiliated enterprises	80,962,262	101,359,490
	80,988,501	101,395,604
CURRENT ASSETS		
Receivables and other assets		
Receivables from affiliated enterprises	4,810,224	1,096,177
Other assets	601,029	3,110,752
	5,411,253	4,206,929
Bank balances	446	6
	5,411,699	4,206,935
PREPAID EXPENSES	20,469	32,143
Total assets	86,420,669	105,634,682

EQUITY AND LIABILITIES	31.12.2002	31.12.2001
	€	€
EQUITY		
Subscribed capital	20,000,000	20,000,000
authorised capital € 0 (2001 € 4,857,273)		
Capital reserves	71,071,310	71,071,310
Net accumulated losses	-16,372,483	6,477,675
	74,698,827	97,548,985
PROVISIONS		
Pension provisions and similar obligations	200,389	187,341
Tax provisions	338,785	466,809
Other provisions	1,013,498	568,405
	1,552,672	1,222,555
LIABILITIES		
Loans	288,880	309,332
Liabilities to banks	491,432	625,679
Trade payables	181,680	332,769
Payable to affiliated enterprises	8,481,820	4,007,693
Other liabilities	725,358	1,587,669
	10,169,170	6,863,142
Total equity and liabilities	86,420,669	105,634,682

NOTES ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR 2002

General information

The financial statements were drawn up in accordance with § 242 onwards and § 264 onwards of the Commercial Code and the pertinent provisions of the German Companies Act (AktG). The regulations for large companies are applicable.

The profit and loss account has been prepared in accordance with the costs of production/nature of costs format.

Accounting and valuation policies

The following accounting and valuation policies were applied in drawing up the financial statements are largely consistent with those of the prior year.

The acquired intangible assets are capitalised at cost; normal depreciation over their expected useful lives is accounted for where they are subject to wear and tear.

Tangible assets are capitalised at acquisition or manufacturing cost and, where subject to wear and tear, normal depreciation is charged over their useful lives.

Tangible fixed assets are depreciated over their estimated useful lives on a straight-line basis. Minor-value items up to a value of € 410,00 are depreciated fully in the year of acquisition and treated as immediate disposals. Additions to tangible assets are generally depreciated on a basis proportional to time.

Financial assets are capitalised at acquisition cost or at the lower attributable value if a permanent impairment of value occurs.

Receivables and other assets are disclosed at face value.

Provisions for pensions are valued as defined for tax purposes. The market values in accordance § 6a Income Tax Law, following actuarial principles, are based on the 1998 mortality tables and an underlying interest rate of 6%.

The tax provisions and other provisions take into account all uncertain obligations and foreseeable losses on pending contracts. They are valued at an amount which reasonable business judgement sees fit.

Liabilities are disclosed at redemption value.

THE BALANCE SHEET

Fixed assets

The movement of the individual items in fixed assets, along with the depreciation charge for the year, is shown in the attached fixed assets schedule.

EQUITY INVESTMENTS				
	Currency	Interest %	Equity T€	Results T€
Direct investments, domestic				
WashTec Holding GmbH, Augsburg	€	100	-3,454	-28,513
WESURENT car wash marketing GmbH, Augsburg	€	100	51	891
Indirect investments held via WashTec Holding GmbH				
WashTec Cleaning Technology GmbH, Augsburg	€	100	24,533	-10,220
WashTec International GmbH, Augsburg	€	100	1,406	-815
VPL Verbundpartner Leasing GmbH, Augsburg	€	100	62	161
WashTec Benelux B.V., Zoetermeer, Netherlands	€	100	2,731	222
California Kleindienst Ltd., Wokingham, England	€	100	-1,105	0
Indirect investments held via WashTec International GmbH, Augsburg				
WashTec France S.A.S., St. Jean de Braye, France	€	100	591	151
WashTec A/S, Hedehusene, Denmark	€	100	1,059	-196
Wesumat Inc., Buffalo, USA	€	100	-1,659	-669
WashTec S.R.L., Rome, Italy	€	100	87	75
Indirect investments held via WashTec Cleaning Technology GmbH, Augsburg				
Sherman Supersonic Industries Corp., Mississauga, Ontario, Canada	€	100	-1,502	-215
WashTec UK Limited, Great Dunmow, England	€	100	5,831	-241
WashTec Biltvättar AB, Helsingborg, Sweden	€	100	221	-14
Wesurail (UK) Limited, York, England	€	100	205	-6
WashTec Cleaning Technology Espana S.A., Madrid, Spain	€	100	41	-28
WESUMAT Belgium S.A., Lasne (Ohain), Belgium	€	100	-491	-495
WESUMAT Fahrzeugwaschanlagen Ges.m.b.H., Vienna, Austria	€	100	-1	-6
Markus Spolka z.o.o., Krakow, Poland (dormant)	€	50	0	0
WESUMAT Hungaria Kft., Budapest, Hungary	€	40	43.	87.

*Information from 2001

An amount of € 20,397 was written of WashTec Holding GmbH. This relates to an expected permanent impairment in value.

RECEIVABLES AND OTHER ASSETS		
	31.12.2002	31.12.2001
	T€	T€
Receivables from affiliated enterprises	4,810	1,096
of which due in more than one year	0	0
Other assets	601	3,111
of which due in more than one year	287	305
	5,411	4,207

Subscribed capital

The company's share capital amounts to € 20,000m and is divided into 7,600,000 shares.

Authorised capital

Authorised capital I

The company's board of directors was authorised to increase the nominal capital of the company, with the approval of the supervisory board, once or several times, by up to € 3,681,301.54 by 16 October 2002 through the issue of new shares in return for cash contributions or non-cash contributions (authorized capital I). The board of directors did not exercise this power.

Authorised capital II

The board of directors was authorised to increase the nominal capital of the company, with the approval of the supervisory board, once or several times, by up to € 1,175,971.33 by 16 October 2002 through the issue of new shares in return for cash contributions. (authorised capital II). The board of directors did not exercise this power.

Contingent capital

According to § 218 German Companies Act the contingent capital of a company increases in the same proportion as the nominal capital does when a capital increase is carried out with the company's funds. The contingent capital I amounts to € 526,316 and the contingent capital II amounts to € 1,210,526 according to the resolution of the general share-

holders' meeting in 28 June 2001.

Contingent capital I

The subscribed capital of the company may be increased by up to € 512,316 – divided into 200,000 shares without a nominal value – on a contingent basis. The contingent capital increase will only be carried out to the extent that the creditors of convertible bonds, which were issued following the resolution of the shareholders' meeting on 17 October 1997, exercise their conversion rights and this is necessary for the conversion in accordance with the terms of the conversion.

Contingent capital II

The subscribed capital of the company may be increased by up to € 1,210,526 – divided into 460,000 shares without a nominal value – on a contingent basis.

The sole purpose of the contingent capital increase is to grant options to members of the company's board of directors, to members of the boards of directors of affiliated enterprises, to employees (including senior employees) of the company and of affiliated enterprises of the company. The shareholders are not entitled to any legal subscription rights on the options. The contingent capital increase will only be carried out to the extent that the owners of the options granted exercise their options. The new shares participate in the company's profits from the beginning of the financial year in the course of which

they are issued as the result of the exercise of options. The board of directors is entitled, with the approval of the supervisory board, to determine further details of the implementation of the contingent capital increase, unless options are to be issued to the members of the board of directors of the company; in this case the supervisory board determines further details of the implementation of the contingent capital increase.

Net accumulated losses

Included in the net accumulated losses are net retained profits of T€ 5,718.

Other provisions

Other provisions include in the main provisions for redundancy payments, bonuses and costs of the financial statements.

Liabilities

Details of the remaining terms and the collateral provided for the liabilities are disclosed in the liabilities schedule.

Convertible bonds

Through the resolution of the general shareholders' meeting on 17 October 1997 the company's board of directors is authorized to issue registered bearer convertible bonds with an interest rate of 2 % p.a. up to 31 December 1998 with a total value of up to TDM 1,000 (after capital increase in accordance with the general shareholders' meeting on 28 July 2001) of up to TDM 1,029 (T€ 526), with a term to maturity up to 31 December 2008 at the longest. The holders of the registered bearer convertible bonds are entitled to convert each nominal value of registered bearer convertible bonds of DM 5 (after capital increase DM 5,1469 (€ 2.63) into one ordinary share of the company. The creditors holding the bearer convertible bonds may be management and employees as defined in § 5 paragraph 3 German Labour-Management Relations Act and company employees not bound by collective-bargaining agreements or those of affiliated enterprises. The shareholders are not entitled to any legal subscription rights. The conversion rights can be exercised for the first time three years after the decision of the board of directors on granting bearer convertible bonds for 50% of the shares to be issued, and after five years for the remaining 50%.

LIABILITIES SCHEDULE IN T€						
Liability	31.12.2002			31.12.2001		
	Due in less than 1 year	Due in over 5 years	Collateral	Total	Due in less than 1 year	Total
1. Loans	289	0		289	155	309
2. Liabilities to banks	492	0	LA	492	626	626
3. Trade payables	182	0		182	333	333
4. Payable to affiliated enterprises	8,482			8,482	4,008	4,008
5. Other liabilities	725	0		725	1,588	1,588
-of which taxes	705	0		705	1,576	1,576
-of which social security	11	0		11	7	7

LA) The liabilities to banks are secured by a loan agreement of WashTec Holding GmbH and WashTec Cleaning Technology GmbH of € 1.000m.

According to § 7.3 of the terms of issue the employees are entitled to convert their convertible bonds with a payment based on a share price of € 11.21. The respective conversion price is equal to this share price plus 3% p.a. from the date of acquisition. In 1997 € 393,695 of convertible bonds were granted to the board of directors and senior employees. As of December 2002, this amount had fallen to € 288,880.

Contingent liabilities

The company has assumed liability as co-debtor with WashTec Holding GmbH for a loan of € 38,153m due to their former shareholders.

Other operating income

THE PROFIT AND LOSS ACCOUNT				
Sales	2002		2001	
	T€	%	T€	%
Management cost allocation Wash Tec Holding GmbH	1,497	97.5	1,790	98.5
Management cost allocation WESURENT car wash marketing GmbH	38	2.5	28	1.5
	1,535	100.0	1,818	100.0

This includes income relating to other periods of T€ 18 (2001 T€ 0).

Other operating expenses

Expenses relating to other periods of T€ 4 (2001 T€ 0) is included.

Other taxes

This includes taxes relating to the prior periods of T€ 31.

OTHER INFORMATION

Supervisory board

Alexander von Engelhardt, Kronberg (Chairman) from 04 March 2003
Member of the supervisory board of the following companies:

- Singulus Technologies AG, Kahl/Main (Chairman)
- Dr. Schmidt AG & Co., Berlin (Deputy Chairman)
- K. u. M. Möbel AG, Kirchlengern (Deputy Chairman)
- Gütermann AG, Gutach Breisgau
- Tarkett Sommer AG, Frankental
- Comline AG, Hamburg

Dr. Märten Burgdorf, self-employed businessman, Swisttal-Heimerzheim (Chairman, left office on 13 February 2003)

Bernd Kosegarten, self-employed management consultant, Hamburg (Deputy Chairman)

Member of the supervisory board of the following companies:

- Jenoptik Photonics AG, Jena

Prof. Karl Eugen Becker, Gauting

Member of the supervisory board of the following companies:

- TÜV Süddeutschland Holding AG, Munich (Chairman)
- Data Modul AG, Munich (Chairman)
- Hans Einhell AG, Landau/Isar

Dr. Peter Brütt, former chairman of the board of directors of MAN Roland Druckmaschinen AG, Augsburg (until 21 February 2003)

Member of the supervisory board of the following companies:

- Epple Druckfarben AG, Neusäß

Michal Busch, Berlin (from 04 March 2003)
Member of the supervisory board of the following companies:

- Kampa AG, Minden (Deputy Chairman)
- Sto AG, Stühlingen

Johannes Kehr (from 9 April 2003; from 01 May 2003 delegated to the board of directors in accordance with § 105 paragraph 2 Companies Act (AktG))

Dr. Hanno Monauni, economic lawyer and lecturer, Bad Wimpfen (until 30 March 2003)

Robert A. Osterrieth, Director, German Venture Advisers Limited, London

Member of the supervisory board of the following companies:

- Kleindienst Datentechnik AG, Augsburg (Chairman)
- Pari Capital AG, Munich

Board of Directors

Wolfgang Decker, Zusmarshausen (Chairman) until 31 January 2003

Jürgen Lauer, Weißenhorn (Finance) from 15 January 2003

Sabine Decker, Augsburg (Finance) until 19 January 2003 (Sales) from 20 January 2003

Dietmar Waldemar Mundil, Pulheim (Technology) until 30 September 2002

Dirk Brunnengräber, Puchheim (Technology) from 01 August 2002

Johannes Kehr (Chairman of the Board) from 01 May 2003

Total remuneration of the board of directors

Total remuneration of the board of directors amounted to € 1,509m in 2002.

Total remuneration of the supervisory board

The remuneration of the supervisory board amounted to T€ 112.

Employees

An average of 6 members of staff were employed.

Parent company

As the ultimate parent company for the largest group of companies being consolidated, the company prepares consolidated financial statements. These are prepared in accordance with International Financial Reporting Standards (IFRS). All companies in which WashTec AG has a holding, direct or indirect, of more than 50% are included in these consolidated financial statements. The consolidated financial statements as of 31 December 2002 are filed with the court of Augsburg and made public in the 'Bundesanzeiger'.

Disclosures in accordance with § 160 paragraph 1 no. 8 German Companies Law (AktG)

The company received notification in 2002 in accordance with § 21 paragraph 1 German Securities Trading Law (WpHG) which were made public in the stock exchange journal as follows:

Stock exchange journal no. 68 dated 10 April 2002

1. Mr. Wolfgang Decker, Oberacherweg 3, 86441 Zusmarshausen-Wollbach, notified us in accordance with § 41 II 1 German Securities Trading Law (WpHG) and § 21 German Securities Trading Law (WpHG) that on 01 April 2002 he holds 5.07% of the voting rights of WashTec AG.

2. 3i Group plc, 91 Waterloo Road, London SE1 8XP, England, notified us that on 01 April 2002 that it owns 9.88% of the voting rights of WashTec AG, Augsburg and that these are attributable to it. Of this 6.88% of the voting rights are attributable to the 3i Group plc in accordance with § 22 I no. 1 German Securities Trading Law (WpHG).

The share of the voting rights attributable to 3i Investments plc, 91 Waterloo Road, London SE1 8XP, England, in accordance with § 22 I no. 6 German Securities Trading Law (WpHG) amounted to 9.83% on 1 April 2002.

The share of the voting rights attributable to 3i Europe General Partners Ltd., 91 Waterloo Road, London SE1 8XP, England, in accordance with § 22 I no. 1 German Securities Trading Law (WpHG) amounted to 6.88% on 1 April 2002.

The share of the voting rights attributable to 3i Holdings plc, 91 Waterloo Road, London SE 8XP, England, in accordance with § 22 I no. 1 German Securities Trading Law (WpHG) amounted to 6.88% on 01 April 2002.

3. Euro Synergies Investment SCA, Luxemburg, notified us in accordance with § 41 II 1 German Securities Trading Law (WpHG) and § 21 German Securities Trading Law (WpHG) that they hold 9.90% of the voting rights of WashTec AG on 01 April 2002.
4. Edelmar Vermögensverwaltung GmbH, Kardinal-Faulhaber-Straße 10, 80333 Munich, notified us in accordance with § 41 II 1 German Securities Trading Law (WpHG) that it is entitled to 22.32% of the voting rights of WashTec AG on 01 April 2002. Voting rights attributable in accordance with § 22 German Securities Trading Law (WpHG) did not exist.

5. Archernar Vermögensverwaltung GmbH, Kardinal-Faulhaber-Straße 10, 80333 Munich, notified us in accordance with § 41 II 1 German Securities Trading Law (WpHG) that it is entitled to 11.79% of the voting rights of WashTec AG on 01 April 2002. Voting rights attributable in accordance with § 22 German Securities Trading Law (WpHG) did not exist.

6. Die Augias Vermögensverwaltung GmbH, Kardinal-Faulhaber Straße 10, 80333 Munich, notified us in accordance with § 41 II 1 German Securities Trading Law (WpHG) that it is entitled to 5.36% of the voting rights of WashTec AG on 01 April 2002. Voting rights attributable in accordance with § 22 German Securities Trading Law (WpHG) did not exist.

7. German Venture Managers (2000) Limited, 22, Church Street, Hamilton HM 11, Bermuda, notified us in accordance with § 41 II 1 German Securities Trading Law (WpHG) that it is entitled to 37.34% of the voting rights of WashTec AG on 01 April 2002. Of this 37.34% of the voting rights are attributable in accordance with § 22 I sentence 1 no. 6 German Securities Trading Law (WpHG) (Investment Management Company). No voting rights are attributable to the Hamburger Stiftung zur Förderung von Wissenschaft und Kultur and Schoder German Buy-Out Limited Partnership.

Stock exchange journal no. 102 dated 31 May 2002

1. 3i Investments plc, 91 Waterloo Road, London, SE1 8XP, Great Britain notified WashTec AG, Argonstraße 7, 86153 Augsburg as a supplement to its notification of 03 April 2002 that the share of the voting rights in WashTec AG to which it is entitled and which is completely attributable to it in accordance with § 22 paragraph 1 no.6 amounted to 9.83% on 01 April 2002.

2. 3i Europe General Partners Ltd., 91 Waterloo Road, London, SE1 8XP, Great Britain notified WashTec AG, Argonstraße 7, 86153 Augsburg as a supplement to its notification of 03 April 2002 that the share of the voting rights in WashTec AG to which it is entitled and which is completely attributable to it in accordance with § 22 paragraph 1 no.1 amounted to 6.88 % on 01 April 2002.

3. 3i Europe Holdings plc, 91 Waterloo Road, London, SE1 8XP, Great Britain notified WashTec AG, Argonstraße 7, 86153 Augsburg as a supplement to its notification of 03 April 2002 that the share of the voting rights in WashTec AG to which it is entitled and which is completely attributable to it in accordance with § 22 paragraph 1 no.1 amounted to 6.88 % on 01 April 2002.

Stock exchange journal no. 83 dated 1/2 May 2002

1. Henderson Global Investors Limited, 3 Finsbury Avenue, London EC2M 2A, England, notified us in accordance with § 41 paragraph 2 sentence 1, and § 21 German Securities Trading Law (WpHG) that it holds 7.89% of the voting rights of WashTec AG on 01 April 2002.

Declaration in accordance with § 161 German Companies Act (AktG) on Corporate Governance Codex

WashTec AG has provided the required declaration for 2002 in accordance with § 161 German Companies Act (AktG) and made this available to the shareholders.

Augsburg, 8 May 2003

Board of Directors
Auditor's Report
We have audited the annual financial statements,

AUDITOR'S REPORT

We have audited the annual financial statements, together with the bookkeeping system and the directors' report of WashTec AG, Augsburg, which was combined with the company's group directors' report, for the business year 01 January 2002 to 31 December 2002. The maintenance of the books and records and the preparation of the annual financial statements and the directors' report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, the bookkeeping system and the directors' report based on our audit. We conducted our audit of the annual financial statements in accordance with § 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the German Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the directors' report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and the evaluations of possible misstatements are taken into account in the determination of the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the directors' report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the directors' report. We believe that our audit provides a reasonable basis for our opinion. Our audit has not led to any reservations. In our

opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. On the whole, the directors' report provides a suitable understanding of the Company's position and suitably presents the risks of future development.

Munich, 8 May 2003
Ernst & Young
Deutsche Allgemeine Treuhand AG
Wirtschaftsprüfungsgesellschaft

R. Broschulat	W. Maier
Wirtschaftsprüfer	Wirtschaftsprüfer

Concept and design:
Lemke und Partner, Düsseldorf