WashTec

Annual Report 2003

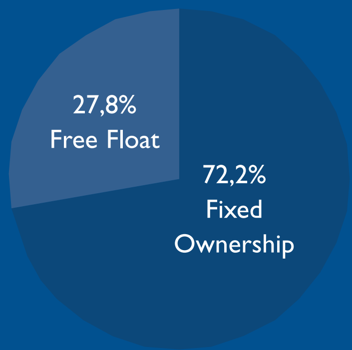
KEY FIGURES OF THE WASHTEC GROUP

€ million	2003	2002	2001	2000
Sales	241.1	235.5	256.2	267.0
Germany	111.9	99.6	112.7	120.9
International	129.2	135.9	143.5	146.1
EBITDA	-1.0	5.5	25.0	17.6
EBIT	-15.7	-7.5	13.5	6.6
EBT	-23.9	-16.1	4.3	-1.5
Annual Net Surplus/Deficit	-18.0	-14.1	1.6	-9.9
Earnings per Share (€)	-2.37	-1.85	0.21	-1.30
Net Cash Flow	0.0	8.4	-10.8	0.1
Cost of Materials	117.1	102.1	110.9	111.2
Materials Quota (% of gross performance)	47.2	42.9	42.3	41.2
Personnel Expenses	91.7	88.4	88.6	96.3
Personnel Quota (% of gross performance)	36.9	37.1	33.7	35.7
Investments	4.2	10.8	9.7	7.3
Balance Sheet Total	206.7	224.4	246.1	248.1
Equity	7.2	25.5	40.1	40.6
Balance Sheet Total (AG)	93.8	86.4	105.6	111.9
Equity (AG)	74.2	74.7	97.5	100.3
No. of Employees (annual average)	1,600	1,688	1,764	1,838

Adjusted Earnings for 2003

EBIT (prior to adjustment)	-15.7 Mio. €
One-off restructuring expenses	24.3 Mio. €
Adjusted EBIT	9.5 Mio. €
Adjusted EBT	0.4 Mio. €

Shareholder Structure of WashTec AG



Further details on the shareholder structure have been provided on Page 42 of the annual report.

CONTENTS

»PARTNER FOR PROFIT«

WashTec is an official supplier of:

FOREWORD OF THE BOARD OF MANAGEMENT

Dear Shareholders,
Ladies and Gentlemen,

The WashTec Group can look back on a year of fundamental restructuring of the company's activities. The Board of Management took up office in order to bring the market leader in vehicle washing facilities back to profitability on an ongoing basis.

At the beginning of the 2003 financial year, we carried out a profound analysis of the entire company, its structures and processes and its strengths and weaknesses. Numerous measures were identified which will generate efficiency enhancements in almost all areas of the company. These have been implemented step by step since the beginning of the second quarter of 2003. Since then, the company has been in a state of continuous improvement.

During the 2003 financial year, we created the most important preconditions for future earnings strength:

- the unprofitable train washing and process technology divisions in Germany have been discontinued
- the company's production activities have been focused on Augsburg. The production plants in Schöllkrippen (Germany) and Houlgate (France) have been shut down
- the service division has undergone a comprehensive cost-reduction programme
- the activities of the loss-making sales subsidiaries in the USA and Spain have been transferred to dealers.

Furthermore, the employees have made an important contribution to the financial recovery of the company by waiving payment claims or by agreeing to longer working hours. We would like to extend our thanks to all employees for this, and for their high level of commitment during a difficult financial year.

The implementation of these and additional measures resulted in one-off expenses amounting to € 24.3m. The improvement in the company's cost structures will take effect from 2004 onwards.

On account of the special requirements of the restructuring programme, changes were made to the company's management in 2003 and 2004. Now that the principal components of the restructuring programme have been implemented, the Supervisory Board has decided to scale down the Board of Management with effect from 1 April 2004.

As well as continuing to implement the restructuring programme, the company will also focus its energies in 2004 on the optimisation of its processes. The streamlining and modernisation of the range of portal washing facility products will result in an improvement of the company's product range and a simultaneous reduction in the level of complexity.

The development of sales in 2003 demonstrates that we have been able to maintain our leading competitive position, that our relationships with our customers are intact and that WashTec enjoys a high level of trust in the market. We should like to take this opportunity of extending our grateful thanks to our customers for the confidence they have shown in us.

The more than 40 individual projects undertaken within the framework of the restructuring programme have led and will continue to lead to an ongoing improvement in the cost structure of WashTec. The consistent streamlining of the product portfolio will produce a further increase in the company's profitability.

We will achieve the turnaround in 2004.

The Board of Management

Thorsten Krüger Jürgen Lauer

Thorsten Krüger
Graduate in Engineering
Speaker of the Board of Management
Production, Technology, Sales

Jürgen Lauer
Graduate in Business Administration, MBA
Finance, Personnel, Service

OUTLOOK

"Partner for Profit"

Our claim is to profitably exploit our leading role as a "partner for profit" for the benefit of our customers.

This claim forms the basis of our tasks for the current and future financial years. Acting as the partner of our national and international customers requires speed and flexibility in our daily co-operation and in the development of concepts suitable for the future. The lean structures created within the framework of the company's reorientation ensure that WashTec will in future remain the top player in the market.

Processes

The optimisation of all processes across the whole company is being accorded priority in the current financial year. This will result in permanent improvements to the effectiveness and efficiency of the WashTec value chain.

Product management and marketing are being combined under one roof with uniform management. This will facilitate a merging of the internal and external expectations placed in our products and lead to clearly defined development targets and sales measures. The procurement, production and logistics units have been reorganised. The integrated optimisation of the value chain from procurement through to delivery will lead reduce working capital requirements and increase availability levels. In the service division, the introduction of a mobile data exchange system between service technicians and the head office will generate faster and thus more efficient processes at all stages of the chain from specification through to invoicing. Preparations are underway to replace the existing isolated IT solutions step by step with a comprehensive IT system.

Employees capable of thinking and acting as entrepreneurs guarantee the success of the changes made to processes. Employees are rewarded for reaching their targets using performance-related remuneration models.

Innovation

WashTec is the technology leader. As a "partner for profit", we understand innovation not only as the duty to develop state-of-the-art technologies, but primarily as being able to provide our customers with the best solution in all product segments and thus to guarantee their economic success in the washing business. We see customer-driven innovation as constituting a challenge to all areas of the company to generate ideas and concepts capable of securing this competitive advantage on an ongoing basis.

We work permanently on further optimising the entire product portfolio in line with market requirements. The Soft-Care facility newly developed by WashTec will gradually replace the existing product families in the portal division during the current financial year. This will provide our customers with new sales and earnings potential. As well as offering a product platform adequate to future requirements, this provides WashTec with a higher degree of standardisation, coupled with an improvement to its cost structures.

Market Leadership

WashTec has maintained its leading position in the market. We act as partners to the global and local operations of our customers, who cherish us as longstanding reliable suppliers and have stood by us even in a difficult year. With the largest network of installed machines in Europe, coupled with our comprehensive sales organisation and consistent key account management, we will remain able to provide our customers with optimal service in the future.

Our service network is particularly important in this respect. WashTec has its own service organisation in the core European markets, which enables it to guarantee the availability of the installed facilities at all times and with short reaction times. The service concept offered by WashTec is supplemented by a range of additional services, from leasing and rental agreements up to the professional operation of entire networks of washing facilities on behalf of oil companies.

This makes WashTec the only manufacturer to act as a full service supplier.

In the short term, our aim is to maintain our leading position in the market. In addition to this, we can see opportunities for exploiting growth potential in specific markets.

Company Value

Overall, the measures initiated will enable WashTec to achieve a turnaround in 2004 and to attain earnings leadership over its largest competitors in the coming years. The measures introduced will result in an initial improvement to the company's balance sheet structure. Moreover, we are also making efforts to improve the company's capital structure on an ongoing basis. The Board of Management aims to raise the level of free float of the company's shares, to increase the price of the WashTec share and to achieve an EBITA ratio in excess of 10% by 2005.

COMPANY HISTORY OF THE WASHTEC GROUP

Wesumat

1962	First fully automatic brush washing facility
1968	Licensed production by MBB
1970	Start of own manufacturing activities
1986	Name changed to WESUMAT Fahrzeugwaschanlagen GmbH
1992	Expansion of facility sales activities to South East Asia
1994	WESUMAT Holding GmbH takes over WESUMAT FWA
1997	Conversion into WESUMAT Holding AG and IPO

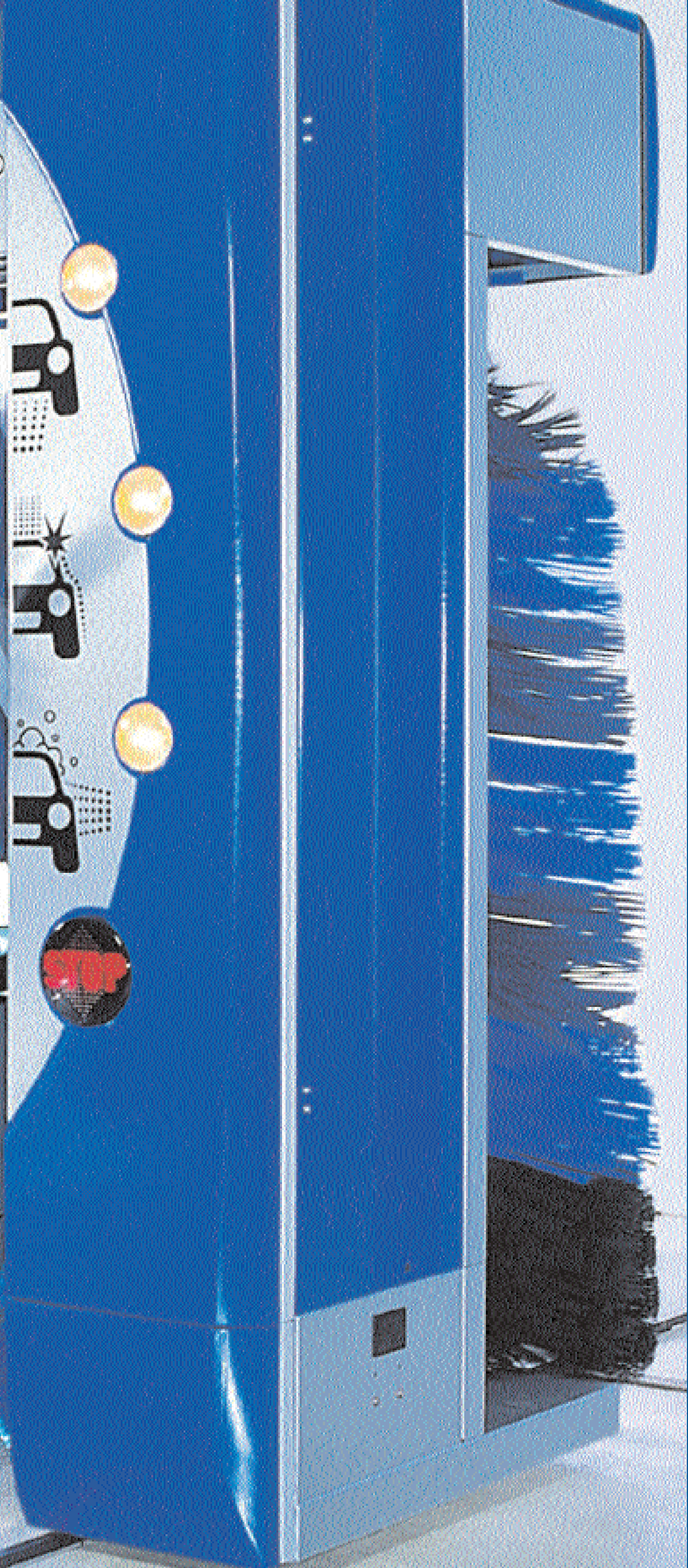
California Kleindienst

1885	Establishment of Hans Kleindienst & Co., Augsburg
1949	Establishment of A. Rohé GmbH
1963	First triple-brush portal
1965	First proprietary drive-through washing facility
1970	More than 5,000 installed portal washing facilities
1988	Osorno Group takes over California Rohé
1990	Osorno Group takes over Kleindienst
1996	Establishment of California Kleindienst

2000 Merger of WESUMAT and California Kleindienst to form WashTec

WashTec


SoftCare®
WashTec



»
SoftCare Pro is the first common rollover developed since the merger of WashTec. As a traditional petrol station machine, it is the strongest performer in the segment of rollover.
«

WASHTEC PRODUCTS IN 2003

WashTec provides the market with a full range of cleaning technology products. Its product programme includes facilities for cleaning all road vehicles, from cars up to utility vehicles with special bodywork, as well as providing all necessary pre-sales and after-sales service services:

Rollover
- Rollover for petrol stations, car dealers and garages
- Various models designed to meet a variety of technical and economic requirements

Conveyer Washing Facilities
- Modular unit system for all customer requirements

Commercial Vehicle Washing Facilities
- Washing facilities for HGVs and buses
- Various models for municipalities, hauliers and travel companies

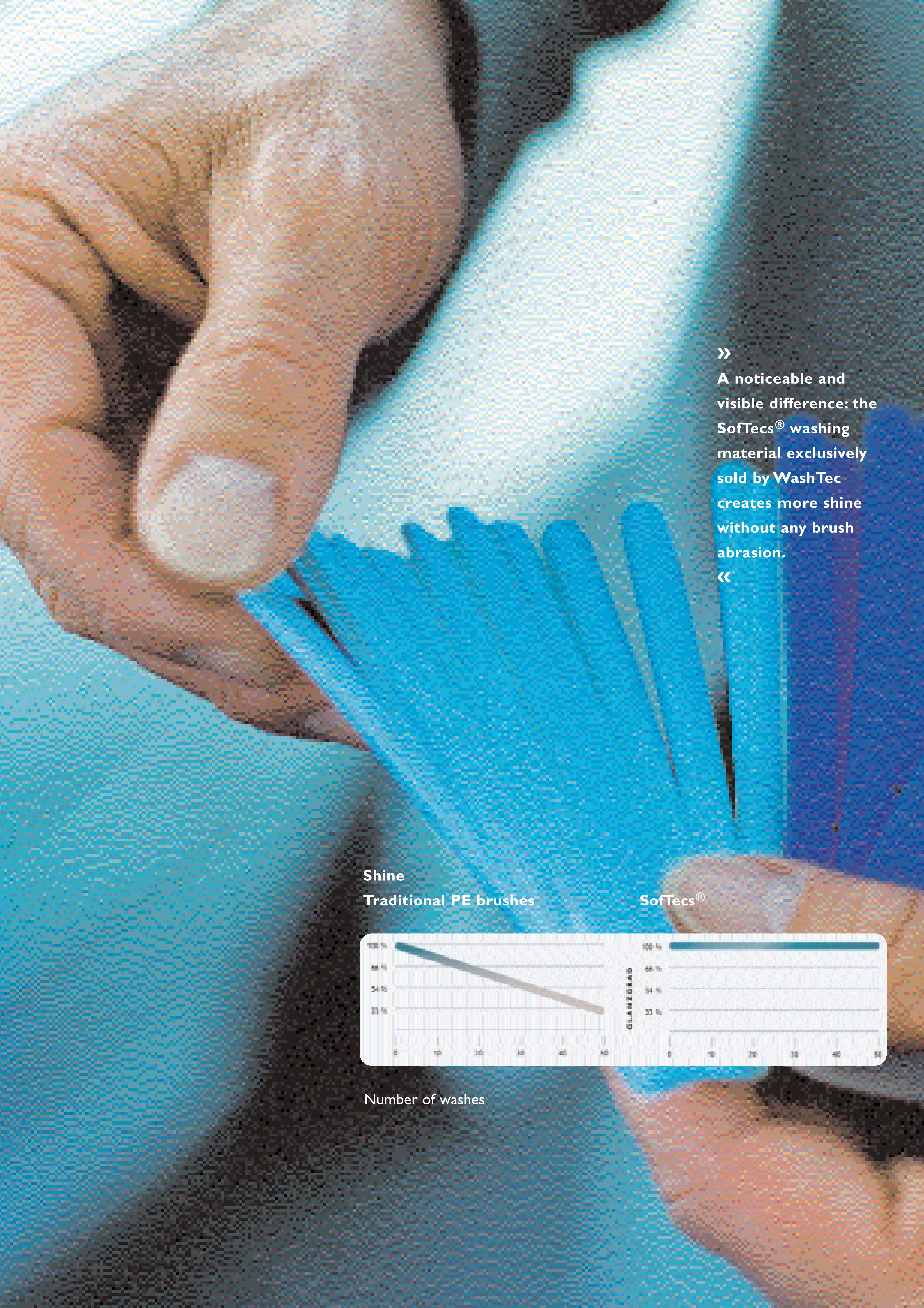
Jet Wash Facilities
- Washing sites for do-it-yourself customers

Water reclaim systems
- Environmental technology with the most up-to-date processes for the physical and biological processing of washing water

Wesurent and VPL
- Strategic partnerships with oil companies in the professional operation of washing facility networks
- Financing products based on leasing or hire purchase agreements

Service
- Densest service network in the core markets (Germany: > 300 service technicians)
- Shortest response times
- Extensive range of contract models (full maintenance contracts, call-out services)

The top sale performers are the rollover machines and service activities. The most important clients of WashTec products are petrol companies, which in some cases are supplied on a global basis. These are supplemented by independent petrol stations, car dealers and car manufacturers.



»
A noticeable and visible difference: the SofTecs® washing material exclusively sold by WashTec creates more shine without any brush abrasion.
«

Shine

Traditional PE brushes **SofTecs®**

Number of washes

WasTec subdivides the market into different groups of customer expectations. Priority is accorded in this respect to our customers' requirements in terms of the number of washes and the variety of products. As a "partner for profit", our focus is on the economic success of our customers. The classification of all product groups is based on the differing requirements for this economic success:

Premium

The segment for highly-frequented locations with high washing potential and particularly high-quality washing products.

Products

Rollover:	Conveyers washing facilities:	Maxi-Wash:
Juno, Timed facilities	WS 100, Chain length: > 25m	Maxi-Wash Express

Classic

The segment for professional operations with medium to high requirements in terms of programme variety and the number of washes.

Products

Rollover:	Conveyers washing facilities:	Maxi-Wash:
SoftCare Pro and Softwash	WS 50, WS 75, Chain length: 15 – 25m	Maxi-Wash Pro

Basic

The segment for locations with low numbers of washes and lower requirements in terms of machine features and programme variety, e.g. car showrooms, hauliers, low-budget markets

Products

Rollover:	Conveyers washing facilities:	Maxi-Wash:
SoftCare Intro and Evo, CK 30	WS 30, short version WS 50 Chain length: < 15m	Maxi-Wash Intro

WASHTEC IN THE MARKET

WashTec has a network of subsidiaries and co-operations with independent sales partners in almost 60 countries around the world. WashTec therefore remains the market leader by large. Its core sales region is Europe, and Germany in particular. In these markets WashTec has high-performance service networks.

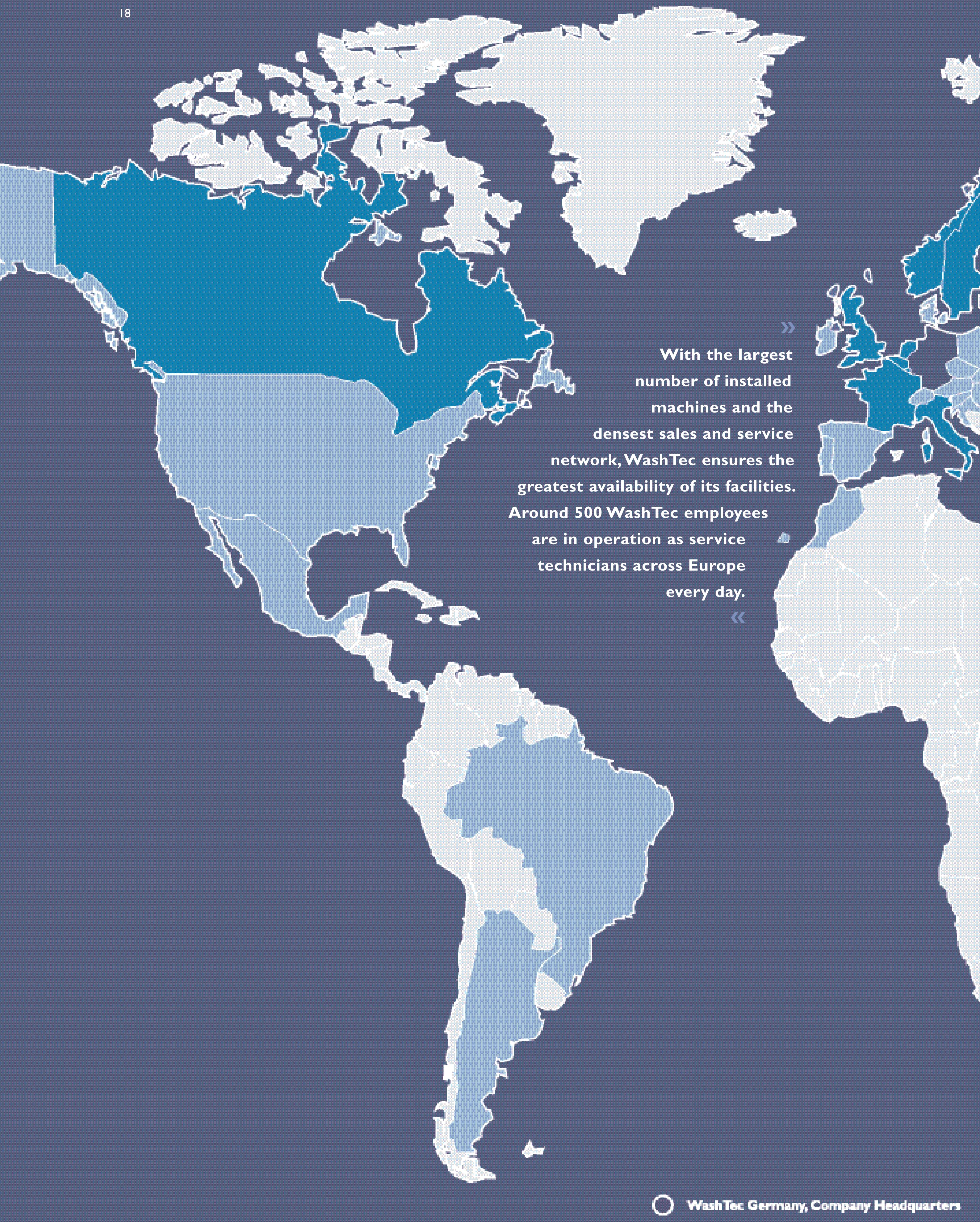
Quotations[1]

»

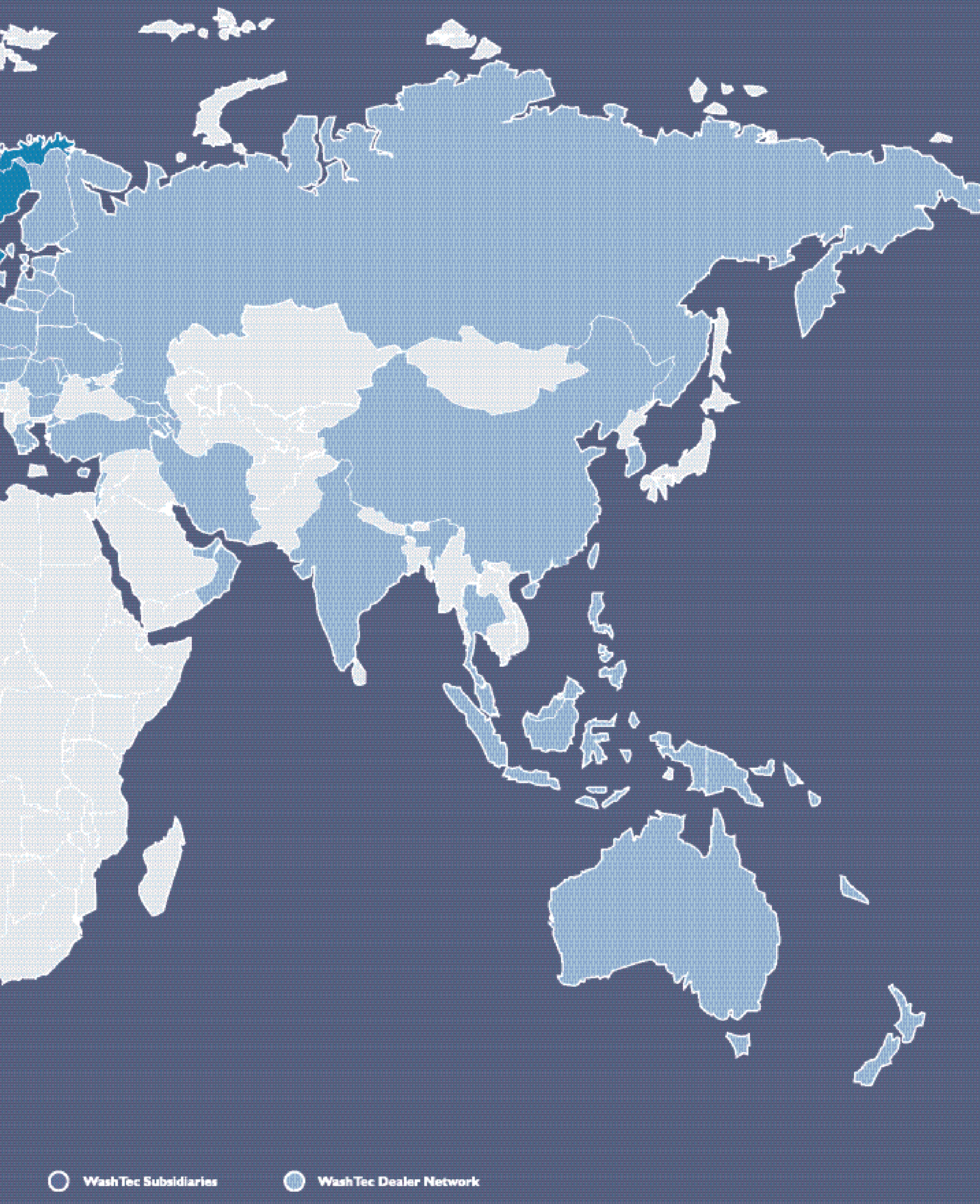
- **global market leader, particularly well-positioned in Europe**
- **WashTec is the technology leader**
- **WashTec's advantage is derived in particular from the high availability levels of its facilities and the superior washing quality**
- **Total cost of ownership analysis produces no disadvantages for WashTec, particularly for its more valuable machines**
- **Good service network in traditional established markets**
- **Very good image with large oil companies due to excellent sales support services**
- **High level of flexibility in implementing customers' wishes**

«

[1] Customer survey: Mercer Management Consultants, November 2002



» With the largest number of installed machines and the densest sales and service network, WashTec ensures the greatest availability of its facilities. Around 500 WashTec employees are in operation as service technicians across Europe every day. «


WashTec Subsidiaries
WashTec Dealer Network

REPORT OF THE SUPERVISORY BOARD

During the 2003 financial year, the Supervisory Board monitored the Board of Management's conduct of business and assisted it in an advisory capacity. In this respect, the co-operation between the Supervisory Board and the Board of Management was close and based on mutual trust. The oral and written reports provided by the Board of Management without delay and on a regular basis gave the Supervisory Board detailed insights into all significant business events and developments at the WashTec Group. The strategic orientation of the company was agreed by the Board of Management with the Supervisory Board on the basis of direct contact between the two bodies.

The Supervisory Board met on six occasions during the 2003 financial year. A further two meetings were held by telephone conference. At least one meeting was held in each quarter. No member of the Board was absent from more than one meeting. The Chairman of the Supervisory Board maintained close contact with the Board of Management of the company outside scheduled meetings in order to discuss business developments and specific subsidiaries. The Supervisory Board was subsequently informed of such discussions (Point 5.2 of the German Corporate Governance Codex). There were no conflicts of interest on the part of Supervisory Board members during the period under report.

Focus of Activities

At its meetings, the Supervisory Board concerned itself in detail with certain regularly recurring topics, such as the current situation of the company and its risk situation, risk management and business prospects. In addition, those business processes requiring the consent of the Supervisory Board or which were of particular significance were discussed and decisions taken (maintenance of the company's financing, changes to the composition of the Board of Management and the Supervisory Board, closure of individual plants and subsidiaries in Germany and abroad). The sales, earnings and liquidity budgets were discussed in detail within the framework of the passing of the budget for the 2004 financial year.

Restructuring:

In addition to monitoring the company's basic strategic orientation, the Supervisory Board concerned itself in particular with supervising its restructuring process. The Supervisory Board ensured that it was informed on an ongoing basis as to the progress made in the restructuring programme, individual measures and their implementation status. It monitored the developments in the course of the year on the basis of budget/actual comparisons.

Corporate Governance:

Corporate governance at WashTec AG and at the Group constituted the subject of repeated discussions at the Supervisory Board. Together with the Board of Management, the Supervisory Board worked on the further implementation of corporate governance guidelines.

Within the framework of an annual review, the Supervisory Board also critically examined the efficiency of its own activities from a corporate governance perspective and developed methods to evaluate its own work. These will be applied for the first time from the beginning of the new financial year (Point 5.6 of the Codex). The Statement of Compliance with the German Corporate Governance Codex in its version dated 21 May 2003 was submitted by the Board of Management and the Supervisory Board on 10 December 2003. (A detailed presentation on the subject of corporate governance has been provided on Page 26 of this annual report).

Committees

The Main Committee, consisting of the Chairman of the Supervisory Board, Bernd Kosegarten and Robert A. Osterrieth, met on six occasions and primarily dealt with personnel decisions and remuneration issues. The Audit Committee consisted of Bernd Kosegarten, Prof. Dr. Karl-Eugen Becker and Robert A. Osterrieth. It met on two occasions during the 2003 financial year. It assisted in the work of the auditors, Ernst & Young Deutsche Allgemeine Treuhand AG, Munich, and prepared the annual financial statements meeting of the overall Supervisory Board. The committees provided the meetings of the overall Supervisory Board with detailed reports on their discussions and their work.

Changes in the Composition of the Board of Management

Changes were made to the management of the company during the 2003 financial year on account of the particular requirements of the restructuring programme. Wolfgang Decker retired from office in January 2003, as did Dirk Brunnengräber in July 2003. Jürgen Lauer was appointed to the Board of Management by the Supervisory Board as of 20 January 2003 and is responsible for the finance and personnel departments. Johannes Kehr became the Speaker of the Board of Management on 1 May 2003. On the basis of the resolution passed by the Augsburg Local Court on 7 April 2003, Johannes Kehr was appointed to the Supervisory Board of the company and was subsequently appointed by the Supervisory Board to the Board of Management pursuant to Section 105 (2) of Stock Corporation Law (AktG). He was initially responsible for the restructuring and service divisions and subsequently also for the sales division. Upon his appointment to the Board of Management on 14 July 2003, Thorsten Krüger assumed responsibility for the technology division (construction, production, materials management). Within the framework of the reorganisation, Sabine Decker was entrusted with the marketing and systems business divisions.

Sabine Decker retired from her position on the Board of Management at her own request as of 31 March 2004 in order to devote her energies to other activities. Once the restructuring measures were well advanced, Johannes Kehr returned to the Supervisory Board pursuant to Section 105 (2) of Stock Corporation Law (AktG).

The Supervisory Board would like to thank the retired members of the Board of Management for their efforts.

Thorsten Krüger succeeded Johannes Kehr as Speaker of the Board of Management and assumed responsibility for the sales division, and also took over responsibility for the marketing division from Sabine Decker. Jürgen Lauer has assumed additional responsibility for the service division. The remaining responsibilities have been divided between the two members of the Board of Management.

The newly appointed members of the Board of Management have concluded individual employment contracts with the company. The remuneration of the Board of Management consists of fixed and variable components. The variable components of their remuneration include some annual components dependent on the performance of the company, as well as some components of a long-term incentive nature and involving some risk. The Supervisory Board considers the total level of remuneration to be appropriate. It re-examines such remuneration on a regular basis. Customary levels of compensation were paid in connection with the agreed contract terminations (contract completion). No additional compensation was paid.

Changes in the Composition of the Supervisory Board

At the Annual General Meeting held on 25 June 2003, Messrs. Michael Busch and Alexander von Engelhardt, who had already been appointed as members of the Supervisory Board by resolution of the Augsburg Local Court on 4 March 2003, were elected to be full members of this body. At its meeting on 26 March 2003, the Supervisory Board elected the signatory of this report to be its Chairman. He was subsequently confirmed in office by the Annual General Meeting. The Supervisory Board membership of Johannes Kehr was suspended for the period of his appointment to the Board of Management. As already reported, Dr. Märten Burgdorf, Dr. Peter Brütt and Dr. Hanno Monauni retired from their positions on the Supervisory Board in February 2003.

Prof. Dr. Karl-Eugen Becker retired from his position on the Supervisory Board at the end of the 2003 financial year. The Supervisory Board would like to extend its particular thanks to him for his efforts.

Bernd Kosegarten has informed the Supervisory Board pursuant to Section 8.5 of the Articles of Association that he will be retiring from his position on the Supervisory Board following the conclusion of the Annual General Meeting on 23 June 2004. He will continue to be associated with the company on the basis of an advisory agreement. The Supervisory Board will then consist of three individuals. The Board of Management and the Supervisory Board will propose to the Annual General Meeting that the Articles of Association be amended to limit the number of Supervisory Board members to three in future, which is adequate for the size of the company.

Audit and Approval of Annual Financial Statements

The annual financial statements of WashTec AG and the consolidated financial statements, as well as the combined management report of WashTec AG and the Group as of 31 December 2003, have been audited and provided with an unqualified audit opinion by the auditing company appointed at the Annual General Meeting, Ernst & Young Deutsche Allgemeine Treuhand AG, Munich.

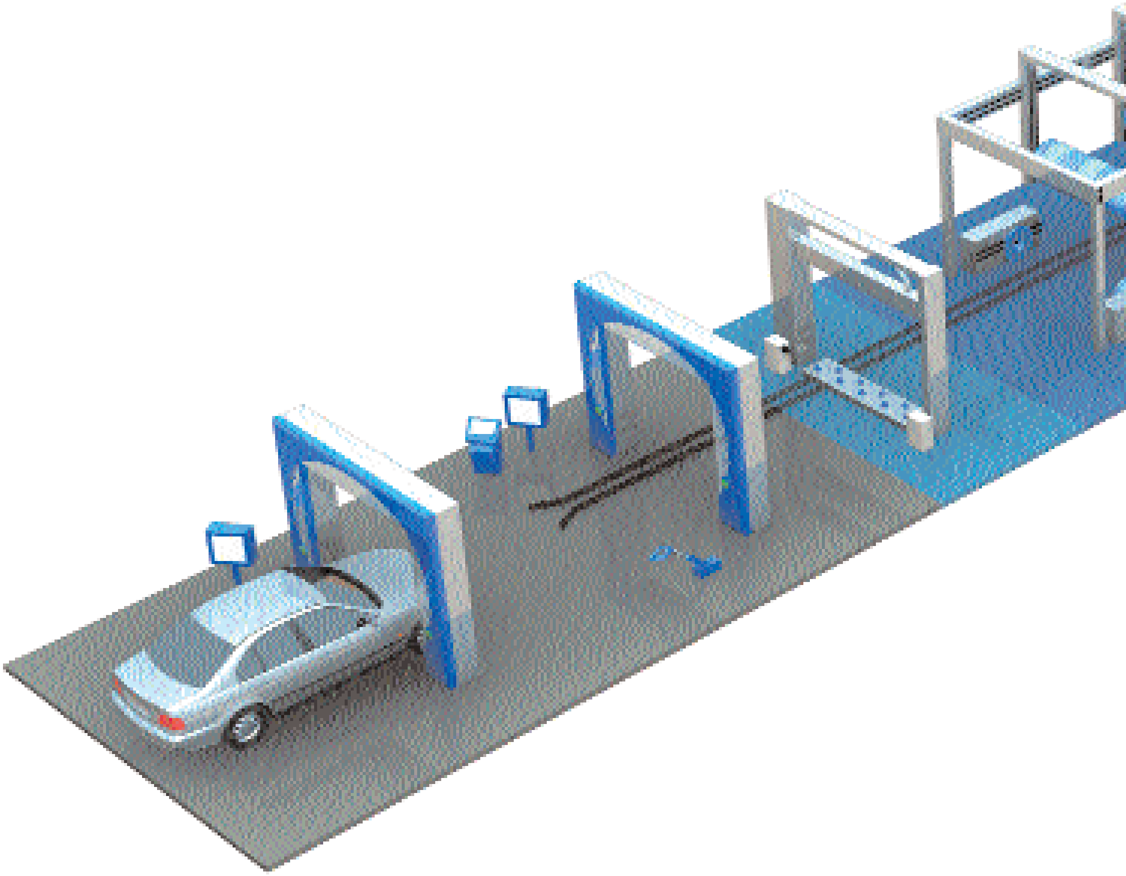
Ernst & Young Deutsche Allgemeine Treuhand AG also audited the annual financial statements of the foreign subsidiaries of WashTec AG for the first time in the 2003 financial year. In connection with the auditing of the annual financial statements of WashTec AG, the auditors were also required to assess whether the Board of Management had succeeded in establishing a monitoring system capable of promptly identifying any possible risks to the company's continued existence. In respect of the monitoring system, the auditors stated that the Board of Management had taken the measures required by Section 91 (2) of Stock Corporation Law (AktG) and that these were suitable to recognise any developments which might threaten the continued existence of the company in good time.

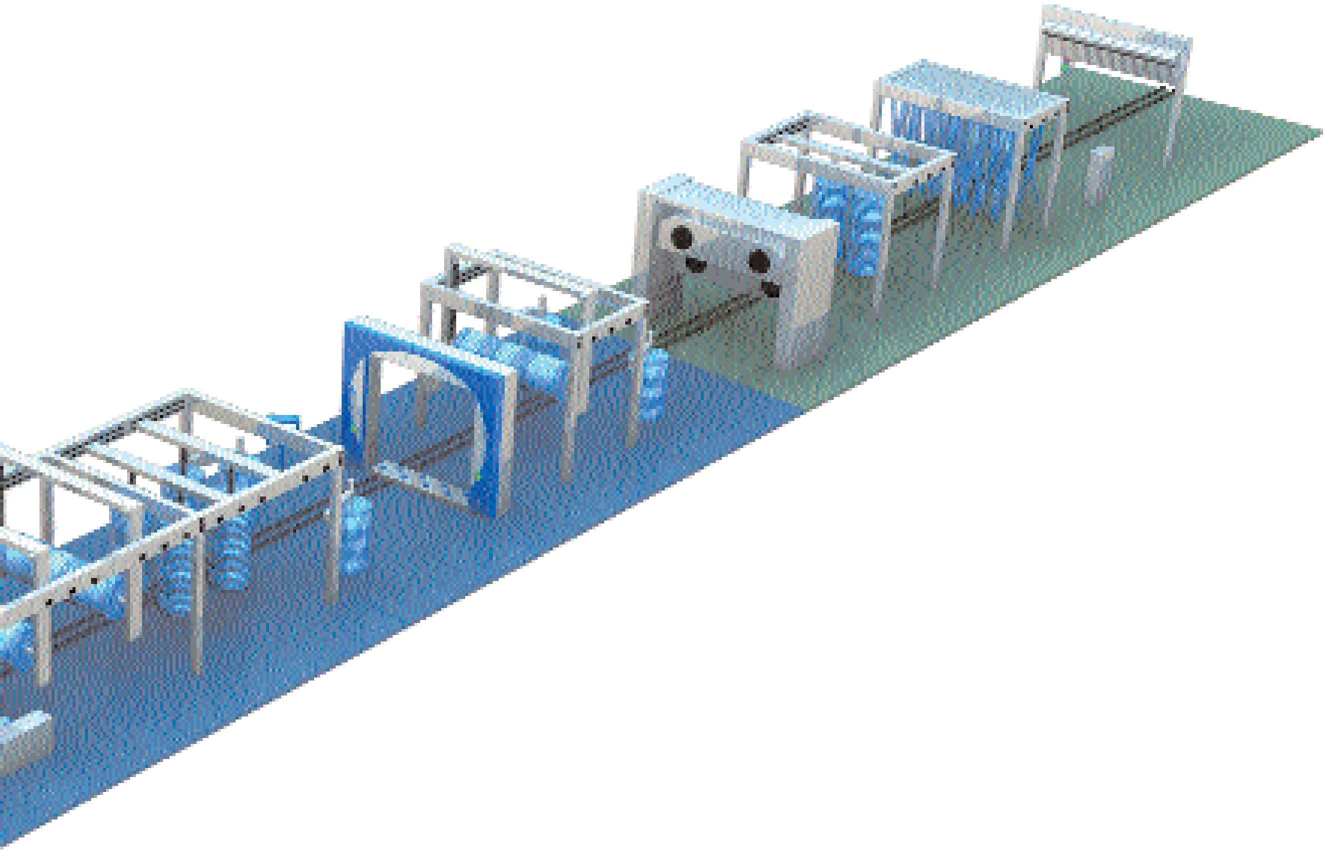
The audited annual financial statements of WashTec AG, the audited consolidated financial statements and the combined management report as of 31 December 2003 were provided to all members of the Supervisory Board in sufficient time for them to undertake their own review prior to their meeting to approve the annual financial statements. The audited financial statements and the combined management report were the subject of discussion at the meeting of the Audit Committee on 25 March 2004 and at the annual financial statements meeting of the Supervisory Board on 21 April 2004. The auditors attended both meetings and reported to the Audit Committee and to the Supervisory Board on the findings and main focuses of their audit. All questions posed by members of the Audit Committee and of the Supervisory Board were addressed in detail. The Supervisory Board acknowledged and agreed with the results of the audit. The conclusive inspection of the audit undertaken by the Supervisory Board did not result in any objections. At its annual financial statements meeting on 21 April 2004, the Supervisory Board approved the annual financial statements of WashTec AG and the consolidated financial statements. The annual financial statements of WashTec AG are therefore adopted. The 2003 financial year was a decisive year for WashTec AG and the entire group of companies, with many changes due to the restructuring and reorientation of the company. In this respect, the employees played an essential role in the reorganisation of the company. The Supervisory Board would like to thank all employees and the Board of Management for their excellent work. It has demonstrated that WashTec has good foundations for achieving the targets it has set itself for a successful future.

Alexander von Engelhardt
Chairman of the Supervisory Board

Augsburg, April 2004

»
With its modular unit system, the WashTec conveyers fulfil the whole spectrum of customer expectations, from cost-effective basic versions up to premium individual solutions.
«





REPORT ON CORPORATE GOVERNANCE

The Board of Management and Supervisory Board of WashTec AG identify with the goals of the German Corporate Governance Codex in terms of the promotion of responsible and transparent corporate management and supervision aimed at increasing the value of the company on a sustainable basis.

WashTec AG complies with almost all of the recommendations contained in the version of the German Corporate Governance Codex dated 21 May 2003. Any deviations from individual recommendations contained in the Codex have been disclosed by the Board of Management and the Supervisory Board in their Statement of Compliance dated 10 December 2003.

Following careful consideration, we have decided not to implement all of the amendments made to the German Corporate Governance Codex in 2003. We have rather decided to maintain our course of consistently applying corporate governance in those areas which are compatible with the size, nature and structure of our company.

Management and Corporate Structure

During the 2003 financial year, the corporate structure was realigned in the context of the restructuring programme and the reallocation of management and supervisory functions. The Group's internal controlling, reporting and decision-making structures were analysed with the aim of increasing their speed, reliability and transparency. The resultant measures were implemented almost without exception in 2003.

Shareholders and Annual General Meeting

In order to facilitate the participation of its shareholders in the Annual General Meeting to the greatest possible extent, WashTec AG provided its shareholders for the first time in 2003 with the possibility of authorising a voting proxy bound to act in accordance with their instructions prior to the Annual General Meeting.

At the same time, the internet presence of WashTec AG was extended to include an information platform for the Annual General Meeting. The shareholders thus have access to all the documents of relevance to the Annual General Meeting. All information concerning voting proxies, as well as templates for the issuing of authorisations and voting instructions, have been made available on the homepage. In the event of their desiring any further information, interested shareholders also have the possibility of calling a telephone hotline.

Board of Management

The Board of Management of WashTec AG was partly reorganised by the Supervisory Board during the 2003 financial year. Its aim was to obtain an effective management team for the impending restructuring activities.

The Board of Management was therefore increased to four members in 2003. Particular responsibilities for the restructuring programme were allocated and existing responsibilities reallocated.

At its meeting on 28 April 2003, the Supervisory Board passed an amendment to the Code of Procedure for the Board of Management and inserted an upper age limit of 65 for members of the Board of Management.

The remuneration of the members of the Board of Management is determined by the Supervisory Board and takes account of the duties of the respective member of the Board of Management, as well as of his or her personal performance, the performance of the overall Board of Management and the economic situation, the performance and future prospects of the company and of the Group and its competitive environment. The remuneration of the members of the Board of Management consists of fixed and variable components. The variable components include annual components related to the performance of the company, as well as some components of a long-term incentive nature and involving some risk. The remuneration involving components of a long-term incentive nature and involving some risk includes a convertible bond programme from 17 October 1997, a share option plan from 22 December 1999 and a virtual share option plan (phantom stocks) included in individual contracts. None of the conditions of the convertible bond programme or of the share option plan or of the virtual share option plan provided for any restrictions relating to extraordinary unforeseen developments, given that they were drafted prior to the respective recommendation of the German Corporate Governance Codex coming into effect. For the same reason, the convertible bond programme does not include any reference to parameters of comparison. The price of the company's share was significantly below the conversion price to be paid per share defined in the conditions of the convertible bond during the 2003 financial year and remains so. The specific structure of the convertible bond programme, the share option plan and the virtual share option plan, as well as the levels of share and option ownership, are disclosed in the annual report and on the company's homepage.

We do not comply with the additional recommendations of the German Corporate Governance Codex in respect of the remuneration of the Board of Management (Point 4.2.4 of the Codex). We have consciously decided not to invade the private sphere of the members of the Board of Management by disclosing their individual levels of remuneration. All capital market participants are in a position to assess the appropriateness of the remuneration of the Board of Management on the basis of an overall assessment. The Supervisory Board also subjects the appropriateness of such remuneration to an annual review.

Supervisory Board

At its meeting on 25 June 2003, the Supervisory Board set a maximum age limit of 75 for its members.

The Board of Management and the Supervisory Board will propose an amendment to the Articles of Association allowing the introduction of performance-related remuneration for the Supervisory Board to the Annual General Meeting on 23 June 2004.

In 2003, the Supervisory Board developed methods of evaluating its own work and has applied these for the first time since the beginning of the new financial year (Point 5.6 of the Codex).

The D&O insurance policies concluded for the members of the Supervisory Board and of the Board of Management do not provide for any personal liability. The Supervisory Board and the Board of Management consider it their obvious duty to act responsibly. We do not believe that the introduction of personal liability would result in any further increase in the motivation and commitment of the members of the Supervisory Board and of the Board of Management. The contributions for the D&O insurance policy for the members of the Supervisory Board are paid for by the members of the Supervisory Board themselves.

The volumes of shares in the company owned by the members of the Supervisory Board have been disclosed in the annual report and on the internet at www.washtec.de.

Accounting and Auditing

The audited annual and consolidated financial statements were discussed by the Audit Committee in the presence of the auditors. Furthermore, the auditors attended the meeting of the Supervisory Board at which the findings of the Audit Committee were discussed and the annual financial statements were approved.

The consolidated financial statements are to be made available to the general public within 120 days in future. Interim reports are to be published within a maximum of 60 days in future. WashTec thus meets the deadlines set by Deutsche Börse for the Prime Standard. The publication of the consolidated financial statements and of the interim reports within the deadlines recommended by the Codex is currently not feasible due to organisational considerations.

The Statement of Compliance submitted by the Board of Management and Supervisory Board of WashTec AG on 10 December 2003 has been printed on the following page.

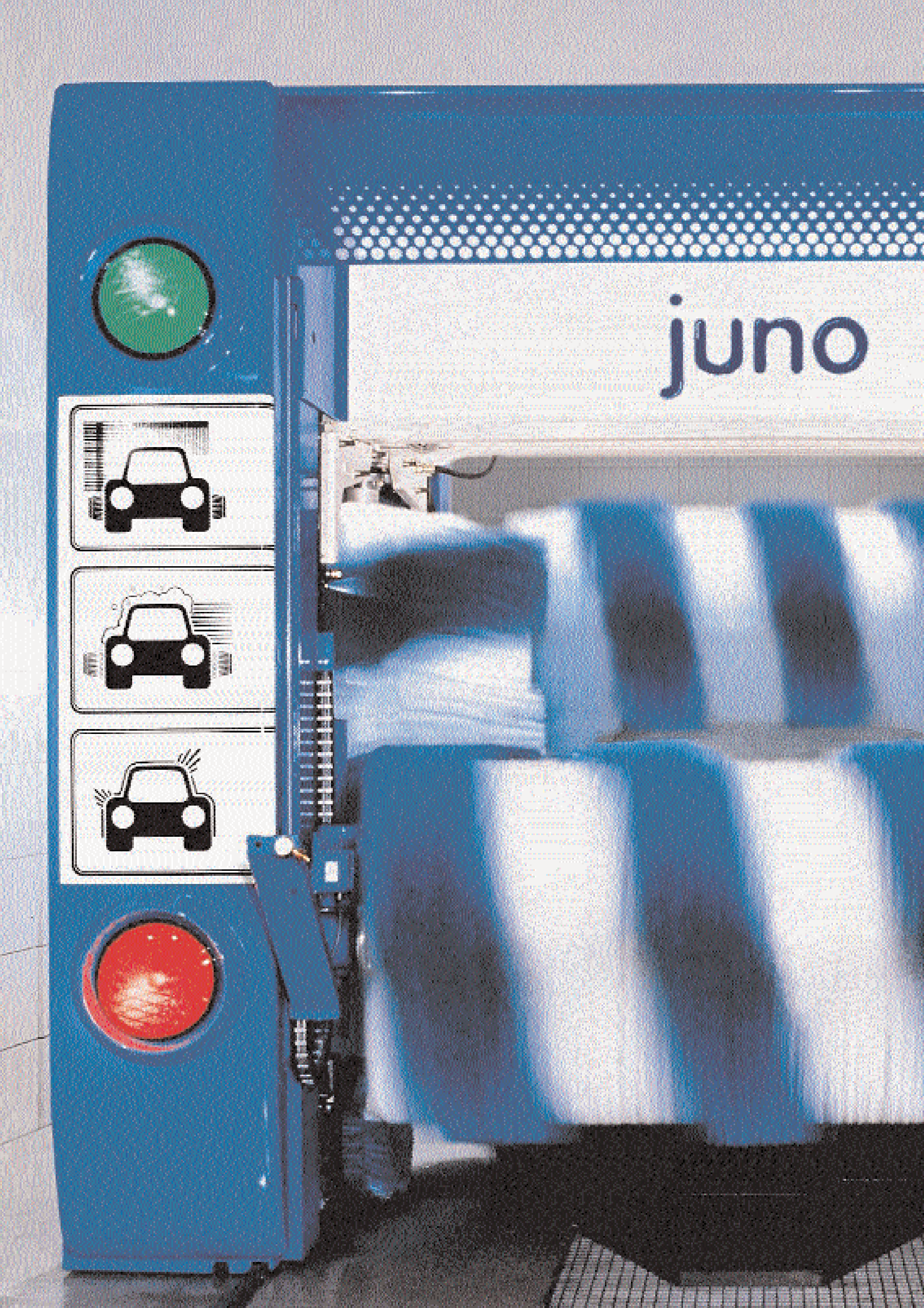
Statement of Compliance of the Board of Management and Supervisory Board of WashTec AG pursuant to Section 161 of Stock Corporation Law (AktG)

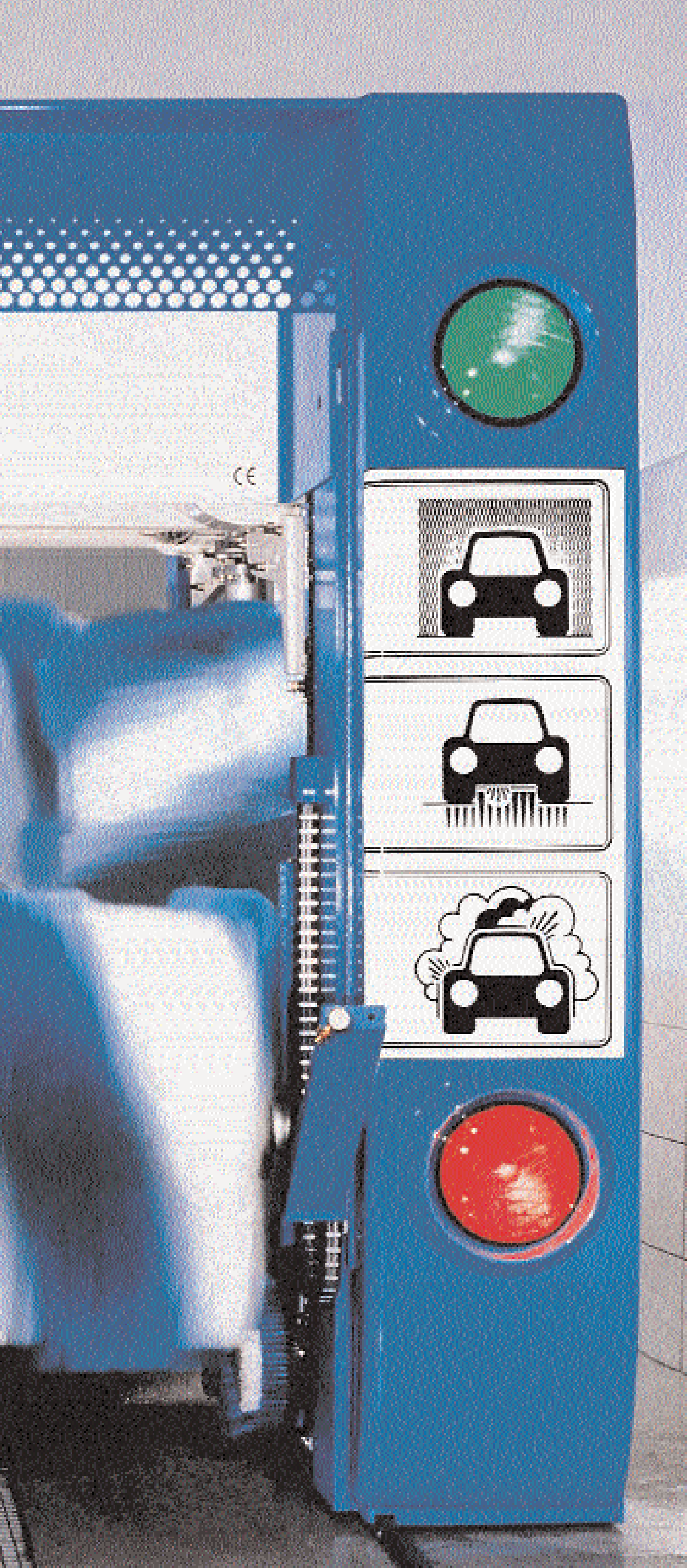
The Board of Management and the Supervisory Board declare that WashTec AG has complied with the recommendations made by the German Corporate Governance Codex government commission in the version dated 7 November 2002 since the submission of its previous Statement of Compliance on 10 December 2002 and that it has complied with the recommendations contained in the version dated 21 May 2003. The company has not complied with and does not comply with the following recommendations:

- The D&O insurance policy concluded by the company on behalf of the Board of Management and the Supervisory Board has not provided for and does not provide for any personal liability (Point 3.8 of the Codex). The contributions for the D&O insurance policy for the members of the Supervisory Board are paid for by the members of the Supervisory Board themselves.
- The Board of Management and the Supervisory Board reported on Corporate Governance in the 2002 annual report. The deviations from the recommendations made in the Codex were not commented in detail (Point 3.10 of the Codex) in those cases where they were self-explanatory and thus not requiring any further comment.
- The conditions of the convertible bond programme of 17 October 1997 and the share option plan initiated for the benefit of members of the Board of Management on 22 December 1999 do not provide for any restrictions in the event of extraordinary unforeseen developments. Furthermore, the conditions of the convertible bonds do not contain the reference to sophisticated parameters of comparison recommended by the new version of the Codex dated 21 May 2003 (Point 4.2.3 of the Codex). The price of the company's share has remained significantly below the conversion price to be paid per share defined in the conditions of the convertible bond since the beginning of the 2002 financial year and remains so.
- The remuneration of the members of the Board of Management was not disclosed broken down into its constituent components in the notes to the consolidated financial statements for the 2002 financial year. An equivalent disclosure is also not foreseen for the 2003 financial year. Furthermore, the disclosure of the remuneration of members of the Board of Management on an individual basis, as recommended by the new version of the Codex dated 21 May 2003, is also not expected for the 2003 financial year (Point 4.2.4 of the Codex).
- The company did not set any upper age limit for members of the Board of Management prior to 28 April 2003. On 28 April 2003, the Supervisory Board passed an amendment to the Code of Procedure for the Board of Management which provides for the setting of an upper age limit of 65 (Point 5.1.2 of the Codex).
- The company did not set any upper age limit for members of the Supervisory Board prior to 25 June 2003. On 25 June 2003 the Supervisory Board agreed the setting of an upper age limit of 75 (Point 5.4.1 of the Codex).
- The Articles of Association of WashTec AG provided for and continue to provide for only a fixed remuneration of the Supervisory Board and not for any performance-related components. The chairmen and members of the Supervisory Board committees have not and do not receive any separate remuneration (Point 5.4.5 of the Codex).
- The consolidated financial statements and the interim report have not been and are currently still not published within 90 days and 45 days respectively of the conclusion of the period under report (Point 7.1.2 of the Codex). The consolidated financial statements for the 2002 financial year were published within 140 days and the interim report as of 30 June 2003 within 65 days. The consolidated financial statements for the 2003 financial year are to be published within 120 days in line with the regulations of the German Stock Exchange. Future interim reports are to be published within 60 days in line with the regulations of the German Stock Exchange.

Augsburg, 10 December 2003
WashTec AG
The Supervisory Board
The Board of Management

Further information on corporate governance at WashTec AG and the current version of the Statement of Compliance can be found at: www.washtec.de.


juno



»

Successful products based on innovation: since its market launch, the patented Juno double rollover has been the fastest rollover facility on the market.

«

WASHTEC AG

COMBINED MANAGEMENT REPORT OF WASHTEC AG AND THE WASHTEC GROUP FOR THE 2003 FINANCIAL YEAR

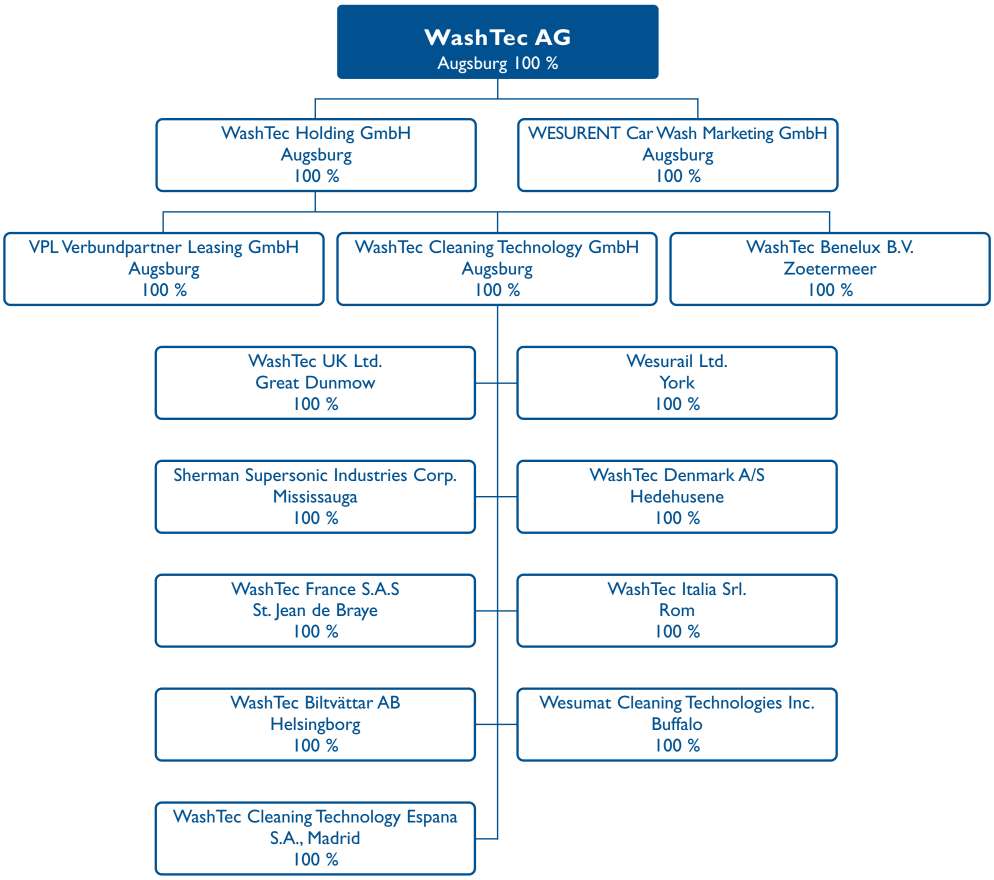
INTRODUCTION

The WashTec Group is the market leader in the manufacture, sale and maintenance of vehicle washing facilities. Its product range includes rollover, conveyers and jet wash facilities for cars and utility vehicles. The principal customer groups of the WashTec Group are the oil industry, car dealers and garages, as well as operator companies.

The information contained in the combined report on the situation of WashTec AG and the WashTec Group refers to the Group, unless expressly indicated otherwise.

STRUCTURE OF THE WASHTEC GROUP

The following overview depicts the current corporate structure of the WashTec Group.



Profit and loss transfer agreements have been concluded between:
Washtec Holding GmbH and VPL Verbundpartner Leasing GmbH
Washtec Holding GmbH and WashTec Cleaning Technology GmbH
Washtec AG and Wesurent Car Wash Marketing GmbH

WashTec International GmbH, Augsburg, was merged with WashTec Cleaning Technology GmbH, Augsburg, in the course of the 2003 financial year.

WashTec AG

The Board of Management and the group controlling and risk management departments are located at WashTec AG. WashTec AG acts as the holding company for the Group. The operating activities are undertaken by the company's subsidiaries (WashTec Holding GmbH and WESURENT Car Wash Marketing GmbH).

WashTec Holding GmbH

With the exception of Wesurent Car Wash Marketing GmbH, WashTec Holding GmbH incorporates all of the operating subsidiaries of the WashTec Group. These are: WashTec Cleaning Technology GmbH, VPL Verbundpartner Leasing GmbH and WashTec Benelux B.V..

WashTec Cleaning Technology GmbH

WashTec Cleaning Technology GmbH is based in Augsburg and handles the largest share of the operating business within the Group. Around half of its sales are generated with products and services undertaken by WashTec Cleaning Technology in Germany. The other half is generated by its subsidiaries in foreign countries. WashTec Cleaning Technology GmbH provides its own subsidiaries and its independent sales partners in foreign countries with supplies and support services.

The company's activities include marketing, the development and production of the products of the WashTec Group and the sales, service and service functions necessary for operating in domestic and foreign markets. WashTec has an extensive customer service network across Germany. The sales and service activities in foreign countries are undertaken by subsidiaries or by independent sales partners who are in most cases active exclusively on behalf of WashTec.

All of the principal international framework agreements, e.g. with the oil industry, are concluded by WashTec Cleaning Technology.

Foreign Subsidiaries

WashTec has subsidiaries in Canada, the UK, France, Belgium, Denmark, Norway, Italy and the Netherlands. Within these companies, the sales and service functions are undertaken by proprietary customer service departments. The Canadian subsidiary also manufactures products for the North American market.

VPL Verbundpartner Leasing GmbH

VPL Verbundpartner Leasing GmbH provides the customers of WashTec products with instruments to finance their investments by mediating leasing agreements.

WESURENT Car Wash Marketing GmbH

WESURENT Car Wash Marketing GmbH supplements the products and services of the WashTec Group by financing and operating washing facilities on behalf of and at the expense of its customers. It also provides numerous additional services, such as viability and location analyses.

MARKET AND COMPETITION

Development of the Markets

In most European markets, the exchange business continues to dominate the market for vehicle washing facilities. WashTec participates in such activities thanks to the large number of WashTec machines already installed, which are largely maintained by the service divisions of the WashTec Group.

Based on the company's market surveillance and in the absence of any studies compiled by independent third parties, the German market has shown positive developments. A larger number of facilities was sold in the 2003 financial year than in the previous year. This trend received a further boost during the year from particular one-off factors. In other European markets, the market volume remained at the same level as in the previous year. Positive developments in France and Spain balanced out negative developments in the UK and Italy.

Impulses for the Future

The market for vehicle washing facilities is expected to remain stable in the future. This is a result of the following factors:

- the volume of cars is growing in all European countries
- the density of vehicle washing facilities pro car remains significantly below average in some West European countries
- the East European markets harbour interesting growth opportunities

Competition

The European vehicle washing facility industry is characterised by a low number of competitors. The principal European competitors, Otto Christ AG (Germany), Ceccato SPA (Italy) and Istobal SA (Spain), are all significantly smaller than WashTec.

WashTec was able to maintain its leading position in the European market once again in the 2003 financial year. Based on market surveys undertaken by the company, its share of the European market amounts to more than 40 % in the field of portal facilities. The company is well ahead of its next-largest competitor.

COMPANY DEVELOPMENT

On account of the unsatisfactory results in previous years, restructuring measures aimed at improving the company's situation were accorded the highest priority in the past financial year.

Restructuring Programme

The WashTec Group has undergone a comprehensive restructuring programme since the beginning of 2003, which is aimed at exploiting the company's market leadership to attain earnings leadership. The programme is due to run until the end of 2005 and includes measures which are intended to generate earnings improvements amounting to around €25m compared with the initial situation in 2002.

The restructuring involved one-off expenses amounting to € 24.3m during the 2003 financial year and resulted in clearly negative annual earnings figures. It was possible to finance the expenses required by the restructuring programme from the cash flow.

In 2003, all of the planned restructuring measures with the main focuses outlined in greater detail below were initiated. The principal measures have already been concluded and will result in an improved cost structure in 2004. The implementation of the programme will enable WashTec to achieve a turnaround in 2004.

Streamlining the Product Range

As a consequence of the reorientation of the company's range of products and services, the train washing and process technology divisions in Germany were shut down in 2003. A comprehensive analysis of all company divisions undertaken at the beginning of the financial year had shown that this peripheral division could not be expected to make a positive contribution to the Group even in the medium term.

Optimisation of Service and Sales

WashTec's unique service network is expected to make a major contribution to strengthening the market position of the Group. The optimisation of the service organisation was therefore accorded priority in the restructuring programme. The following measures have been undertaken to enhance the efficiency of service activities in Germany:

- the replacement parts warehouses have been combined at a central location in order to optimise the processes and improve the availability of replacement parts
- the assembly of portal facilities has increasingly been delegated to sub-contractors for reasons of cost and flexibility
- service services have been optimised and the productivity of the technicians has been increased. While sales have remained constant, the number of service technicians has been reduced.

The efficiency and growth potential of the Group's foreign subsidiaries has been examined. The companies in the USA and Spain in particular, which have reported considerable losses, did not show sufficient potential in the short to medium term to be able to reach their respective earnings targets. The WashTec sales activities in these countries have been passed on to independent sales partners.

Reduction of Production Costs

The measures required to reduce the level of over-capacity in the production division were implemented in 2003. The closure of the production plant in Schöllkrippen was undertaken in parallel with the launch of the new SoftCare portal facility model, which is produced in Augsburg. The French production plant in Houlgate has also been closed. In future, all machine production activities will be focused on Augsburg. The resultant benefits of scale will facilitate a further optimisation of the production process.

The design-to-cost measures and new procurement strategies already introduced will also help to achieve a further reduction in manufacturing costs.

Reduction of Current Assets

By means of active management and improved processes, it was possible to achieve a year-on-year reduction of € 10.3m in the level of trade receivables.

At the same time, the inventories were analysed across the Group. All stocks have been newly valued, old stock has been scrapped and the scope of inventory has been reduced. The measures taken to optimise inventory management will take effect in 2004.

Personnel

In order to attain the adjustment in personnel levels required by the restructuring measures, settlements and social plans have been negotiated with workforce representatives. Furthermore, an emergency collective wage reduction agreement with cost savings totalling € 5.0m has been negotiated to run until 2004.

The employees in Schöllkrippen were offered the opportunity of working for an employment and training company for a period of 12 months following the closure of the plant. The offer was accepted in most cases.

The number of employees declined from 1,652 to 1,501 at the reporting date on 31 December. Further personnel reductions will only come into effect in 2004 on account of postponed departures.

No. of Employees	31.12.2003	31.12.2002	Change
Sales and service	796	878	-82
Production and technology	567	638	-71
Finance and administration	138	136	2
Total	**1,501**	**1,652**	**-151**

Innovation

Further measures aimed at underlining WashTec's claim to be innovation leader have been implemented and introduced in parallel with the restructuring activities.

The launch of the new SoftCare portal facility, which had been initiated in 2002, was successfully continued in 2003. As an alternative washing material to the traditional brush, SofTecs established itself as the leading material in the vehicle washing market in 2003.

Further development projects have been started in order to supplement and renew the range of products in the field of portal facilities. Additional developments in the field of drive-through washing facilities and utility vehicle washing facilities will result in a further rounding off of the product range.

SALES AND ORDER SITUATION

Sales

The WashTec Group reported pleasing sales developments for the 2003 financial year. In spite of the adjustments made to its product portfolio, the Group's sales rose by € 5.6m to € 241.1m. The level of sales in 2003 confirms that WashTec is still the clear market leader and "preferred supplier" of large-scale customers in the oil industry.

As a result of the recovery in the German market, the domestic share of the WashTec Group's sales rose by 4 percentage points on the previous year to reach 46 percent. There was a decline in the share of sales generated in other European countries in 2003. The other markets remained virtually unchanged.

Sales of new machines rose in 2003 by 5.4 percent to € 145.8m, or 60.5 percent of overall sales. The service and replacement parts business grew by 2.1 percent to € 79.9m, or 33.1 percent of overall sales. There was an overall decline in the Group's other activities.

The forecasts for 2004 provide for a lower level of sales than in 2003 with a simultaneous improvement in margins.

Order Situation

WashTec Cleaning Technology GmbH had orders on hand amounting to more than € 25.0m as of 31 December 2003. This represents a decline on the previous year, which is attributable to the streamlining of the product range and to a weakening of the domestic market at the end of the year.

EARNINGS SITUATION

Operating Earnings

Prior to adjustment for one-off expenses relating to the restructuring programme, operating earnings (EBIT) amounted to € -15.7m. The cost of materials rose to 48.6 percent of sales (previous year: 43.4 percent), personnel and other material expenses fell to 54.8 percent of sales (previous year: 55.3 percent).

Earnings Before Tax

Earnings before tax (EBT) amounted to € -23.9m in 2003, following € -16.1m in the previous year. The annual net deficit after tax amounted to € 18.0m (previous year: annual net deficit of € 14.1m).

The financial result remained at approximately the same level in 2003. In spite of a reduction in the volume of credit facility utilisation, the interest expenses included in the financial result showed a slight increase from € 9.0m to € 9.4m as a result of a rise in interest rates.

One-Off Expenses

Numerous one-off expenses were incurred in connection with the restructuring of the WashTec Group. A large part of these expenses relate to compensation payments resulting from personnel adjustments. Further negative items resulted from the adjustment of inventory, receivable and building valuations and from additional provisions for guarantees. Overall, the total one-off expenses burdened earnings by € 24.3m in 2003.

Adjusted Earnings

Following adjustment to account for the one-off expenses incurred by the restructuring, the earnings before interest and tax (EBIT) for the 2003 financial year were positive. They amounted to € 9.5m and were thus equivalent to 3.9 percent of sales. At € 0.4m, adjusted earnings before tax (EBT) were positive.

It has therefore been possible to build a good foundation for positive earnings developments from 2004 onwards.

DEVELOPMENT OF ASSET AND FINANCIAL SITUATION

Cash Flow

The cash flow of the WashTec Group remained slightly positive in spite of the large scale of the losses incurred. Active receivables management contributed € 10.1m to the reduction in current assets. The targeted decrease in trade payables, which had declined by € 9.9m at 31 December 2003 compared with the previous year, facilitated prompt payment and thus enabling cash discounts to be reaslised. The outflow of funds from ongoing business activities amounted to € -9.7m (previous year: € -0.1m) and was due in part to the high level of one-off expenses. The extraordinary expenses incurred by the restructuring led to an increase in short-term provisions, which rose from 3.5 percent to 11.2 percent of the balance sheet total.

Investment Activities and Fixed Assets

Investments totalling € 4.2m were made in the 2003 financial year (previous year: € 5.3m, excluding financial leasing). Fixed assets amounted to € 81.6m as at 31 December 2003 (previous year: € 94.0m). The decline in fixed assets was primarily attributable to the lower level of investment and to the extraordinary depreciation of buildings.

Liquidity and Liabilities to Banks

The development of the company's liquidity in 2003 was considerably better than had been planned. In spite of the large burdens relating to the restructuring programmes, sufficient financial reserves were available at all times in 2003. Current liabilities to banks reduced by € 1.2m on the previous year to € 80.8m. At the reporting date on 31 December 2003, the Group had liquid funds and unutilised credit lines totalling € 24.5m.

The principal loans have been provided by 8 German banks.

On account of the progress made in the repayment of debt capital and the higher level of incoming funds from operating activities from 2004 onwards, the company's relationships with its banks improved, although at € 89.0m the level of bank debt clearly remains too high.

Equity

The equity of the Group fell to € 7.2m (previous year: € 25.5m). The inclusion of the mezzanine loan, which is secondary to the claims of the banks, results in an amount of € 43.8m, corresponding to 21.2 percent of the balance sheet total.

The equity capitalisation of the Aktiengesellschaft (AG) amounted to € 74.3m (previous year: € 74.7m).

SHARE

Share Price

The WashTec share began 2003 at € 1.40 and concluded the period under report at € 1.26 on the final day of trading. With an annual high of € 2.60 and low of € 0.80, the high level of volatility was principally attributable to low trading volumes. The market capitalisation of WashTec AG amounted to € 9.6m on 31.12.2003.

The WashTec share was listed in the SMAX at the beginning of the year and continued to be listed in that index until March. Following the introduction of the new stock exchange segmentation, WashTec has been listed in the General Standard. Its decision not to be listed in the Prime Standard enabled WashTec to generate cost reductions in 2003 and to dedicate internal capacities, particularly in the accounting and controlling departments, to the restructuring programme.

Shareholder Structure

On the basis of the information available to WashTec, there were no fundamental changes in the company's shareholder structure during the 2003 financial year. Its free float remains unchanged at 27.8 percent.

In line with the obligatory disclosures required by the Federal Office for Financial Services Supervision in the event of certain upper or lower limits of voting shares being exceeded, the following shareholders owned more than 10 percent and less than 25 percent of the shares and of the voting rights: Edelmar Vermögensverwaltung GmbH and Achernar Vermögensverwaltung GmbH. The following shareholders owned between 5 and 10 percent: Eurosynergies, 3i Group, Augias Vermögensverwaltung GmbH and Decker Vermögensverwaltung GmbH.

The company's equity amounted to € 20m and is divided into 7.6 million shares. Of these, 100 percent are admitted for trading.

Key Share Figures

	2003	2002
Equity in €	20,000,000	20,000,000
No. of individual shares	7,600,000	7,600,000
Share price (closing price in €)*	1.26	1.40
Earnings per share (€)	**-2.37**	**-1.85**

* Frankfurt Stock Exchange, floor trading on 30.12

ANNUAL GENERAL MEETING

Around 110 shareholders attended the Annual General Meeting of WashTec AG held in Augsburg on 25 June 2003. A total of 47 percent of the company's equity was thus represented. All items on the agenda, such as the ratification of the actions of the Board of Management and the Supervisory Board, amendments to the Articles of Association and the re-election of the Supervisory Board, were approved with large majorities.

RISK REPORT

Risk Management System

WashTec AG has installed a multistage risk management system to identify and monitor all risks. The system's task is to identify possible risks resulting from future events at an early stage to facilitate the prompt introduction of the necessary countermeasures. The company's risk policies have been summarised in a risk management manual.

Moreover, the early warning risk identification system is subject to a review by the company's auditors. The results of this audit are included in the ongoing development of the company's risk management activities.

The risk management activities at WashTec AG became more detailed in 2003 and now comprise the following elements:

- risk management system
- analysis of early indicators
- internal approval regulations
- annual budget
- monthly reporting, ongoing forecast calculations
- rolling production and capacity planning
- strategic product committee
- internal auditing
- credit risk management
- risk insurance

WashTec takes comprehensive measures to avoid, minimise and transfer its risks and monitors the residual risk remaining within the company.

Business Risks

At the reporting date on 31 December 2003, the WashTec Group had identified the following risks which could have a considerable impact on its further development:

Implementation of the Restructuring Programme

The continued successful implementation of the restructuring programme drawn up by the company in 2003 constitutes a principal requirement for the ongoing existence of the company and creates the foundations for a permanent return to profitability.

Risks Relating to Operating Business

Any market or economic fluctuations resulting in a fall in demand could lead to reductions in the company's sales and earnings. In connection with a decline in demand, further risks could result from aggressive pricing policies on the part of the company's competitors, which would create further pressure on its margins. As the European market leader, WashTec could be confronted with such challenges in individual markets at any time.

Financing Risks

The financial stability and continued existence of the WashTec Group is dependent on the maintenance and extension of those working capital credit lines which are due to expire on 30.06.2004 for the duration of the 2004 financial year. On account of the progress made in the restructuring of the company, it can currently be assumed that the credit lines will be extended.

In the opinion of the Board of Management, the risks identified do not constitute any threat to the continued existence of the company.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Johannes Kehr returned to the Supervisory Board on 1 April 2004. He had been appointed as a member of the Supervisory Board to the Board of Management pursuant to Section 105 (2) of Stock Corporation Law (AktG). In this function, he acted as Speaker of the Board of Management with responsibility for the restructuring programme and the service division, as well as for the sales division at a later point.

Sabine Decker, a member of the Board of Management, retired from office on 31 March 2004 for personal reasons in order to devote her energies to other activities.

In view of the positive earnings developments expected at the WashTec Group, the Supervisory Board decided to scale down the Board of Management. Thorsten Krüger, the member of the Board of Management responsible for the technology division, will act as the new Speaker of the Board of Management and take on responsibility for the sales and marketing divisions.

The responsibilities of Jürgen Lauer, member of the Board of Management responsible for finance and personnel, will be extended to include the service division.

There have been no further events of particular significance requiring report in this context since the reporting date on 31.12.2003.

FORECAST REPORT

The WashTec Group aims to implement the initiated restructuring measures on schedule in 2004. On the basis of the budget forecasts for 2004, positive figures can be expected both for the operating result (EBIT) and for pre-tax earnings (EBT).

A lower level of sales is expected in 2004 primarily on account of the streamlining of the product range. Efforts will be made to continue to improve the quality of sales in terms of higher margins.

The restructuring programme will largely be completed in 2004. The measures introduced will lead to a considerable reduction in the costs of materials and of personnel and other material expenses in 2004.

The Board of Management expects that by the end of 2005 the complete implementation of the restructuring measures will have generated positive earnings effects amounting to € 25m compared with 2002.

The company is therefore aiming to complement its market leadership with earnings leadership in the market for vehicle washing facilities.

The Board of Management

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

€	Notes	1 January to 31 December 2003	1 January to 31 December 2002
Sales	28)	241,105,143	235,505,280
Increase (decrease) in volume of unfinished goods/services		2,332,307	-2,276,744
Other capitalised own-account services		893,000	917,793
Other operating income	29)	3,994,288	3,825,257
Total		**248,324,738**	**237,971,586**
Cost of materials			
Cost of raw materials, manufacturing and operating supplies and of goods purchased		102,286,175	89,270,041
Cost of services rendered		14,778,124	12,868,474
	30)	**117,064,299**	**102,138,515**
Personnel expenses			
Wages and salaries		76,134,215	73,611,109
Social security contributions		14,103,848	13,085,450
Pension expenses		1,487,569	1,705,369
	31)	**91,725,632**	**88,401,928**
Depreciation of intangible and tangible fixed assets		14,758,759	12,997,140
Other operating expenses	32)	40,059,037	41,295,620
Other taxes		463,261	643,210
Total operating expenses		**264,070,988**	**245,476,413**
Operating result		**-15,746,251**	**-7,504,827**
Income from financial assets		0	79,417
Other interest and similar income		1,180,549	318,116
Interest and similar expenses		-9,359,678	-8,953,607
Financial result	**33)**	**-8,179,130**	**-8,556,074**
Earnings before tax		**-23,925,380**	**-16,060,901**
Taxes on income	34)	5,879,557	1,982,763
Annual net deficit		**-18,045,824**	**-14,078,138**
Earnings carried forward		-23,406,027	-8,567,889
Distribution to shareholders		0	-760,000
Consolidated balance sheet loss		-41,451,851	-23,406.027
Earnings per share (undiluted = diluted)	**35)**	**-2.37**	**-1.85**

CONSOLIDATED BALANCE SHEET – ASSETS

€	Notes	31 December 2003	31 December 2002
FIXED ASSETS			
Intangible assets	7)		
Licences, industrial property rights and similar rights and values, as well as licences for such rights and values		3,415,056	3,173,358
- of which acquired		357,034	810,665
- of which internally produced		3,058,022	2,362,693
Goodwill		40,480,668	43,674,541
		43,895,725	**46,847,899**
Tangible assets	8)		
Land, leasehold rights and buildings, including buildings on third-party land		23,807,783	28,113,825
Technical equipment and machines		2,618,349	2,986,422
Financial leasing		7,934,250	10,374,666
Other equipment, plant and office equipment		3,198,435	5,157,249
Prepayments made and assets under construction		6,350	0
		37,565,167	**46,632,162**
Financial assets	9)		
Investments		87,423	87,423
Other loans		11,182	12,509
Other securities		0	398,749
		98,605	**498,681**
		81,559,496	**93,978,742**
DEFERRED TAX ASSETS	10)	33,308,497	27,363,987
Long-term receivables and other assets (term > 1 year)			
Other assets		244,094	353,473
	12)	**244,094**	**353,473**
Total fixed assets		**115,112,087**	**121,696,202**
CURRENT ASSETS			
Inventories	11)		
Raw materials, manufacturing and operating supplies		20,139,307	20,955,004
Unfinished products, unfinished services		2,681,706	1,923,580
Finished products		6,348,662	4,774,481
Goods		7,980,100	11,626,644
Prepayments made		83,496	27,458
		37,233,270	**39,307,167**
Current receivables and other assets (term < 1 year)			
Trade receivables	13)	43,801,562	53,946,507
Receivables from enterprises in which participations are held	14)	785,015	460,188
Receivables from fiscal authorities	15)	689,602	451,751
Other assets	16)	4,063,625	2,161,103
	12)	**49,339,804**	**57,019,549**
Cash in hand, cash at bank	17)	3,771,695	4,918,019
Total current assets		**90,344,768**	**101,244,735**
PREPAID EXPENSES	18)	1,290,685	1,425,824
Total assets		**206,747,540**	**224,366,761**

CONSOLIDATED BALANCE SHEET – LIABILITIES

€	Note	31 December 2003	31 December 2002
EQUITY			
Subscribed capital	19)	20,000,000	20,000,000
Capital reserves	20)	27,383,540	27,383,540
Losses carried forward		-23,406,027	-9,327,889
Consolidated annual net deficit		-18,045,824	-14,078,138
Balancing item from currency conversion		1,286,649	1,511,371
	21)	**7,218,338**	**25,488,884**
LONG-TERM LIABILITIES AND PROVISIONS			
Long-term liabilities			
To banks and similar organisations	25)	6,471,623	6,557,543
Other	27)	42,038,634	45,087,934
		48,510,258	**51,645,477**
Long-term provisions			
Pension provisions	22)	5,546,825	5,487,227
Other long-term provisions	24)	5,657,049	6,411,919
		11,203,874	**11,899,146**
Total long-term liabilities and provisions		**59,714,132**	**63,544,623**
SHORT-TERM LIABILITIES AND PROVISIONS			
Short-term liabilities			
Convertible loan	26)	127,823	288,880
To banks and similar organisations	25)	80,833,220	81,998,156
Prepayments received for orders	27)	7,253,940	3,384,061
Trade payables		9,589,164	19,497,403
Other (taxes and contributions)		3,878,205	5,045,290
Other (social security contributions)		1,853,381	2,356,082
Other		10,573,120	13,800,465
		114,108,852	**126,370,337**
Short-term provisions			
Tax provisions	23)	430,558	300,624
Other short-term provisions	24)	22,792,378	7,619,929
		23,222,936	**7,920,553**
Total short-term liabilities and provisions		**137,331,789**	**134,290,890**
DEFERRED INCOME		2,483,282	1,042,364
Total liabilities		**206,747,540**	**224,366,761**

FIXED ASSET SCHEDULE

for the period from 1 January to 31 December 2003

€ 000s	01.01.2003	Currency Difference	Additions	Disposals	Reclassifications	31.12.2003
			HISTORIC COSTS			
INTANGIBLE ASSETS						
Licences, industrial property rights and similar rights and values, as well as licences for such rights and values	6,809	0	1,073	384	50	7,548
- of which acquired	4,370	–	73	384	50	4,109
- of which internally produced	2,439	–	1,000	0	0	3,439
Goodwill	64,970	-18	0	86	0	64,866
	71,779	**-18**	**1,073**	**470**	**50**	**72,414**
TANGIBLE ASSETS						
Land, leasehold rights and buildings	43,041	-83	95	0	0	43,053
Technical equipment and machines	14,165	-92	664	622	-10	14,105
Other equipment, plant and office equipment	13,019	-79	1,087	960	-40	13,027
Financial leasing	17,778	-2	1,219	2,037	0	16,958
Prepayments made	0	0	6	0	0	6
	88,003	**-256**	**3,071**	**3,619**	**-50**	**87,149**
FINANCIAL ASSETS						
Investments	161	0	0	0	0	161
Other loans	13	0	6	8	0	11
Other securities	398	0	0	398	0	0
	572	**0**	**6**	**406**	**0**	**172**
ASSETS	**160,354**	**-274**	**4,150**	**4,495**	**0**	**159,735**

CUMULATIVE DEPRECIATION						NET BOOK VALUE	
01.01.2003	Currency Difference	Additions	Disposals	Reclassifications	31.12.2003	31.12.2003	31.12.2002
3,636	0	727	260	30	4,133	3,415	3,173
3,560	–	422	260	30	3,752	357	810
76	–	305	0	0	381	3,058	2,363
21,295	-7	3,097	0	0	24,385	40,481	43,675
24,931	**-7**	**3,824**	**260**	**30**	**28,518**	**43,896**	**46,848**
14,927	-38	4,322	0	34	19,245	23,808	28,114
11,179	-36	866	328	-194	11,487	2,618	2,986
7,862	-58	2,531	636	130	9,829	3,198	5,157
7,403	-1	3,215	1,593	0	9,024	7,934	10,375
0	0	0	0	0	0	6	0
41,371	**-133**	**10,934**	**2,557**	**-30**	**49,585**	**37,564**	**46,632**
73	0	0	0	0	73	88	88
0	0	0	0	0	0	11	13
0	0	0	0	0	0	0	398
73	**0**	**0**	**0**	**0**	**73**	**99**	**499**
66,375	**-140**	**14,758**	**2,817**	**0**	**78,176**	**81,559**	**93,979**

EQUITY STATEMENT

€ 000s	Subscribed Capital	Capital Reserve	Net Profit	Balancing Items	Total
Balance at 1 January 2001	20,000	27,384	-8,568	1,263	40,079
Dividend for previous year			-760		-760
Annual net deficit for 2002			-14,078		-14,078
Currency changes				248	248
Balance at 31 December 2002	**20,000**	**27,384**	**-23,406**	**1,511**	**25,489**
Dividend for previous year					0
Annual net deficit for 2003			-18,046		-18,046
Currency changes				-225	-225
Balance at 31 December 2003	**20,000**	**27,384**	**-41,452**	**1,286**	**7,218**

CONSOLIDATED CASH FLOW STATEMENT

€ 000s	2003	2002
Consolidated earnings	-18,046	-14,078
Depreciation	14,759	12,997
Mezzanine interest expenses	169	1,563
Deferred taxes	-5,945	-2,179
Increase/decrease in long-term receivables	-109	-290
Creation/release of long-term provisions	-695	1,777
Losses/profit on disposal of tangible assets	118	73
Subtotal of change in net current assets	**-9,749**	**-137**
Change in		
inventories	2,074	2,659
trade receivables	10,145	13,895
receivables from companies linked by virtue of investment	-325	-116
receivables from fiscal authorities	-238	3,509
other assets	-1,903	51
deferred and accrued income, net	1,576	675
short-term provisions	15,302	1,430
prepayments for orders	3,870	-567
trade payables	-9,908	764
other liabilities	-4,032	-2,158
long-term liabilities	-2,435	1,008
Inflow of funds from operating activities	**4,377**	**21,013**
Outgoing payments for investments in fixed assets	-4,150	-5,315
Incoming payments from disposal of fixed assets	46	323
Outflow of funds from investment activities	**-4,104**	**-4,992**
Outgoing payments to shareholders	0	-760
Increase (-)/decrease (+) in liabilities for financial leasing	445	-2,494
Repayment of long-term liabilities to banks	-86	-3,526
Repayment of long-term liabilities to former shareholder Granbee	-614	-861
Outflow of funds from financing activities	**-255**	**-7,641**
Net increase/decrease in payment funds and equivalents	**18**	**8,380**
Payment funds and equivalents at beginning of period	**-77,080**	**-85,460**
Payment funds and equivalents at end of period	**-77,062**	**-77,080**
Cash in hand and cash at bank	**3,772**	**4,918**
Short-term bank liabilities	**-80,833**	**-81,998**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF WASHTEC AG

GENERAL DISCLOSURES

1. General Disclosures Relating to the Group

The official name of the company is WashTec AG and it is registered under HRB 81 in the Commercial Register of the City of Augsburg.

The legal domicile of the company is Argonstrasse 7 in 86153 Augsburg, Federal Republic of Germany.

The object of WashTec AG is the acquisition, holding and sale of shares in other companies and in particular the assumption of the function of a holding company for the WashTec Group.

2. Accounting

The consolidated financial statements of WashTec AG (as the most senior parent company) have been compiled in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standard Board valid on the reporting date, taking account of the interpretations of the Standing Interpretations Committee (SIC). They are in accordance with Directive 83/349/EEC of the European Union in respect of group accounting.

No application has been made of any accounting and valuation methods based on German law which are not in compliance with IFRS and SIC.

The requirements outlined in Section 292a of the German Commercial Code (HGB) for the exemption from the obligation to compile consolidated financial statement pursuant to German commercial law have been fulfilled. The evaluation of these requirements has been based on German Accounting Standard No. 1 (DRS 1) and No. 1a (DRS 1a) promulgated by the German Standardisation Council (Deutscher Standardisierungsrat).

The consolidated financial statements of WashTec compiled in accordance with IFRS include the following accounting and valuation methods which differ from those applied in German commercial law.

- delineation of deferred taxation using the balance sheet liability method, as well as of accumulated tax losses carried forward
- capitalisation of the asset and capitalisation as a liability of the remaining liability in the case of finance lease contracts pursuant to the allocation criteria set out in IAS 17
- capitalisation of development expenses pursuant to IAS 38
- reporting and valuation of financial instruments pursuant to IAS 39
- calculation of pension provisions pursuant to IAS 19
- in the context of the capital consolidation, the offsetting of goodwill against reserves, which is permitted by commercial law regulations, has not been undertaken. In the con text of the calculation of goodwill, the hidden reserves pertaining to land and building, including the respective tax deferrals and the deferred tax receivables resulting from the losses carried forward, have been valued and deducted
- the fixed assets are subjected exclusively to straight-line depreciation

3. Reporting Entity

WashTec AG holds direct and indirect investments in 4 German and 15 foreign companies. With the exception of its investments in WESUMAT Hungaria Kft., Budapest, Hungary (40%) and in Markus Spolka z.o.o., Krakow, Poland (50%), the company's shareholdings amount to 100% of the shares in the respective companies.

The only change to the reporting entity since the previous year relates to the merger of WashTec International GmbH, Augsburg with WashTec Cleaning Technology GmbH, Augsburg.

The following group companies have been included in the consolidated financial statements of WashTec AG as of 31 December 2003.

	Share of Capital	Equity/Deficit	Profit/Loss
	%	€ 000s	€ 000s
German Subsidiaries			
WashTec Cleaning Technology GmbH, Augsburg [1)]	100	25,940	-11,827
WashTec Holding GmbH, Augsburg	100	-16,402	-12,948
WESURENT Car Wash Marketing GmbH, Augsburg [2)]	100	51	823
VPL Verbundpartner Leasing GmbH, Augsburg [1)]	100	62	335
Foreign Subsidiaries			
WashTec France S.A.S., St. Jean de Braye, France	100	-3,111	-3,702
WESUMAT Belgium S.A., Ohain (Lasne), Belgium	100	-491	0
WashTec UK Ltd., Great Dunmow, UK	100	3,270	-2,110
California Kleindienst Limited, Wokingham, UK	100	-1,105	0
WashTec A/S, Hedehusene, Denmark	100	649	-477
WESUMAT Fahrzeugwaschanlagen Ges.mbH,			
Vienna, Austria	100	-1	-6
WashTec Cleaning Technology España S.A., Madrid, Spain	100	-475	-516
WashTec Benelux B.V., Zoetermeer, Netherlands [3)]	100	2,877	146
WashTec Biltvättar AB, Helsingborg, Sweden	100	183	-38
Sherman Supersonic Industries Corp., Mississauga, Canada [4)]	100	-2,138	-567
WESURAIL (UK) Ltd., York, UK	100	-118	-307
Wesumat Inc., Buffalo, USA	100	-16	1,364
WashTec SRL, Rome, Italy	100	67	-20

1) prior to transfer of results by WashTec Holding GmbH
2) prior to transfer of results by WashTec AG
3) subgroup with California Kleindienst Administrative B.V., Zoetermeer, Netherlands, whose earnings are included in those of WashTec Benelux B.V., Zoetermeer, Netherlands
4) subgroup with Sherman Supersonic Industries Corp., Tonawanda, New York, USA, whose earnings are included in those of Sherman Supersonic Industries Corp., Mississauga, Canada.

The object of the main subsidiaries based on their articles of association is as follows:

WashTec Holding GmbH, Augsburg

The object of the company is the acquisition, holding and sale of shareholdings in companies, particularly in companies and land, and the provision of advisory services to commercial companies. Furthermore, the object of the company also entails the assumption of the role of holding company for the WashTec Group.

WashTec Cleaning Technology GmbH, Augsburg

The object of the company is the manufacture, purchase, sale, rental, leasing, assembly and operation of washing facilities in general and in particular of car washing facilities, as well as the purchase, sale and manufacture of all related replacement parts and auxiliary products for cleaning, polishing and drying, furthermore the trading of technical industrial products of all kinds.

Wesurent Car Wash Marketing GmbH, Augsburg

Wesurent Car Wash Marketing GmbH is concerned with the purchase, rental and operation of washing facilities on behalf of and at the expense of third parties and provides a wide range of services in this respect. These include location, operation and competitor analyses, the calculation of capacity and viability factors and the compilation of financing models and plans for the construction/implementation of such facilities. In individual cases, the company also assumes the mediation of the order for all works, as well as the marketing of the respective location. The respective washing facilities are generally bought from WashTec Cleaning Technology GmbH by a leasing company and leased on to Wesurent Car Wash Marketing GmbH. Wesurent Car Wash Marketing GmbH then operates this facility in co-operation with and on behalf of and at the expense of the customer.

Other Group Companies

With the exception of Sherman Supersonic Industries Corp., Mississauga, Canada and Tonawanda, USA, which manufacture washing facilities for road and rail vehicles and/or undertake adjustments to pre-assembled washing facilities to meet American standards, all other subsidiaries have the sale and maintenance of vehicle washing facilities as their exclusive object.

The subsidiaries listed below have not been included for the reasons provided and have been stated at the historic cost of the respective investment:

Subsidiary	Share of Equity in %	Reason
WESUMAT Hungaria Kft, Budapest, Hungary	40	subordinate significance
Markus Spolka z.o.o. Krakow, Poland	50	lack of business activity and subordinate significance

4. Consolidation Methods

Capital Consolidation

The capital consolidation has been undertaken in line with the benchmark method set out in IAS 22, which involves offsetting the costs of acquisition against the group's share of the equity at the time of acquisition. Goodwill amounting to € 24,837k obtained prior to 1 January 1995 has been offset against the capital reserves. The differential amount between the costs of acquisition of the subsidiaries acquired and the respective shares of assets and liabilities thereby assumed, has been allocated by disclosing hidden reserves, to the extent that such were available. Any remaining debit differences have been increased by deferred tax liabilities relating to the hidden reserves and decreased by deferred tax assets relating to the acquired tax loss carryovers. The remaining amount has been capitalised as goodwill and amortised over a period of up to 20 years in line with its future economic use. The useful lives of the largest goodwill items have been listed in Note 7.

Debt Consolidation

Receivables and liabilities between the companies included in the consolidated financial statements have been eliminated.

Elimination of Inter-Company Profits

The inventories have been valued in the consolidated financial statements at group production cost or group acquisition cost. Inter-company profits amounting to € 1,919k (previous year: € 2,369k) have been eliminated in these financial statements. In determining the maximum value of the group cost of manufacture, account has been taken of a pro-rata share of allocable costs relating to the general administration activities of relevance to the product.

Consolidation of Income and Expenses

In the consolidated profit and loss account, the sales and other operating income relating to services performed between the consolidated companies have been offset against the corresponding expenses on the part of the recipient of the service.

5. Currency Conversion

Monetary assets and liabilities denominated in a foreign currency have been valued at the exchange rate on the reporting date. Both realised and unrealised profits and losses have been offset in the result.

The annual financial statements of the foreign group companies have been converted into euros under application of the concept of functional currency. Their functional currency is the respective national currency. Assets and liabilities have therefore been converted using the median exchange rate on the reporting date, whereas the profit and loss accounts have been converted using the annual average exchange rate.

Any differential amounts resulting from such conversion or from the conversion of prior years´ balances carried forward are reported under equity without any impact on earnings. Any goodwill generated at the foreign subsidiaries on account of the capital consolidation is maintained at historical cost of acquisition.

The following exchange rates have been used for the currency conversion from the respective national currency of those countries not forming part of the European currency union:

€	Average		Reporting Date	
Currency	2003	2002	2003	2002
1 US dollar	0.88	1.06	0.79	0.95
1 Canadian dollar	0.63	0.67	0.61	0.60
1 British pound	1.44	1.59	1.42	1.54
100 Swedish krona	10.97	10.93	11.03	10.97
100 Danish krone	13.45	13.46	13.42	13.75
100 Norwegian krone	12.44	13.37	11.91	13.46

6. Accounting and Valuation Methods

The annual financial statements of WashTec AG and of the German and foreign subsidiaries have been compiled on the basis of uniform accounting and valuation principles pursuant to IAS 27. In individual cases, some values at the subsidiaries which deviate from the uniform group principles have been retained in the event of their being of subordinate significance for the consolidated financial statements.

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

Intangible assets include acquired IT programmes and licences whose useful life has been taken to be three to five years. They have been valued at cost of acquisition less scheduled straight-line depreciation.

Pursuant to IAS 38 (Intangible Assets), research expenses may not be capitalised and development expenses may only be capitalised in the event of certain precise requirements being met. These requirements state that such capitalisation is necessary when the development activities can be assumed with sufficient probability to lead to future flows of financial funds which exceed the ongoing costs and also cover the respective development expenses.

Moreover, various criteria have to be fulfilled on a cumulative basis in respect of the development project and the product in development. These requirements are fulfilled by WashTec AG, for which reason the relevant expenses have been capitalised. They are subject to straight-line depreciation over 8 years.

Tangible assets relating to buildings and office equipment have been valued at cost of acquisition less cumulative depreciation. In the case of the manufacturing costs of self-produced assets, a pro-rata share of the costs of material and production and of depreciation have been included in addition to the directly allocable costs (IAS 16). The interest on debt capital has not been included in the manufacturing costs (IAS 23). The costs of repairs have been stated with immediate effect as expenses. Depreciation has been undertaken using the straight-line method on a "pro rata temporis" basis over the duration of the expected useful life.

Intangible and tangible assets have been subjected to extraordinary depreciation pursuant to IAS 36 if the net realisable value of the asset in question had fallen below its book value.

In the systems business segment, machines manufactured by WashTec Cleaning Technology GmbH are sold to a leasing company and leased back by WESURENT and subsequently leased on to customers in return for compensation dependent on the number of washes undertaken. The contracts between the leasing company and WESURENT have been treated as financial leasing and the contracts between WESURENT and the customer as operating leasing, given that WESURENT bears all of the principal economic risks. Accordingly, the machines have been capitalised at WESURENT and depreciated over eight years. The leasing liabilities have been stated at the current value of the leasing instalments. Further financial leasing contracts relate to motor vehicles at WashTec Cleaning Technology GmbH.

Financial assets relate to shares in non-consolidated companies, other loans and other securities. The other loans constitute loans granted as defined in IAS 39. These have been valued at ongoing cost of acquisition. The other securities reported in the previous year have been classified as being held to maturity at the Group pursuant to IAS 39. They have been valued at cost.

Inventories have been valued at cost of acquisition or production using the FiFo (first-in, first-out) method. Write-downs have been undertaken in the event of there being a decline in their net realisable value at the reporting date. Production costs (IAS 2) include the costs of material and direct production costs, special production costs and a pro-rata share of material and production overheads, as well as a pro-rata share of depreciation. Interest on debt capital has not been capitalised (IAS 23). Inventory items no longer in demand have been written down using a standard procedure in accordance with the months in inventory of the respective warehouse or stated at scrap value.

Receivables and other assets have been stated at face value less any identifiable value impediments. Write-downs have been undertaken on receivables in danger of default.

Provisions for pensions and similar obligations have been calculated using the projected unit credit method (IAS 19). This procedure applies the current value of future claims by taking account not only of the pensions and rights acquired as of the reporting date, but also of increases in salaries and pensions which may be expected in future.

Actuarial profits and losses which do not fall within a range of ten percent of the scope of the respective insurance have been distributed over the average remaining period of employment at the company. Further details have been provided in Note 22.

Tax provisions and other provisions have been set up to cover obligations to third parties resulting from past events, to the extent that it is considered probable that they will lead to an outflow of funds in future and that the scale of such outflow can be reliably estimated.

The provisions disclosed under liabilities take into account all recognizable risks pursuant to IAS 37 and of uncertain liabilities at the amount of their probable occurrence. Liabilities have been stated at their ongoing cost of acquisition (IAS 39.93).

Deferred income serve to ensure a fair period distribution of the income from the sales generated by maintenance agreements.

Pursuant to IAS 12, tax accruals and deferrals have been calculated using different values for assets and liabilities in the IAS and tax balance sheets, for processes relating to the consolidation and on realisable losses carried forward. Deferred tax assets have only been stated to the extent that the respective tax credits or tax reductions are likely to arise. Deferred tax assets have been reported in a special item under fixed assets. Deferred taxes have been calculated on the basis of the tax rates expected in the individual countries upon such deferrals being realised. Application has been made of the tax regulations in force or agreed as of the reporting date. The tax rates used for deferred taxes amount to 40% for the German companies in the Group.

During the year under report, the company held no financial instruments which could be designated as being held for trading purposes or for sale. For this reason, all financial instruments have been valued at ongoing cost of acquisition. Unless otherwise indicated in the disclosures relating to the balance sheet, their book values and their current values are virtually the same.

Transaction expenses have generally been accounted for as ancillary costs of acquisition and released over the term of the respective financial instruments. No application has been made of valuation simplifying procedures. An interest rate of 6% has been assumed for the determination of costs of acquisition for liabilities not bearing interest.
The total amounts reported under assets largely correspond to the maximum default risk. There are no currency risks worthy of mention.

The accounting was undertaken on the trading day.

Income for the financial year was accounted for if the respective sale or transaction had been realised, irrespective of the time of payment. Proceeds from the sale of facilities, goods and services are taken to be realised when the respective delivery or service has been rendered.

Expenses and income relating to the period under report have only been accounted for to the extent that they relate to the financial year.

Segmental reporting involves the presentation of the data relating to the annual financial statements broken down into segments and regions pursuant to the stipulations of IAS 14. The segmentation thereby applied includes the Cleaning Technology business division (development, construction, production, sale and service of automatic cleaning systems for vehicles) and the Systems Business division (system solutions for the operation of vehicle washing facilities). More detailed disclosures as to the segments and divisions have been provided in Note 38.

The consolidated financial statements include estimates and assumptions which have implications for the scale and depiction of the assets reported. Actual values may deviate from their respective estimates. The estimates primarily relate to the statement of write-downs in the case of inventories, the measurement of provisions and the potential realisation of deferred tax assets.

DISCLOSURES RELATING TO THE CONSOLIDATED BALANCE SHEET

Fixed Assets

The composition of and changes to the fixed assets have been depicted in the Fixed Asset Schedule (Page 40).

7. Intangible Assets

The intangible assets include capitalised development expenses amounting to € 3,058k at WashTec Cleaning Technology GmbH relating to the new generation of portal facilities (previous year: € 2,363k). A further € 216k of development expenses were incurred, which have not been capitalised (previous year: € 579k).

Overall goodwill with a net book value of € 40,481k (previous year: € 43,675k) was structured as follows on 31 December 2003:

Goodwill at 31 December 2003 € 000s	Historic costs Dec. 2003	Depreciation 2003	Cumulative depreciation up to Dec. 2003	Net book value Dec. 2003
California-Kleindienst-Gruppe, Augsburg	43,644	2,182	8,729	34,915
VPL Verbundpartner Leasing GmbH, Augsburg	3,068	205	1,057	2,011
Sherman Supersonic Industries Corp. Canadaa	2,862	191	1,141	1,721
Ibing GmbH, Recklinghausen	4,061	272	3,271	790
Wesumat Benelux B.V., Netherlands	829	42	93	736
WESUMAT France S.A., France	276	18	125	151
Wesurail (UK) Ltd., UK (take-over of train washing technology)	143	28	104	39
WashTec A/S, Denmark	314	39	196	118
A. Rohé GmbH, Augsburg	2,976	64	2,976	0
WashTec France S.A.S. (from individual financial statements), France	56	56	56	0
WESUMAT Fahrzeugwaschanlagen GmbH, Augsburg	6,317	0	6,317	0
Wesumat Biltvättar AB, Sweden	134	0	134	0
Wesurail (UK) Ltd., UK	186	0	186	0
Total	**64,866**	**3,097**	**24,385**	**40,481**

Depreciation amounting to € 3,097k was undertaken during the year under report.

The useful lives of the largest goodwill items were as follows on 31 December 2003:

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

8. Tangible Assets

Tangible assets include assets reported in the "Financial Leasing" item (machines and vehicles), which are allocable to the Group in line with IAS 17. As of 31 December 2003, this item includes machines resulting from sale and lease back transactions with a value of € 4,266k (previous year: € 7,560k), whose historic costs of acquisition amounted to € 13,751k (previous year: €13,512k). Cumulative depreciation amounts to € 7,067k to date. This results in a net fixed assets disposal of €2,418k, where the historic costs of acquisition amount to € 5,178k and cumulative depreciation to € 2,760k.

The sale and lease back transactions were undertaken within the framework of the operator business at 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, which in turn leases them on to customers, particularly to large operator groups or oil companies, within the framework of its own operator model. The lease-back contracts generally have a term of between 3 and 6 years, while the contracts concluded between WESURENT Car Wash Marketing GmbH and its lessees have terms of between 5 and 10 years. The leasing income is determined on the basis of the number of washes undertaken. The resultant sales amounted to € 3,748k in 2003 (previous year: € 5,164k):

The scheduled depreciation of fixed assets is undertaken on the basis of the following useful lives:

Assets	Useful Lives
Buildings	20 – 50 years
Technical equipment and machines	5 – 8 years
Other equipment, plant and office equipment	3 – 8 years

In addition to scheduled depreciation, extraordinary depreciation amounting to € 217k in France and to € 3,915k in Germany was undertaken in 2003 on account of changed levels of usage.

The land, leasehold rights and building relate to the following companies:

€ 000s	2003	2002
WashTec Cleaning Technology GmbH	22,367	26,307
WashTec UK Ltd., UK	593	635
WashTec Bilvask A/S; Denmark	371	401
WashTec France S.A.S., France	161	444
Sherman Supersonic Industries Corp., Canada	287	291
Other	29	36
Total	**23,808**	**28,114**

Land charges with a nominal value of € 40,565k are registered for the land owned by WashTec Cleaning Technology GmbH and of € 942k for that owned by WashTec Bilvask A/S.

9. Financial Assets

The disposals of securities relate to securities (Sicav: participation certificates in an investment fund) deposited by the French subsidiary WashTec France S.A.S. as security at a bank. The securities have a remaining term of under one year and have therefore been reported as current assets.

10. Deferred Tax Assets

At € 33,308k, the net balance of deferred tax assets is primarily the sum of € 38,329k (€ 35,333k in Germany and € 2,996k abroad: previous year: € 31,885 in total) of deferred tax assets resulting from usable accumulated tax losses and of € 4,771k (previous year: € 4,894k) of deferred tax liabilities resulting from the appreciation in value of land. There is adequate certainty that the accumulated losses will be realized following the restructuring measures initiated and of the positive assessment of the turnaround plan by external consultants.

Deferred taxes have been calculated using the so-called liability method based on a tax rate of 40%.

Deferred tax assets showed the following developments during the year under report:

€ 000s	1. Jan 03	Change	31. Dec 03
Tax loss carryovers	31,885	6,444	38,329
Temporary differences between commercial and tax balance sheets	2,441	-734	1,707
Elimination of inter-company profits	948	-108	840
Pensions	114	35	149
Total	**35,388**	**5,637**	**41,025**

The temporary differences between the commercial and the tax balance sheets primarily relate to liabilities amounting to € 453k (previous year: € 1,416k) from the mezzanine loans and to provisions amounting to € 3,542k (previous year: € 3,405k) for part-time employment for older employees.

Deferred tax liabilities showed the following developments during the year under report:

Temporary differences between IAS/HGB € 000s	1 Jan. 03	Change	31 Dec. 03
Revaluation of land and buildings	-4,894	123	-4,771
Sales based on percentage of completion	-42	42	0
Mezzanine loans	-614	67	-547
Straight-line depreciation	-1,077	326	-751
Leasing	-369	28	-341
General bad debt provisions	-84	0	-84
Development expenses	-945	-278	-1,223
Total	**-8,025**	**308**	**-7,717**

Deferred tax assets and liabilities are offset against each other to the extent that this is permissible and that the respective tax assets and liabilities relate to the same fiscal authorities. The following amounts resulting from the mutual offsetting of assets and liabilities have been reported in the consolidated financial statements:

€ 000s	2003	2002
Deferred tax assets	41,025	35,388
Deferred tax liabilities	-7,717	-8,024
Total	**33,308**	**27,364**

11. Inventories

€ 000s	2003	2002
Raw materials, manufacturing and operating supplies	28,119	32,582
Unfinished products	2,682	1,924
Finished products and goods	6,349	4,774
Prepayments made	83	27
Total	**37,233**	**39,307**

The inventories of WashTec Cleaning Technology GmbH, Augsburg, have been committed as security.

The inventories were subjected to write-downs amounting to € 11,955k (previous year: € 7,457k) during the year under report. The book value of the inventories stated at net realisable value and not at historic costs amounted to € 3,696k (previous year: € 3,356k).

12. Receivables and Other Assets

€ 000s	2003	2002
Current trade receivables (remaining term: < 1 year)	43,802	53,947
Current receivables from enterprises in which participations are held	785	460
Other assets	4,308	2,514
of which:		
long-term receivables	244	353
current receivables	4,064	2,161
Receivables from fiscal authorities	690	452
Total	**49,584**	**57,373**
of which:		
long-term receivables	**244**	**353**
current receivables	**49,340**	**57,020**

The other long-term assets relate to a loan to a trader. The loan bears interest at 3% and is to be repaid in annual instalments of € 50k.

13. Current Trade Receivables

€ 000s	2003	2002
Gross volume	51,258	60,625
Write-downs	-7,456	-6,678
Net volume	**43,802**	**53,947**

14. Receivables from Enterprises in which participations are held

These receivables relate to receivables and performances from subsidiaries which have not been consolidated in the consolidated financial statements. They relate exclusively to receivables from Wesumat Hungaria KFT, Budapest, Hungary.

15. Receivables from Fiscal Authorities

The receivables from fiscal authorities primarily relate to reimbursement claims for corporate income tax (€ 127k) and withholding tax (€ 317k).

16. Short-term Other Assets

The short-term other assets total € 4,064k (previous year: € 2,161k) and consist of receivables due from employees (€ 707k), the largest single item primarily consisting of travel expense advances (€ 324k), as well as of securities (Sicav) owned by the French subsidiary WashTec France S.A.S. (€ 397k) and accounts receivable (€ 656k).

17. Cash at Bank and Cash in Hand

€ 000s	2003	2002
Cash at bank and cash in hand	3,772	4,918
Total	**3,772**	**4,918**

18. Prepaid Expenses

The prepaid expenses result from the delineation of prepaid fixed maintenance sums and from advance payments for insurance premiums and taxes.

EQUITY

19. Subscribed Capital

The equity of the company amounts to € 20,000,000 and is divided into 7,600,000 shares. The subscribed capital has been contributed in full. Each share is therefore equivalent to € 2.63 of the equity.

Authorized Capital

Authorized Capital I

On the basis of the resolution passed at the Annual General Meeting on 25 June 2003, the Board of Management of the company is authorised until 25 June 2008 with the consent of the Supervisory Board to increase the equity of the company on one or several occasions by issuing new shares in return for cash or non-cash contributions by a total of up to € 3,000k (Authorized Capital I). The Board of Management has not made use of this authorisation to date.

Authorized Capital II

On the basis of the resolution passed at the Annual General Meeting on 25 June 2003, the Board of Management of the company is authorised until 25 June 2008 with the consent of the Supervisory Board to increase the equity of the company on one or several occasions by issuing new shares in return for cash or non-cash contributions by a total of up to € 2,000k (Authorized Capital II). The Board of Management has not made use of this authorisation to date.

Conditional Capital

Pursuant to Section 218 of Stock Corporation Law (AktG), the conditional capital of a stock corporation increases to the same extent that the equity increases due to a capital increase from company funds.

Conditional Capital I

On the basis of the resolution passed at the Annual General Meeting on 28 June 2001, the conditional capital I was increased by € 15,024 from € 511,292 to € 526,316 on account of the capital increase from company funds. The equity of the company is therefore conditionally increased by up to € 526,316, divided into 200,000 shares with a face value of € 2.63. The conditional capital increase will only be executed to the extent that the creditors of the convertible bonds issued on the basis of the resolution passed at the Annual General Meeting on 17 October 1997 make use of their conversion rights and that this is required for such conversion by the respective conditions of conversion.

Conditional Capital II

On the basis of the resolution passed at the Annual General Meeting on 28 June 2001, the conditional capital II was increased by € 34,555 from € 1,175,971 to € 1,210,526 on account of the capital increase from company funds. The conditional capital increase II resolved at the extraordinary shareholders' meeting on 22 December 1999 authorises the conditional increase of the equity of the company by up to € 1,210,526 in order to issue up to 460,000 individual bearer shares with a pro-rata share of the equity of € 2.63 per individual share. The conditional capital increase serves exclusively to grant option rights to members of the Board of Management of the company and to members of the management of companies affiliated to the company and to the employees (including senior employees) of the company and of companies affiliated to the company. The shareholders are not granted any subscription rights to the option rights. The conditional capital increase is only to be executed to the extent that the owners of the option rights issued make use of their option rights. Between the 2000 and 2003 financial years, the Board of Management and the Supervisory Board issued 60,000 option rights to senior employees and members of the Board of Management at an exercise price of € 8.95.

The individuals entitled to option rights are not required to pay any consideration for the granting of such option rights. The option rights may only be exercised following the expiry of a qualifying period of two years and then in stages over three years and at the latest during the 2004 financial year.

The new shares participate in the earnings of the company from the beginning of the respective year in the course of which they come into existence upon the exercising of option rights. The Board of Management has been authorised with the consent of the Supervisory Board to clarify further details pertaining to the execution of the conditional capital increase, unless such option rights have been issued to members of the Board of Management. In this case, the Supervisory Board is required to clarify the further details pertaining to the conditional capital increase.

The valuation and accounting of option rights is based on their intrinsic value. Intrinsic value is calculated on the basis of a comparison between the exercise price and the current market price of the shares. It was not necessary to record any expenses.

20. Capital Reserve

The capital reserve consists exclusively of the premiums resulting from capital increases executed in the past. These mainly result from the inclusion of California Kleindienst Holding GmbH in WashTec AG as of 1 January 2000.

21. Losses Carried Forward and Consolidated Annual Net Deficit

Due to the balance sheet loss at WashTec AG as of 31 December 2002, there was no distribution of any dividend.

The company's equity showed the following developments:

Balance sheet loss and annual net deficit

€ 000s	2003	2002
Subscribed capital	20,000	20,000
Capital reserves	27,384	27,384
Balance sheet loss from previous year	-23,406	-8,568
Dividend for previous year	0	-760
Annual net deficit	-18,046	-14,078
Balancing item for currency conversion	1,511	1,263
Currency changes	-225	248
Equity	**7,218**	**25,489**

22. Pension Provisions

Provisions are taken to cover future pension rights and current payments to active and former employees and to their surviving dependants. In line with pension regulations, pension rights are granted for old-age pensions, (from the age of 63), early retirement pensions and invalidity pensions. Such rights are conditional on a length of service of 10 years, which is only counted for the years of employment following the thirtieth birthday of the respective employee. The monthly old-age pension is calculated by multiplying a fixed sum by the number of valid years of service at the company. Furthermore, application is made of stipulations in the individual contracts. In line with IAS 19, the valuation of the provision for performance-related pension programs is based on the projected unit credit method. The level of the provision is calculated using actuarial methods. A discount factor of 5.5 was assumed (previous year: 5.5). The annual rate of wage and salary increases was valued once again at 1.5 percent. The "1998 Guidelines" issued by Klaus Heubeck were used as the biometric basis for these calculations. The probability of staff turnover was estimated on the basis of age-related and gender-specific factors.

The number of recipients of such payments amounted to 196 employees at 31.12.2003.

The amounts reported in the balance sheet were determined as follows:

€ 000s	2003	2002
Current value of non-financed obligations	6,053	5,973
Unrecorded actuarial losses	-506	-486
Total	**5,547**	**5,487**

The provisions for pensions showed the following developments during the 2002 and 2003 financial years:

€ 000s	2003	2002
Balance at 01.01	5,487	5,093
Pensions paid	-310	-286
Allocations	370	680
Balance at 31.12.	**5,547**	**5,487**

The expenses included in the profit and loss account for the endowment of the provision for pensions were structured as follows:

€ 000s	2003	2002
Service life expense of the reporting period	38	367
Interest expenses	332	313
Pension expenses	**370**	**680**

23. Tax Provisions

As in the previous year, the tax provisions of € 431k primarily related to income tax for previous years at WashTec AG.

24. Other Provisions

	Provisions							
	Part-time employment in old age	Guarantees	Repurchase obligations	Restructuring	Other	Deferred obligations	Total	
€ 000s	2003	2003	2003	2003	2003	2003	2003	2002
Balance at 01.01	4,308	3,138	2,630	1,547	1,005	1,404	14,032	11,232
Addition	74	4,601	3,645	7,250	1,498	2,416	19,484	7,420
Release	0	-70	0	0	-188	-242	-500	-780
Profit and loss account	**74**	**4,531**	**3,645**	**7,250**	**1,310**	**2,174**	**18,984**	**6,640**
Take-up	-129	-807	-609	-1,547	-469	-1,005	-4,566	-3,840
Balance at 31.12	**4,253**	**6,862**	**5,666**	**7,250**	**1,846**	**2,573**	**28,450**	**14,032**
of which: short-term (< 1 year)	**0**	**6,862**	**4,262**	**7,250**	**1,846**	**2,573**	**22,792**	**7,620**
of which: long-term (> 1 year)	**4,253**	**0**	**1,404**	**0**	**0**	**0**	**5,657**	**6,412**

The provision for part-time employment for older employees was calculated in line with the statement of the respective committee of the Institute of German Auditors (IDW RS HFA 3) dated 18.11.1998. The calculation included an interest rate of 5.5% and an annual wage and salary increase of 2%:

The addition of the guarantee provision is primarily due to changes in the estimates.

The provision for repurchase obligations is calculated on an ongoing basis and has a term of up to 5 years.

Compensation payments constitute the largest single item in the provisions for restructuring.

The other provisions of € 1,846k (previous year: € 1,005k) relate to provisions for litigation risks (€ 567k, previous year: € 443k), for product liability (€ 395k, previous year, € 154k) and for licence payments (€ 457k, previous year: € 0k).

The deferred obligations of € 2,573k (previous year: € 1,404k) include legal and advisory expenses (€ 264k, previous year: € 260k) and liabilities from assembly and retrofit work (€ 495k, previous year: € 464k). The largest share of the take-up of provisions also relates to these items.

25. Liabilities to Banks and Similar Organisations

€ 000s	2003	2002
Short-term liabilities to banks	80,833	81,998
Long-term liabilities to banks	6,472	6,558
Total	**87,305**	**88,556**

Long-term loans amounting to € 6,472k (previous year: € 6,558k) are secured by land charges. The book value of the real estate amounts to € 22,738k.

The interest rates charged on the bank loans during the reporting period were as follows:

	> 1 year	1 – 5 years
31.12.2003	7.1%	5.8%
31.12.2002	6.4%	5.9%

Floating interest rates are charged on the short-term bank loans.

Weighted average effective interest rate	2003	2002
Convertible loans	2.0%	2.0%
Liabilities to banks	7.0%	6.4%

Remaining term of long-term liabilities	2003	2002
1 – 2 years	6,174	6,233
2 – 5 years	40	54
> 5 years	258	271
Total	6,472	6,558

26. Convertible Loans

€ 000s	2003	2002
Short-term convertible loans	128	289

On the basis of the resolution passed by the Annual General Meeting on 17 October 1997, the Board of Management of the company was authorised to issue (until 31 December 1998) non-negotiable non-transferable convertible bonds bearing interest at 2 % p.a. up to a total value of € 511,292 (following capital increase pursuant to shareholder resolution dated 28 June 2001: € 526,316) with a maximum term of up to 31 December 2008.

The parties entitled by the non-negotiable non-transferable convertible bonds receive the right to convert each € 2.56 of nominal value of their non-negotiable non-transferable convertible bonds into one ordinary share in the company (following the capital increase: € 2.63). Managers and employees of the company pursuant to Section 5 (3) of the Industrial Constitution Law are entitled to be creditors of the non-negotiable convertible bond, as well as employees of the company and of its affiliated companies whose remuneration is not governed by collective agreement. The legal right of shareholders to subscribe is excluded. The conversion rights may only be exercised three years after the resolution of the Board of Management pertaining to the issue of the non-negotiable convertible bond for the first 50% of the shares to be subscribed and five years after such resolution for the remaining 50% of such shares.

In accordance with Section 7.3 of the Conditions of Issuance, the employees are entitled to convert their convertible bond upon payment of an additional amount (€ 11.21). This additional amount corresponds to the difference between the conversion price and the face value (€ 2.63 following the capital increase). The conversion price corresponds to the share price on the day of issue plus 3 % p.a. from the day of acquisition. A total sum of € 393,695 of convertible bonds was issued to the Board of Management and senior employees in 1997. As of 31 December 2003, this sum had reduced to € 127,823 on account of members of the Board of Management and employees having left the company.

At around € 22k, the current market value of the convertible bond is below the book value.

27. Liabilities

€ 000s	2003	2002
Trade payables	9,589	19,497
Prepayments received for orders	7,254	3,384
Other liabilities		
Term less than 1 year:		
Taxes and contributions	3,878	5,045
Social security contributions	1,853	2,356
Miscellaneous other liabilities	10,573	13,800
Term between 1 and 5 years	42,039	45,088
Total	**75,186**	**89,170**

Other liabilities

Apart from wages tax for December 2003, the other liabilities resulting from taxes and contributions primarily relate to VAT still to be paid.

The miscellaneous other liabilities with a term of less than one year (€ 10,573k) and with a term of between 1 and 5 years (€ 42,039) include financial leasing obligations with the following current values:

€ 000s	Current value 2003	Face value 2003	Current value 2002	Face value 2002
Term less than 1 year	1,608	1,990	1,574	1,920
Term between 1 and 5 years	5,498	5,944	7,952	8,454
Total	**7,106**	**7,934**	**9,526**	**10,374**

The leasing obligations primarily relate to vehicle leasing and the rental of washing facilities in the system business.

The minimum leasing payments for these financial leasing obligations amount to:

€ 000s	2003	2002
Leasing payments due	**7,783**	**10,512**
of which up to 1 year	1,931	2,000
of which more than 1 year	5,852	8,512
Interest payments	677	986
Current value leasing	**7,106**	**9,526**
of which up to 1 year	1,608	1,574
of which more than 1 yearq	5,498	7,952

Furthermore, the other liabilities with a term of less than 1 year include accounts payable of € 656k, liabilities of € 5,563k to employees and liabilities of € 561k to professional associations.

The other liabilities with a term of between 1 and 5 years include € 36,541k (previous year: € 36,372k) of non-interest bearing loans (mezzanine loans) of the former shareholders in the California Kleindienst Group to WashTec Holding GmbH with a nominal value of € 37,907k. The loan agreement concluded in 1999 provides the company with the option of suspending the payments agreed until 15 January 2005 at the latest. The instalments not paid are charged interest at a rate amounting to the six-month EURIBOR plus 2.5 %. The company exercised this option for the first two instalments due on 15 January 2002 and 2003 amounting to a total of DM 37,000k (€ 18,918k). As part of the restructuring, however, the creditors have waived their rights to interest on the instalments not paid until the credit lines are due. The non-interest bearing part of the loan has been discounted with an interest rate of 6 %. The interest waiver in 2003 for the period from 1 January 2004 until 30 June 2004 as part of the restructuring programme has resulted in income amounting to € 874k.

The other liabilities with a term of between 1 and 5 years also include the long-term portions of the financial leasing obligations amounting to € 5,498k.

DISCLOSURES RELATING TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Extraordinary Expenses

Any analysis of the company's earnings situation should take into consideration that the 2003 and 2002 financial years were both characterised by numerous one-off items. These extraordinary expenses primarily result from the restructuring and from adjustments to the balance sheet.

€ 000s	2003	2002
Compensation/personnel expenses	7,357	3,082
Extraordinary depreciation [1]	4,132	419
Follow-up costs & inventories (materials usage)	7,272	4,018
Legal and advisory expenses	2,225	450
Other (especially closure expenses)	3,356	3,032
Total	**24,342**	**11,001**

1) The extraordinary depreciation undertaken during the 2003 financial year relates to Germany (€ 3,915k) and France (€ 217k). Buildings in both countries were re-valued at their possible net realisable values.

The one-off items are included in the following income and expenses items in the profit and loss account.

€ 000s	2003	2002
Other operating income	-859	-1,104
Personnel expenses	7,357	3,082
Cost of materials	9,718	4,018
Depreciation	4,132	419
Other operating expenses	4,868	4,586
Interest income	-874	0
Total	**24,342**	**11,001**

28. Sales

The sales of € 241,105k (previous year: € 235,505k) include a sum of € 3,698k (previous year: € 5,164k) relating to leasing / rental income for washing facilities. The contracts do not provide for any minimum leasing payments. The payments depend exclusively on the number of washes undertaken.

29. Other Operating Income

The other operating income of € 3,994k (previous year: € 3,825k) primarily relates to income from the release of provisions and write-downs of receivables (€ 2,703k, previous year: € 2,201k), income from the sale of leasing vehicles (€ 429k, previous year: € 198k), income not relating to the period under report (€ 302k, previous year: € 0k) and exchange rate profits (€ 71k, previous year: € 260k).

30. Cost of Materials

€ 000s	2003	2002
Cost of raw materials, manufacturing and operating supplies and of goods purchased	102,286	89,270
Cost of services rendered	14,778	12,868
Total	**117,064**	**102,138**

31. Personnel Expenses

The personnel expenses during the year under report include redundancy payments amounting to € 10,357k (previous year: € 1,547k) and additions relating to part-time work for older employees amounting to € 74k (previous year: € 1,253k) and to pension provisions amounting to € 370k (previous year: € 680k).

The annual average number of employees across the Group developed as follows:

Average number of employees	2003	2002
Waged employees	998	1,058
Salaried employees	602	630
Total	**1,600**	**1,688**

The personnel expenses include pension payments made to an assistance fund for members of the Board of Management and managers amounting to € 125k.

32. Other Operating Expenses

The other operating expenses are structured as follows:

€ 000s	2003	2002
Heavy goods vehicle expenses	7,670	7,985
Legal and advisory expenses	5,284	2,938
Various administration expenses/other expenses	4,977	7,153
Addition of write-downs of receivables	3,594	4,433
Travel expenses	3,027	3,796
Part-time employee expenses	2,512	284
Communications expenses	2,175	2,523
Advertising and trade fair expenses	1,824	2,657
Maintenance/repairs	1,684	1,840
Data processing expenses	1,530	2,019
Rental/operating leasing expenses (excluding motor vehicles expenses)	1,365	1,341
Exchange rate differences	1,281	647
Insurance	981	783
Office equipment	821	852
Loss on disposal of assets	632	301
Expenses for own patents and industrial property rights	280	447
Fees, licences and development expenses	258	919
Public relations	164	378
Total	**40,059**	**41,296**

The rise in legal and advisory expenses and the rise in part-time employee expenses are both attributable to the restructuring of the company and the relocation of production activities.

33. Financial Result

€ 000s	2003	2002
Net interest		
Interest and similar income	1,181	318
Interest and similar expenses	-9,360	-8,954
Other financial result		
Other financial income	0	80
Financial result	**-8,179**	**-8,556**

The interest and similar income relates to interest income amounting to € 874k and income resulting from the interest waiver on the part of the mezzanine loan creditors for the period from 1 January 2004 until 30 June 2004.

The interest and similar expense includes interest accrued on the mezzanine loans (interest rate: 6 %) amounting to € 1,043k (previous year: € 1,563k).

34. Income Taxes

This item primarily relates to deferred taxes which have been capitalised on account of the tax loss carry forwards, particularly at WashTec Cleaning Technology GmbH, Augsburg.

The following table provides a reconciliation of the expected taxation and that actually reported. The calculation of the expected tax expenses is undertaken by multiplying the earnings before income tax by a tax rate of 40% (25% for corporate income tax and 15% for trade tax).

€ 000s	Calculation basis 2003	Tax expenses 2003	Calculation basis 2002	Tax expenses 2002
Expected income tax expenses	-23,925	-9,570	-16,091	-6,436
Tax deviation due to different tax rates abroad [1]	0	232	0	95
Write-down of tax accruals for foreign losses carried forward [2]	1,390	556	3,532	1,413
Amortisation of goodwill (IAS 36)	2,481	992	2,481	992
Non-deductible expenses for foreign investments	2,000	800	1,000	400
Release of a special tax item for mezzanine loans	1,387	555	1,346	538
Non-deductible interest on permanent debt [3]	1,660	220	2,061	371
Taxes from previous years	0	0	0	363
Reduction in corporate income tax due to distributions	0	0	0	-189
Other	838	335	1,175	470
Total	**-14,169**	**-5,880**	**-4,496**	**-1,983**

[1] primarily relating to the companies in the UK
[2] relating to the national companies in Canada, Spain and the UK
[3] including corporate income tax item due to deductibility of trade tax

The tax income and expenses are structured as follows:

€ 000s	Tax expenses 2003	Tax expenses 2002
Deferred tax income/expenses	-5,945	-2,178
Actual tax expenses	65	195
Total	**-5,880**	**-1,983**

The sum of actual/deferred taxation does not result from items which are directly charged to or credited to the company's equity.

35. Earnings per Share

The earnings per share are calculated pursuant to IAS 33 by dividing the group earnings by the number of shares issued.

	2003	2002
Group annual earnings	-18,046	-14,078
Weighted average of the shares issued (in 000s)	7,600	7,600
Earnings per share in € (undiluted = diluted)	**-2.37**	**-1.85**

On account of the stipulations in the underlying agreements, the issued share options and convertible bonds may not be exercised and do not result in any dilution. For this reason the diluted earnings per share correspond to their undiluted equivalents.

Dividend per share

It will be proposed to the Annual General Meeting on 23 June 2004 that no dividend should be distributed for the year under report.

36. Supplementary Disclosures Relating to the Cash Flow Statement

The cash flow statement depicts the changes in liquid funds and equivalent funds (cash in hand, cash at bank and short-term bank liabilities) at the WashTec Group during the year under report. Pursuant to IAS 7, the payment flows have been subdivided into the respective flows of funds for operating, investment and financing activities.

During the financial year under report, interest paid amounted to € 8,317k (previous year: € 7,391k). There were no outgoing payments for income tax (previous year: € 3,280k).

37. Contingent Liabilities and Other Financial Obligations

Guarantees

The company has provided guarantees amounting to € 9,118k (previous year: € 5,664k) in connection with the processing of current orders for the benefit of our customers. These include down payment, maintenance, rental and contract performance guarantees.

Other Financial Obligations

At the reporting date, the company had the following obligations with the following due dates resulting from leasing and rental agreements (operating lease):

Year	< 1 year	1 – 5 years	> 5 years	Total
2003	982	1,912	87	2,981
2002	1,585	2,741	20	4,346

These primarily relate to the leasing of customer service vehicles in other countries. The respective contracts have terms of between 3 and 5 years.

Hedging Policies and Financial Derivatives

In the context of its operating business activities, WashTec is exposed to price, interest rate and currency fluctuations. The company's policy is to avoid or minimise such risks to the greatest possible extent . All hedging measures are co-ordinated and executed on a centralised basis.

Currency and Interest Rate Risk

WashTec calculates all items which are subject to interest rate or currency risk on a monthly basis. It evaluates the probability of developments which could impact negatively on the company and, if necessary, takes decisions as to how the respective interest or currency items might be avoided, reduced or transferred. Derivative financial instruments were concluded within the financial year under report, but expired prior to the reporting date. These involved closed forward contract positions between the British pound and the euro.

Liquidity Risk

Ensuring that the WashTec companies are permanently solvent constitutes an important goal of the company. The introduction of cash management systems has enabled possible shortfalls to be identified promptly and appropriate measures to be taken. Non-utilised credit lines guarantee the liquidity supply. The credit lines for short-term working capital financing have been granted to the WashTec Group by various German banks on the basis of joint and several liability on the part of WashTec Holding GmbH and WashTec Cleaning Technology GmbH.

The long-term liabilities to banks as of 31 December 2003 are secured by land charges. The financing of the WashTec Group is primarily undertaken by WashTec Cleaning Technology GmbH, which as the most important operating company also has the largest financing requirements.

Default Risk

The maximum theoretical default risk for primary financial instruments corresponds to the value of all receivables less the liabilities due from the same creditors. WashTec endeavours to keep the collection risk as low as possible. Where the credit rating of the customer is not first-class, significant application is made of receivables limits. The company requires credit worthiness statements or proof of financing from its new customers. We assume that the actual risk is covered by the write-downs for default on receivables.

38 Disclosures Relating to Segmental Reporting

The regulations contained in IAS 14 (Segment Reporting) require the segmental presentation of specific data from the annual financial statements broken down into business divisions and geographic regions. This subdivision is based on the company's internal reporting. The segmentation is intended to provide transparency as to the earnings power and potential of the Group's individual activities.

The business divisions incorporate the following activities:

- The Cleaning Technology business division includes the development, construction, production, sale and service of automatic cleaning systems for cars, utility vehicles and rail vehicles.

- The Systems Business division provides system solutions for the operating of vehicle washing facilities. Manufactured machines are sold to a leasing company and then leased back to be subsequently leased on to customers, particularly large operator groups or oil companies, within the framework of their operator model. These agreements generally have a term of 5-6 years.

The systems business is undertaken by WESURENT Car Wash marketing GmbH, Augsburg. All the other companies have been allocated to the Cleaning Technology business division.

The business divisions of the WashTec Group are active on a global level and have been subdivided into the following regions: Germany, Rest of Europe, Asia/Australia, North America, and South America and other countries (miscellaneous).

All segmented data for the business divisions has been presented in accordance with their internal reporting prior to consolidation. To facilitate the transition to the consolidated figures, the group-internal items have been eliminated in a separate column.

Transfer pricing between the individual group companies has been undertaken in line with the "at arm's length principle" and bears comparison with comparable transactions between third parties. It also takes account of the market and economic requirements specific to the individual regions.

By Business Division

€ 000s	2003	2002	2003	2002	2003	2002	2003	2002
	Cleaning Technology		Systems Business		Consolidation		Group	
External sales	237,357	230,341	3,748	5,164	0	0	241,105	235,505
change in inventories/ capitalised own-account services								
Other income	7,246	2,490	0	0	-26	-25	7,220	2,465
Operating result	**-16,778**	**-8,379**	**1,032**	**875**	**0**	**0**	**-15,746**	**-7,504**
Income from interest and from financial assets	1,181	397	0	0	0	0	1,181	397
Interest and similar expenses	-9,151	-8,568	-209	-386	0	0	-9,360	-8,954
Earnings from ordinary business activities	**-24,748**	**-16,550**	**823**	**489**	**0**	**0**	**-23,925**	**-16,061**
Taxes on income							5,879	1,983
Consolidated annual net deficit							**-18,046**	**-14,078**
Equity	7,167	25,438	51	51	0	0	7,218	25,489
Liabilities	172,163	172,163	3,655	6,448	-166	-595	162,619	178,016
Fixed assets	77,141	88,607	4,418	5,372	0	0	81,559	93,979
Current assets	90,241	99,532	104	1,118	0	-595	90,345	101,245
Investments	3,876	7,029	274	3,717	0	0	4,150	10,746
Depreciation expense	-13,558	-11,833	-1,201	-1,164	0	0	-14,759	-12,997
Income/expenses not involving payment excluding depreciation	-5,776	-616	0	0	0	0	-5,776	-616

All of the one-off items are included in the Cleaning Technology business division. Within our business divisions, the Group's sales can be subdivided into the following sales divisions:

€ 000s	2003	2002	Change
Business division: Cleaning Technology			
New machines	145,790	138,262	7,528
Replacement parts, service	79,933	78,283	1,650
Second-hand machines	5,732	6,657	-925
Chemicals	4,134	3,905	229
Accessories and miscellaneous	1,768	3,234	-1,466
Total	**237,357**	**230,341**	**7,016**
Business division: Systems Business			
Facility rental	3,748	5,164	-1,416
Other	0	0	0
Total	**3,748**	**5,164**	**-1,416**

€ 000s	Germany	Rest of Europe	North America	Asia/Australia South America/ Other	Group
Book Value Tangible Assets	34,176	3,007	381	0	37,564
Investments in Tangible Assets	2,089	966	16	0	3,071
Book Value Intangible Assets	43,064	813	19	0	43,896
Investments in Intangible Assets	1,038	35	0	0	1,073

By Regions

The Group's sales were generated in the following regions:

€ 000s	2003	2002	Change
Germany	111,867	99,572	12,295
Rest of Europe	118,720	127,167	-8,447
North America	7,450	6,136	1,314
Asia/Australia/Other	3,068	2,630	438
Total	**241,105**	**235,505**	**5,600**

EXECUTIVE BODIES

Board of Management

Thorsten Krüger, Vöhringen
from 14 July 2003 (Production and Technology, furthermore from 1 April 2004 also Sales and Marketing and Speaker of the Board of Management)

Jürgen Lauer, Weissenhorn
from 20 January 2003 (Finance and Personnel, furthermore from 1 April 2004 also Service)

Retired from office:

Johannes Kehr, Weissenhorn (from 1 May 2003 until 31 March 2004)
(Member of the Supervisory Board, appointed to the Board of Management pursuant to Section 105 (2) of Stock Corporation Law (AktG))
(Speaker of the Board of Management, Restructuring and Service, furthermore from 6 November 2003 also Sales)

Sabine Decker, Augsburg (until 31 March 2004)
(until 19 January 2003: Finance, Foreign Investments, General Services,
from 20 January 2003 until 5 November 2003: Sales and Marketing,
from 6 November 2003: Marketing, Advertising, System and Leasing Business)

Dirk Brunnengräber, Puchheim (until 14 July 2003)
(Production and Technology)

Wolfgang Decker, Zusmarshausen (until 31 January 2003)
(Chairman, Sales and Strategy)

The overall remuneration of the Board of Management for the 2003 financial year amounted to € 980k. Pension provisions relating to one former member of the Board of Management amount to € 270k.

A virtual share option plan has been initiated as part of the variable remuneration of several members of the Board of Management. The plan provides for payments dependent on the share price to those thus entitled ((share price less € 1.00) times 525,000). The payment is due in 2006. The share price is calculated on the basis of the average price for the ten days following the adoption of the annual financial statements as of 31.12.2005. In the event of the entitled parties retiring from office prematurely, they shall only be entitled to a pro-rata payment. The calculation of the provision has been based on its intrinsic value and stated on a pro-rata basis.

Related Party Transactions

Sales-related licence payments to one former member of the Board of Management have been accounted for at € 371k (previous year: € 467k).

Payments to former members of the Board of Management on account of advisory agreements amounted to € 320k.

In connection with the convertible bonds there are loans to members of the Board of Management amounting to € 77k plus cumulative interest. The interest rate amounts to 6% p.a..

Supervisory Board

Alexander von Engelhardt, Entrepreneur, Kronberg (from 4 March 2003: Chairman)
Member of the supervisory boards of the following companies:
- Singulus Technologies AG, Kahl/Main (Chairman)
- Dr. Schmidt AG & Co., Berlin (Deputy Chairman)
- Gütermann AG, Gutach Breisgau
- Tarkett AG, Frankenthal

Bernd Kosegarten, Entrepreneur, Hamburg (Deputy Chairman)
Member of the supervisory board of the following company:
- Jenoptik Photonics AG, Jena (until 31 December 2003)

Michael Busch, management consultant, Berlin (from 4 March 2003)
Member of the supervisory boards of the following companies:
- Kampa AG, Minden (Deputy Chairman)
- Sto AG, Stühlingen
- dy-pack Verpackungen Gustav Dyckerhoff GmbH, Wenden (Chairman of the Advisory Board)
- J.N.Köbig GmbH, Mainz (Member of the Advisory Board)

Johannes Kehr, management consultant (from 9 April 2003, appointed to the Board of Management from 1 May 2003 to 31 March 2004 pursuant to Section 105 (2) of Stock Corporation Law (AktG))

Robert A. Osterrieth, Director, German Venture Advisers Limited, London
Member of the supervisory boards of the following companies:
- Kleindienst Datentechnik AG, Augsburg (Chairman)
- Pari Capital AG, Munich

Retired from office:

Dr. Marten Burgdorf, Swisstal-Heimerzheim
(Chairman until 13 February 2003)

Dr. Peter Brütt, Augsburg (until 21 February 2003)
Member of the supervisory board of the following company:
- Epple Druckfarben AG, Neusäss

Dr. Hanno Monauni, Bad Wimpfen (until 30 March 2003)

Prof. Dr.-Ing. Karl Eugen Becker, Gauting (until 31 December 2003)
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 (Deputy Chairman)

The remuneration of the Supervisory Board amounted to € 100k.

STATEMENT ON THE CORPORATE GOVERNANCE CODEX PURSUANT TO SECTION 161 OF STOCK CORPORATION LAW (AKTG)

WashTec AG has submitted the Statement of Compliance required by Section 161 of Stock Corporation Law (AktG) and made this statement available to its shareholders.

The Board of Management approved the consolidated financial statements on 1 April 2004 and made them immediately available to the Supervisory Board for inspection.

The approval of the annual financial statements and of the consolidated financial statements is scheduled to take place at the meeting of the Supervisory Board on 21 April 2004.

Augsburg, 2 April 2004

WashTec AG

Thorsten Krüger Jürgen Lauer

AUDIT OPINION

We have audited the consolidated financial statements compiled by WashTec AG, Augsburg, consisting of the balance sheet, the profit and loss account, the statement of changes in shareholders' equity, the cash flow statement and the notes to the financial statements for the financial year from 1 January 2003 to 31 December 2003.

The Board of Management of WashTec AG is responsible for the compilation and contents of the consolidated financial statements based on International Financial Reporting Standards (IFRS). Our responsibility is to express an opinion on the basis of our audit as to whether the consolidated financial statements are in compliance with IFRS.

We have conducted our audit of the consolidated financial statements in accordance with German auditing standards and the German principles of proper auditing promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that the audit be planned and executed in such a manner as to be able to ascertain with sufficient certainty that the consolidated financial statements are free of any material misrepresentation. The selection of auditing procedures takes account of our knowledge of the business activities and legal and economic environment of the Group, as well as of any expectations as to possible errors. The evidence supporting the amounts stated and the disclosures made in the consolidated financial statements was examined within the framework of our audit on the basis of random samples. The audit includes an assessment of the accounting principles applied and the key estimates made by the Board of Management, as well as an evaluation of the overall presentation of the consolidated financial statements and the group management report. We believe that our audit constitutes a sufficiently secure basis for our assessment.

It is our opinion that the consolidated financial statements comply with IFRS and provide a true and fair view of the net asset, financial and earnings situation of the Group and of the flow of payments during the financial year.

Our audit, which also included the combined management report of the WashTec Group and WashTec AG, Augsburg prepared by the Board of Management for the financial year from 1 January 2003 to 31 December 2003, has not led to any objections. It is our opinion that the group management report provides an accurate overall impression of the situation of the Group and adequately presents the risks relating to its future development. We further confirm that the consolidated financial statements and group management report for the financial year from 1 January 2003 to 31 December 2003 fulfil the requirements in respect of the exemption of the company from the obligation to compile consolidated financial statements and a group management report pursuant to German law.

Munich, 21 April 2004

Ernst & Young
Deutsche Allgemeine Treuhand AG
Wirtschaftsprüfungsgesellschaft

R. Broschulat	W. Maier
Wirtschaftsprüfer	Wirtschaftsprüfer

ANNUAL FINANCIAL STATEMENTS OF WASHTEC AG

(Summarised Version in Accordance with German Commercial Code – HGB)

BALANCE SHEET OF WASHTEC AG

Assets

€ 000s	31.12.2003	31.12.2002
FIXED ASSETS		
Intangible assets	7	24
Tangible assets	2	3
Financial assets	80,962	80,962
	80,971	80,989
CURRENT ASSETS		
Receivables from affiliated companies	12,529	4,810
Other assets	276	601
	12,805	5,411
Cash at bank	0	1
	12,805	5,412
PREPAYMENTS AND ACCRUED INCOME	20	20
TOTAL ASSETS	**93,796**	**86,421**

Liabilities

€ 000s	31.12.2003	31.12.2002
EQUITY		
Subscribed capital	20,000	20,000
Capital reserve	71,071	71,071
Balance sheet loss	-16,794	-16,372
	74,277	74,699
PROVISIONS	1,237	1,553
LIABILITIES	18,282	10,169
TOTAL LIABILITIES	**93,796**	**86,421**

PROFIT AND LOSS ACCOUNT OF WASHTEC AG

€ 000s	2003	2002
Sales	4,440	1,535
Other operating income	15	22
Overall performance (= Gross Profit)	**4,455**	**1,557**
Personnel expenses	2,310	2,357
Depreciation	18	18
Other operating expenses	3,374	1,707
Operating result	**-1,247**	**-2,525**
Financial result	**817**	**-19,540**
Result of ordinary business activities	**-430**	**-22,065**
Income taxes	0	-12
Other taxes	-8	37
Annual net deficit	**-422**	**-22,090**
Losses carried forward	**-16,372**	**6,478**
Distribution to shareholders	**0**	**-760**
Balance sheet loss	**-16,794**	**-16,372**

The individual financial statements of WashTec AG, Augsburg, for the 2003 financial year have been granted an unqualified audit opinion by the auditors, Ernst & Young Deutsche Allgemeine Treuhand AG, Wirtschaftsprüfungsgesellschaft. The complete financial statements compiled in accordance with the German Commercial Code (HGB) are published in the Federal Official Gazette (Bundesanzeiger) and deposited in the Commercial Register in Augsburg. A copy of them may be requested from WashTec AG.

SHAREHOLDINGS OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

at the reporting date on 31.12.2003

Board of Management	Shares
Sabine Decker	4,850
non-transferable, non-negotiable convertible bonds	
value: € 76.7k	
40,000 option rights	
Johannes Kehr	0
Thorsten Krüger	0
Jürgen Lauer	0

Supervisory Board	
Alexander v. Engelhardt	0
Bernd Kosegarten	0
Michael Busch	0
Robert A. Osterrieth	0

Financial Calendar

23 June 2004	Annual General Meeting
August 2004	2004 half-year figures

We should like to thank our customers in the oil industry for allowing us to use their logos in this annual report.

This report is also available in German.

Contact

We would be very pleased to send you all information of relevance to the company. Please simply contact us by telephone, by e-mail or via the internet and we will include your details in our mailing list. This will enable you to receive the desired documents on a regular basis and without delay. The confidentiality of your details is of course guaranteed.

Both the German and English versions of this annual report can be downloaded together with up-to-date information about WashTec AG from the company's homepage at: www.washtec.de.

Contact for Shareholders, Investor Relations and Financial Press

Karoline Kalb, Investor Relations
Telefon +49 821/5584-0
Telefax +49 821/5584-1206

WashTec AG
Argonstraße 7
86153 Augsburg

Postfach 11 11 69
86147 Augsburg

E-Mail: washtec@washtec.de
www.washtec.de

WashTec AG
Argonstraße 7
86153 Augsburg

Telefon +49 821/5584-0
Telefax +49 821/5584-1206
E-Mail: washtec@washtec.de
www.washtec.de