WASHTEC AG – Report on the Period from January 1 to March 31, 2008

Unaudited translation for convenience purposes only

Successful start of fiscal year 2008:

- **Growth in revenues of 7.3% to EUR 64.7m (2007: EUR 60.3m)**
- **Operating result (EBIT) increased by 19.2% to EUR 3.1m (2007: EUR 2.6m)**

		Jan 1 to Mar 31, 2008	Jan 1 to Mar 31, 2007	Change
Revenues	EUR m	64.7	60.3	4.4
EBITDA	EUR m	4.9	4.5	0.4
EBIT	EUR m	3.1	2.6	0.5
EBT	EUR m	2.2	1.7	0.5
Employees as of March 31		1,551	1,507	44
Earnings per share*	EUR	0.10	0.07	0.03
Net cash flow	EUR m	0.1	2.2	–2.1

*diluted = basic, average number of shares: Q1 2008 15,143,400; Q1 2007 15,200,000

Interim management report (unaudited)

1. Results of operations, Financial Position and Net Assets

- *Positive business development*
- *Revenue growth mainly in core European markets*

WashTec successfully started into fiscal year 2008. Revenues as expected increased by 7.3% or EUR 4.4m to EUR 64.7m (2007: EUR 60.3m). This growth resulted mainly from the positive performance in the core European markets. Revenues for the subsidiary Mark VII Equipment Inc., USA amounted to USD 9.2m, the same level as last year (2007: USD 9.2m). Due to the depreciation of the US dollar, the revenues in Euro terms were EUR 0.9m below prior year at EUR 6.1m. Adjusted for the exchange rate effects, group top line growth in the first quarter amounted to 9% compared to last year.

Operating results (EBIT) improved for the first quarter by 19.2% to EUR 3.1m (2007: EUR 2.6m). Earnings before taxes (EBT) increased from EUR 1.7m to EUR 2.2m.

Cash flows from operating activities were at EUR 0.1m in the first quarter of 2008 (2007: EUR 2.2m). The decline is mainly due to the higher trade receivables balance compared to the same period last year.

The expansion of offerings around the car wash value chain is advancing well. In addition to machine revenues, revenues from the spare parts, services and chemicals divisions increased compared to the prior year.

As expected, business development in the core European markets was positive. Based on a year-on-year comparison, it should be noted that delayed investments on the part of major customers in 2007 had led to comparatively weak revenues in the entire first half of 2007.

Mark VII: US dollar revenues at prior-year level

Mark VII, USA, following a strong first quarter in 2007, achieved in 2008 US dollar revenues on prior-year level. The general economic conditions therefore only had a slight impact on business development.

During the largest US industry trade show, the ICA in Orlando at the beginning of April, the company presented its entire product portfolio to an international audience.

WesuRent Carwash Marketing GmbH, which operates car wash systems in the name and for the account of mineral oil companies, expanded its business operations in Eastern Europe during the first quarter of 2008. Additional sites are scheduled to become operational in Serbia, the Czech Republic and Poland.

The proposals put forward by the administration for the annual general meeting of WashTec AG on May 8, in addition to the usual agenda items, include a resolution to continue the share buy-back program that was started in September 2007. The projected volume of 800,000 shares might not be reached by the end of the term of the program passed by the 2007 annual general meeting until November 2008. Therefore it is planned to continue the buy-back program beyond the previous time frame until November 2009. The current status of the share buy-back program can be found at www.washtec.de/Investor Relations.

1.1 Economy and Market

The general economic situation in Germany and Europe remains positive despite the financial crisis in the USA and its impact on the financial markets of Europe. However, the outlook on the economic growth has slowed compared to the same quarter of the prior year. Experts nevertheless forecast a positive economic development for Europe in 2008. In the USA on the other hand, most economists expect that a recession might be possible.

The short-term investment behaviour in the car wash business is correlated only to a limited extent to the general economic conditions. Investment decisions to replace car wash systems, particularly by major customers, are usually made depending on the age of the equipment and the respective number of washes. However, the number of washes is by far more dependent on weather conditions or drastic changes in petrol prices than the general economic situation. In Germany, for example, due to the dry weather in January 2008, a high number of washes was reported following the very weak number of washes during the same period of the prior year because of the weather conditions.

- *General economic situation in Europe remains positive*
- *Only marginal and regional effects of the negative economic outlook in the USA on the carwash business*

To date, the negative economic outlook has only had a marginal and regional effect in the USA. In most regions, the number of washes and revenues were stable in the first quarter of 2008. Nevertheless, the financial crisis could have a negative impact on the financing circumstances of individual operators and therefore postpone their reinvestment decision. Overall, however, expectations for the US wash market continue to be positive.

The depreciation of the US dollar against the Euro only had a small effect on the operations and results of the WashTec Group. The change in the exchange rate for the Euro against the US dollar and British pound, however, resulted mainly in lower revenues in Euro terms.

The competitive conditions have not changed significantly compared to those presented in the management report for 2007. As a stable replacement market, the European market is dominated by four main competitors. The US market is more fragmented and a consolidation of the market is anticipated in the future.

There have been no major changes in technology.

1.2 Business and Earnings Situation

Revenues

By region in EUR m, IFRS	Jan 1 to Mar 31, 2008	Jan 1 to Mar 31, 2007
Germany	22.7	20.5
Rest of Europe	34.4	32.2
North America	5.6	7.0
Rest of world (mainly Asia and Australia)	2.0	0.6
Total	**64.7**	**60.3**

By division in EUR m, IFRS	Jan 1 to Mar 31, 2008	Jan 1 to Mar 31, 2007
New machines	37.5	36.5
Spare parts, services	21.6	19.0
Used machines	0.7	1.1
Chemicals	3.4	2.5
Accessories and miscellaneous	0.8	0.8
Cleaning Technology division	63.7	59.5
Systems division	1.0	0.8
Consolidation	–0.3	–0.3
Total	**64.7**	**60.3**

Revenues in the 1st quarter increase by EUR 4.4m compared to prior year

Revenues in the 1st quarter increased by EUR 4.4m or 7.3% to EUR 64.7m (2007: EUR 60.3m). Adjusted for exchange rate effects, top line growth in the first quarter amounted to 9% compared to the prior year.

Revenues for the subsidiary Mark VII Equipment Inc., USA were EUR 6.1m and therefore EUR 0.9m below prior-year level (2007: EUR 7.0m). In US dollar terms, the revenues were with USD 9.2m at prior-year level. Mark VII generated EUR 5.6m of its revenue in North America, while EUR 0.5m were achieved by exporting machines (export share 2007: EUR 0.2m).

Revenues in the core European markets including Germany were, as expected, higher than last year. In 2007, revenues for the entire first half of the year were below expectations due to investment delays of major mineral oil companies and only developed dynamically in the second half.

Revenues in Southern and Eastern Europe continued to develop positively.

Operating business of WesuRent Carwash Marketing GmbH continues to grow

The operating business of WesuRent Carwash Marketing GmbH, whose revenues are reported in the Systems division, continues to grow. Revenues increased by EUR 0.2m to EUR 1.0m for the first quarter.

Revenues in all major divisions including spare parts, services and chemicals also increased.

Earnings

in EUR m, IFRS	Jan 1 to Mar 31, 2008	Jan 1 to Mar 31, 2007
EBITDA	4.9	4.5
EBIT	3.1	2.6
EBT	2.2	1.7

At EUR 4.9m, the **EBITDA** increased by EUR 0.4m in the first quarter (2007: EUR 4.5m).

At 55.2%, the **gross profit margin** in the first quarter was slightly below prior year (2007: 56.4%). The slight decrease is due mainly to the final phase out of a discontinued product.

At EUR 22.1m, **personnel expenses** were above prior-year level by EUR 1.2m (2007: EUR 20.9m). This increase is mainly due to the increased headcount of the WashTec Group as a result of the expansion of our own sales and service activities in the USA as well as labour-rate increases worldwide.

Other operating expenses (including other taxes) were at EUR 10.6m and thus EUR 0.8m higher than for the prior year due to increased infrastructure costs and the foreign exchange losses that were off-set through a hedging instrument booked as other operating income (2007: EUR 9.8m).

Depreciation of EUR 1.8m was on prior-year level (2007: EUR 1.8m).

Operating result (EBIT) increased compared to the prior year (2007: EUR 2.6m) to EUR 3.1m.

Net finance costs were reduced slightly from EUR 1.0m to EUR 0.8m due to the lower debt level.

Net profit increased from EUR 1.0m to EUR 1.5m

Earnings before taxes (EBT) increased in the first quarter to EUR 2.2m (2007: EUR 1.7m). The group tax rate decreased in the first quarter of 2008 to 31% (2007: 39%). After tax deductions, a **net profit** of EUR 1.5m remains (2007: EUR 1.0m).

Earnings per share (diluted = basic), increased to EUR 0.10 (2007: EUR 0.07). When calculating the earnings, the number of repurchased treasury shares as of March 31, 2008 (174,614 shares as of the balance sheet date of March 31, 2008) is taken into account.

Balance Sheet

Assets in EUR m, IFRS	Mar 31, 2008	Dec 31, 2007
Non-current assets	**114.2**	**116.8**
thereof intangible assets	60.3	61.6
thereof deferred tax assets	16.4	16.9
Current assets	**89.2**	**93.3**
thereof trade receivables	37.7	42.5
thereof inventories	39.7	39.5
thereof other assets	5.0	3.9
thereof cash and bank balances	5.0	6.0
thereof prepaid expenses	1.8	1.4
Total assets	**203.4**	**211.3**

Rounded-off to EUR k, rounding differences are possible

Deferred tax assets decreased due to positive earnings in the first quarter from EUR 16.9m to EUR 16.4m.

Intangible assets declined from EUR 61.6m to EUR 60.3m compared to the balance sheet date of December 31, 2007, mainly due to the depreciation of the US dollar.

Inventories on prior year level

Despite the expansion of our direct sales organization in the USA and increased inventories of finished products, **inventories** remained at EUR 39.5m on prior-year level (EUR 39.7m).

Trade receivables declined, due to seasonal factors, in the first quarter from EUR 42.5m as of December 31, 2007 to EUR 37.7m.

Other assets increased as of the balance sheet date from EUR 3.9m to EUR 5.0m driven mainly by the recognition of hedging instruments for exchange rates and interests.

A property included in the balance sheet as »held for sale« at year-end 2007 with a carrying value of EUR 1.1m was sold during the first quarter.

Equity and Liabilities in EUR m, IFRS	Mar 31, 2008	Dec 31, 2007
Equity	71.9	72.7
Liabilities to banks	52.4	52.0
Other liabilities and provisions	**71.3**	**78.7**
thereof trade payables	9.1	12.6
thereof provisions	22.3	23.0
Deferred income	7.8	7.9
Total equity and liabilities	**203.4**	**211.3**

Rounded-off to EUR k, rounding differences are possible

Equity ratio as of March 31, 2008: 35.3%

At EUR 71.9m, **equity** was marginally below the value from year end 2007 (EUR 72.7m). The positive Q1 result was offset by the recognition of the share buybacks and exchange rate losses on the balance sheet. The equity ratio was at 35.3% at the end of the first quarter.

Liabilities to banks increased slightly by EUR 0.4m from EUR 52.0m to EUR 52.4m compared to December 31, 2007.

Trade payables decreased according to plan from EUR 12.6m as of December 31, 2007 to EUR 9.1m.

Provisions decreased compared to year end 2007, from EUR 23.0m to EUR 22.3m.

Cash Flow Statement

Cash flows from operating activities were at EUR 0.1m in the first quarter of 2008 (2007: EUR 2.2m). The decline is mainly due to the higher trade receivables balance compared to the same period last year.

Cash flows from investment activities netted to zero and therefore below prior-year level (2007: EUR 4.4m) due to the sale of a company property in Augsburg which up to now produced an incoming payment of EUR 0.8m. It should also be noted that last year the exclusive Spanish distributor was acquired in the first quarter.

Overall, the **cash and cash equivalents** decreased as of March 31, 2008 by EUR 1.2m.

Employees

Headcount of WashTec Group now at 1,551

Headcount increased by 44 to 1,551 employees compared to March 31, 2007 due to the strengthening of direct sales in the USA. Compared to December 31, 2007, headcount decreased by 10 employees.

The WashTec Share

The price of the WashTec share decreased compared to the year-end price from EUR 11.25 to EUR 9.50 as of March 31, 2008. The share thus followed the downward trend of the market, which affected especially the small cap values. According to the management board, the current share price does not reflect the operating success of the company.

Changes in shareholder structure

During the first quarter, EQMC announced that its voting share had exceeded 5%, while Nomura Asset Management announced it had exceeded the 3% threshold. Sterling (until then reported as IED) announced that it had exceeded 10% and corrected earlier announcements at the same time. Based on the information received, the voting share previously allocated to IED will now be reported as a share of Sterling. Cycladic reduced its share to 17.4% in January.

Shareholding in %	**March 31, 2008**
Cycladic Capital Management LLP.	17.4
Powe Capital Ltd.	16.1
Sterling Strategic Value Ltd. (inkl. IED)	10.0
Julius Baer Investment Funds Services Ltd.	5.9
EQMC Europe Development Capital Fund plc	5.0
Tocqueville Finance	3.9
Impax Group plc	3.2
Nomura Asset Management Co., Ltd.	3.1
Free float	**35.4**

Source: notifications pursuant to the German Securities Trading Act [WpHG]

Management continued to maintain contact with journalists and the financial community during the first quarter. In connection with the company's publications, a number of conference calls were arranged for analysts and investors as well as a balance sheet press conference. In January 2008 the management board presented WashTec as a sustainable investment at the HSBC SRI Conference in Frankfurt.

All analysts have issued buy recommendations

WashTec's shares are currently covered by Berenberg, JP Morgan, Cazenove, HVB Unicredit, HSBC Trinkaus & Burkhardt, Merrill Lynch and MM Warburg. All analysts have issued buy recommendations for the shares.

Events after the End of the Reporting Period

No significant events occured after the balance sheet date.

2. Forecast

Goals 2008:

- *Revenue growth of between 4 and 7%*
- *Significant increase in earnings per share*

The management board is aiming for an EBIT margin increase with revenue growth of between 4 and 7% in 2008. A significant increase in earnings per share is also anticipated.

The offerings related to car wash business will be further expanded. WashTec's aim is to offer our customers products and services through the entire life-cycle of the equipment from financing via carwash chemicals up to the operation of carwashes for our customers.

The company plans to expand its market position in all of its global focus markets. This strategy might also result in additional acquisitions in the future.

At the »automechanika« trade show that takes place every two years in September in Frankfurt, WashTec will present its entire range of products and various product novelties on an expanded trade show booth. Special events for analysts and investors are also scheduled to take place within this context.

In the USA, preparations for the further expansion of the sales and service network as well as the development of new products in the areas of friction- and touch-free technology are continuing.

The global sourcing initiative with focus on Eastern Europe and Asia continues, where the initial goal in Asia is to develop local suppliers.

The management board is aiming for an annual revenue growth of 4 to 7% and to increase the EBIT margins to between 12 and 14% by 2010.

3. Opportunities and Risks Relating to Future Development

There were no major changes compared to the opportunities and risks presented in the annual report for 2007.

Consolidated Balance Sheet

Assets	Mar 31, 2008	Dec 31, 2007
	EUR k	EUR k
Non-current assets		
Property, plant and equipment	37,480	38,349
Intangible assets	60,314	61,559
Financial assets	25	25
Other assets	0	0
Deferred tax assets	16,369	16,910
Total non-current assets	**114,188**	**116,843**
Current assets		
Inventories	39,734	39,483
Current receivables	37,732	42,535
Other assets	5,011	3,899
Cash and bank balances	4,988	6,028
Prepaid expenses	1,771	1,389
Total current assets	**89,235**	**93,333**
Non current assets held for sale	**0**	**1,110**
Total assets	**203,423**	**211,286**

Equity and liabilities	Mar 31, 2008	Dec 31, 2007
	EUR k	EUR k
Equity		
Subscribed capital	40,000	40,000
Capital reserves	44,839	44,617
Treasury shares	–1,813	–604
Other reserves	–2,498	–1,170
Loss carryforward	–10,159	–22,734
Consolidated profit for the period	1,537	12,575
	71,906	**72,684**
Non-current liabilities		
Interest-bearing loans	44,931	44,879
Finance leasing	5,295	5,282
Provisions for pensions	6,644	6,633
Other non-current provisions	4,675	4,946
Total non-current liabilities	**61,545**	**61,740**
Current liabilities		
Interest-bearing loans	7,443	7,168
Finance leasing	2,165	2,705
Prepayments on orders	3,671	6,122
Trade payables	9,116	12,605
Other liabilities for taxes and levies	3,353	4,080
Other liabilities for social security	740	699
Tax provisions	4,747	5,306
Other liabilities	19,891	18,888
Other current provisions	11,028	11,403
Deferred income	7,819	7,885
Total current liabilities	**69,972**	**76,862**
Total equity and liabilities	**203,423**	**211,286**

Rounded-off to EUR k, rounding differences are possible

Consolidated Income Statement

	Jan 1 to Mar 31, 2008	Jan 1 to Mar 31, 2007
	EUR k	EUR k
Revenue	**64,699**	**60,336**
Other operating income	1,003	805
Change in inventories of work in process	828	223
Cost of materials		
Cost of raw materials, consumables and supplies and of purchased merchandise	24,524	22,816
Cost of purchased services	4,444	3,463
	28,967	**26,278**
Personnel expenses	**22,113**	**20,859**
Amortization, depreciation and impairment of tangible assets		
and property, plant and equipment	1,814	1,825
Other operation expenses	10,428	9,571
Other taxes	135	183
Total operating expenses	**63.457**	**58,716**
EBIT	**3,073**	**2,647**
Other interest and similar income	282	225
Interest and similar expenses	1,130	1,195
Financial result	**–848**	**–970**
Result from ordinary activities/EBT	**2,224**	**1,678**
Income taxes	–687	–658
Consolidated profit for the period	**1,537**	**1,019**
Loss carried forward	**–10,159**	**–22,734**
Dividend distribution to shareholders	0	0
Consolidated accumulated loss	**–8,622**	**–21,714**
Average number of shares	15,143,400	15,200,000
Earnings per share (basic = diluted)	**0.10**	**0.07**

Rounded-off to EUR k, rounding differences are possible

Consolidated Cash Flow Statement

	Jan 1 to Mar 31, 2008	Jan 1 to Mar 31, 2007
	EUR k	EUR k
EBT	**2,224**	**1,678**
Adjustments to reconcile profit before tax to net cash flows		
not affecting cash		
Amortisation, depreciation and impairment of non-current assets	1,814	1,825
Gain/loss from disposals of non-current assets	–598	–242
Share-based payments expense	441	0
Other losses	879	–1,246
Interest income	–282	–225
Interest expense	1,130	1,195
Movements in provisions	–1,194	–344
Changes in net working capital		
Increase/decrease in trade receivables	4,732	10,053
Increase/decrease in inventories	–212	–2,876
Increase/decrease in trade payables	–3,461	–2,433
Changes in other net working capital	–4,924	–4,406
Income tax paid	–488	–754
Net cash flows from operating activities	**61**	**2,225**
Purchase of property, plant and equipment (without finance leasing)	–927	–1,307
Proceeds from sale of property, plant and equipment	958	2,598
Acquisition of a subsidiary, net of cash acquired	0	–5,644
Net cash flows used in investing activities	**31**	**–4,353**
Repayment/Raising of long-term loans	0	3,300
Interest received	282	225
Interest paid	–1,030	–1,079
Repayment of non-current liabilities from finance leases	–544	–488
Net cash flows used in financing activities	**–1,292**	**1,958**
Net increase/decrease in cash and cash equivalents	**–1,200**	**–171**
Net foreign exchange difference	**-81**	**0**
Cash and cash equivalents at 1 January	**5,927**	**1,569**
Cash and cash equivalents at 31 March	**4,646**	**1,399**

Rounded-off to EUR k, rounding differences are possible

Statement of Changes in Consolidated Equity

EUR k	Subscribed capital	Capital reserve	Treasury shares	Other reserves	Exchange effects	Loss carried forward	Total
As of December 31, 2007	**40,000**	**44,618**	**–604**	**–797**	**–374**	**–10,159**	**72,684**
Income and expenses recognized directly in equity				–742	–669		–1,411
Taxes on transactions recognized directly in equity				84			84
Share-based payment		221					221
Purchase of own shares			–1,209				–1,209
Consolidated profit for the period						1,537	1,537
As of March 31, 2008	**40,000**	**44,839**	**–1,813**	**–1,455**	**–1,043**	**–8,622**	**71,906**

Rounded-off to EUR k, rounding differences are possible

WashTec Group Division Reporting January 1 to March 31

EUR k	Cleaning Technology		Systems		Consolidation		Group	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Revenues	64,021	59,825	957	783	–279	–272	64,699	60,336
with third parties	63,742	59,553	957	783	0	0	64,699	60,336
with other divisions	279	272	0	0	–279	–272	0	0
Other income	1,003	804	0	1	0	0	1,003	805
EBIT	**2,982**	**2,647**	**91**	**0**	**0**	**0**	**3,073**	**2,647**
Income from interest and financial assets	282	225	0	0	0	0	282	225
Interest and similar expense	–1,052	–1,133	–78	–62	0	0	–1,130	–1,195
Result from ordinary activities	**2,211**	**1,740**	**13**	**–62**	**0**	**0**	**2,224**	**1,678**
Income taxes	–687	–658	0	0	0	0	–687	–658
Consolidated net profit	**1,524**	**1,082**	**13**	**–62**	**0**	**0**	**1,537**	**1,019**

Rounded-off to EUR k, rounding differences are possible

General Disclosures

Accounting Policies

The quarterly report has been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable as of March 31, 2008. The accounting policies have not changed compared to those applied in the consolidated financial statements as of December 31, 2007.

Individual items have been grouped in the balance sheet, income statement and cash flow statement of the WashTec Group to improve clarity and readability.

Consolidated Group

The consolidated group of the WashTec Group remained unchanged in comparison to the consolidated financial statements as of December 31, 2007.

Balance Sheet/Equity

WashTec AG's capital stock amounted to EUR 40m as of March 31, 2008 and was divided into 15,200,000 shares.

Earnings per Share

Earnings per share are calculated by dividing the net consolidated result by the weighted average number of shares:

	March 31, 2008	March 31, 2007
Net result	EUR 1.5m	EUR 1.0m
Weighted average shares outstanding	15,143,400	15,200,000
Earnings per share	EUR 0.10	EUR 0.07

*diluted = basic

Information on the Parent Company

WashTec AG does not have any operations of its own. It is the ultimate group parent company. WashTec AG has a management board and performs the group controlling and risk management functions; it also has a legal department. It provides advisory services in the areas of legal finance, marketing, development and production. WashTec AG's most important assets are its direct and indirect investees providing advisory services, which largely shape its results. As of March 31, 2008, WashTec AG had 5 employees (including management board).

Financial Calendar

Shareholder Meeting 2008	May 8, 2008
6-month report	August 2008
Analysts Conference/ automechanika	September 16 to 21, 2008
9-month report	November 2008
Analysts conference/ Equity Forum	November 10 to 12, 2008

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