



WashTec

Interim Report for the
Period from January 1 to
June 30, 2004

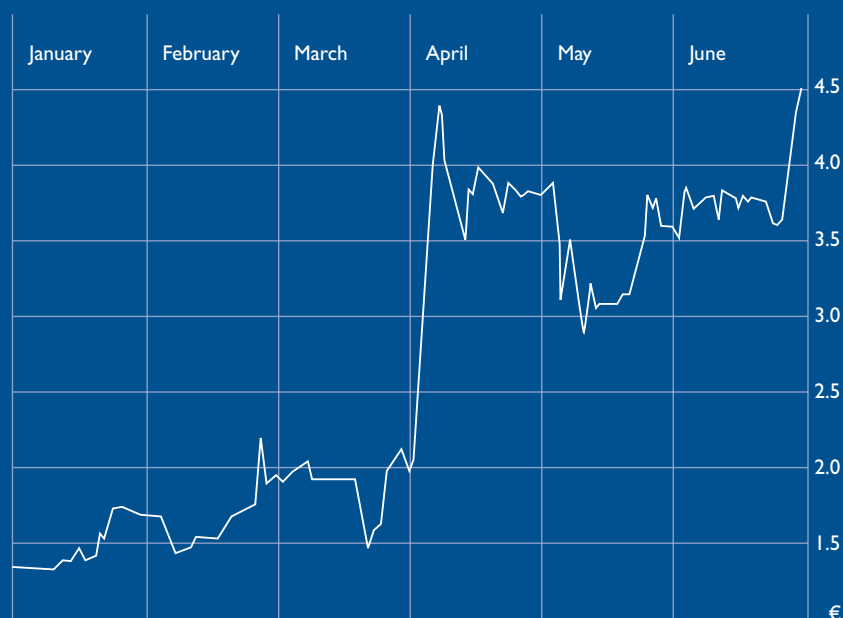
Cover: **SoftCare Juno**

The new WashTec patented double rollover machine based on the SoftCare product family will be presented at the 2004 automechanika fair.

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WashTec share: performance in the first six month 2004



**Implementation of Restructuring Programme:**

- Bank liabilities reduced by € 19.9m over past 12 months
- EBT up by € 15.7m on previous year
- Turnaround confirmed for 2004
- Launch of new products in 4th quarter of 2004



ECONOMY AND MARKET

The slightly improved economic climate in Germany and Europe did not have significant impact on the investment behaviour in car wash business. Orders from mineral oil companies are at around the level of their average investment budgets for the previous years.

BUSINESS DEVELOPMENT

The successful implementation of the comprehensive restructuring programme initiated at WashTec AG in 2003 has been confirmed by the positive course of business in the first half of 2004. At € 0.1 m, adjusted pre-tax earnings (EBT) were positive again, compared with € -4.9 m in the previous year. This development is primarily attributable to the consistent implementation of cost-reduction measures across all areas of the company. The balance sheet total has been reduced mainly because of further reduction of working capital by € 23.0 m to € 83.7 m in the first half of the year. Liabilities to banks have been cut by € 19.9 m over the past 12 months.

The restructuring process maintained on schedule in the first half of 2004. More than 50 % of the original total of 40 individual projects have been successfully concluded. The restructuring projects not yet completed are running on schedule. In addition further core projects aimed at enhancing efficiency were launched in the first half of the year.

The development projects commenced at the end of 2003 and aimed at modernising and complementing the existing product portfolio are running on schedule. In September, two new rollover machines from the SoftCare family will be presented at the “automechanika” in Frankfurt, the most important sector trade fair.

SALES

in € million	1st half-year 2004	1st half-year 2003
Total sales	100.9	114.6
Germany	43.6	50.9
International	57.3	63.7

Sales in the first half of the year were as expected lower than those reported for the equivalent period in the previous year. The company has discontinued its loss-making train wash and process technology activities in Germany and has sold Wesurail Ltd UK. At the same time unprofitable sales activities were discontinued, which resulted in a margin improvement.

EARNINGS

in € million	1st half-year 2004	1st half-year 2003
Adjusted EBT*	0.1	-4.9
EBT	-2.0	-17.7

* Adjustment to eliminate one-off restructuring items

As a result of the restructuring projects already concluded, the improvement in the cost structure of the WashTec Group was greater than expected.

Pre-tax earnings (EBT) improved by € 15.7 m to € -2.0 m. It should be noted in this respect that the earnings for the first half of 2004 include one-off items of € 2.1 m relating to the restructuring programme, of which € 1.6 m relate to the extraordinary depreciation of a goodwill (previous year: one-off items of € 12.7 m).

The positive impact of the restructuring programme is reflected in all categories of expenses:

The cost of materials declined from € 55.4 m to € 42.1 m. This figure includes one-off items in the first half of the year amounting to € 0.6 m (previous year: € 4.3 m). The gross margin adjusted for one-off items rose from 55.6 % to 59.7 %. The streamlining of the product range and the discontinuation of train washing and process technology activities resulted in an increase in the share of higher-margin product areas.

Personnel expenses declined to € 36.9 m in the first half of 2004 (previous year: € 48.3 m). The figure for the previous year included one-off items amounting to minus € 5.6 m, whereas in the period under report the employee contribution from the restructuring agreement resulted in a positive effect of € 0.2 m.

BALANCE SHEET

Assets

in € million, IFRS	June 30, 2004	December 31, 2003
Fixed assets	76.0	81.6
Current assets	70.4	90.3
Prepaid expenses + deferred taxes	37.3	34.7
Total assets	183.7	206.7

WashTec made further progress in the optimisation of working capital in the first half of 2004. Due to improvements in accounts management, the company's level of accounts receivables was reduced by 19.1 % (€ 8.4 m). It has also been possible to reduce the level of inventories by 14.8 % (€ 5.5 m) since December 31st 2003. Total assets contracted from € 206.7 m to € 183.7 m.

The Reduction of working capital remains in focus of the company's strategy of further reducing its indebtedness.

Liabilities

in € million, IFRS	June 30, 2004	December 31, 2003
Equity	5.0	7.2
Debt capital	175.8	197.0
Deferred income	2.9	2.5
Total liabilities	183.7	206.7

The company has reduced its liabilities to banks by € 19.9 m over the past 12 months. The reduction since the reporting date on December 31, 2003 amounts to € 6.7 m.

Short-term liabilities to banks have been reduced by € 13.4 m to € 80.6 m since June 30th 2003 and long-term liabilities amounting to € 6.5 m have been reduced in the past half-year.

By taking advantage of all cash discounting possibilities, trade payables have been reduced by € 10.7 m from € 18.1 m on June 30, 2003 to € 7.4 m as of June 30, 2004.

In view of the earnings for the period, which remained negative, the equity of the group declined to € 5.0 m.

The equity of the WashTec AG amounted to € 74.3 m at the reporting date, equivalent to 78 % of total assets.

CASH FLOW STATEMENT

In spite of negative consolidated earnings for the first half of 2004 and the outflow of funds for the repayment of liabilities and the servicing of long-term loans, the company nevertheless succeeded in generating a net increase of € 2.8 m in payment funds (previous year: € -12.8 m).

EMPLOYEES

30.06.2004	30.06.2003
1,344	1,614

The number of employees has declined by 270 since the reporting date on June 30, 2003. Since December 31, 2003 headcount was reduced by 157 employees.

SHARE

The share of WashTec AG showed positive developments during the first half of the year. The successful course of the restructuring programme resulted in a significant increase in the level of interest shown in the company by the specialist press. Commerzbank has published an extensive study on WashTec.

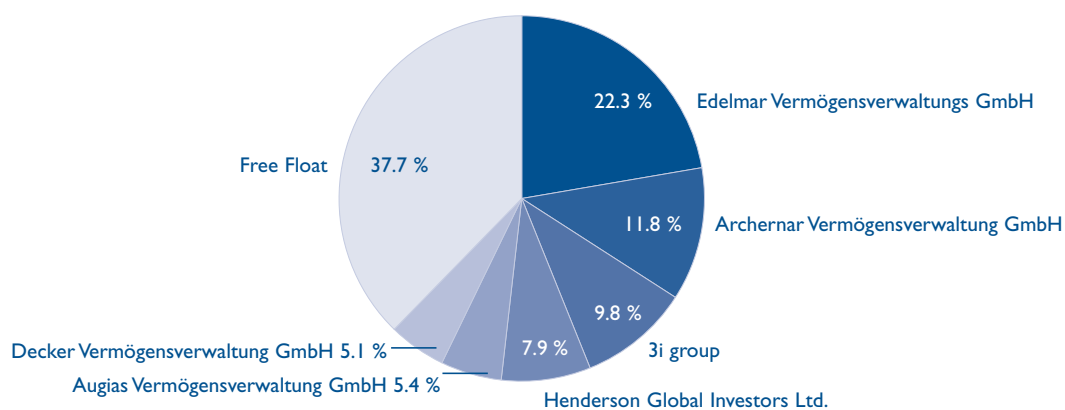
Share Price

Figures in €

December 30, 2003	1.26
April 1, 2004	2.05
June 30, 2004	4.65

There have been changes in the company's ownership structure subsequent to the reporting date on June 30, 2004. Eurosynergies SA et Cie. has informed the company that its share of the voting rights has fallen below five percent. According to the previous announcement received in 2002, the share of voting rights owned by this shareholder amounted to 9.9 %.

Ownership Structure



RISKS

No changes in the risk situation have been noted by the company during the first half of 2004, compared with the risks outlined in the 2003 Annual Report.

OUTLOOK

The restructuring and optimisation of processes along its entire value chain will form the focus of the company's activities in the remainder of the current financial year. The company aims to achieve further efficiency enhancements based on newly initiated projects, such as the plant structure and production concept for the Augsburg location.

Preparations are underway to implement the capital increase resolved by the Annual General Meeting. The funds thereby acquired by the company are to be used to reduce liabilities to third parties and to achieve a sustainable improvement in its balance sheet structure.

At "automechanika", the world's largest trade fair for automobile-related activities to be held in Frankfurt in September, the WashTec Group will present its entire range of products and services. Two new rollover machines from the SoftCare family will be presented as product innovations in the Premium and Classic ranges. These constitute a further significant step towards modularising the rollover family based on SoftCare. WashTec will thereby underline its role as innovation leader in the car wash market.

WashTec expects its sales for the overall 2004 financial year to be significantly lower than the previous year's figure of € 241.1 m. The turnaround will be achieved on schedule in 2004. The company expects to generate positive pre-tax earnings (EBT) and a markedly positive cash flow for the overall 2004 financial year.

CONSOLIDATED BALANCE SHEET (IFRS)

ASSETS		
€ 000s	June 30, 2004	December 31, 2003
Fixed assets		
Intangible assets	40,603	43,896
Tangible assets	35,341	37,565
Financial assets	99	99
	76,042	81,559
Deferred tax assets	32,918	33,308
Long-term receivables and other assets	219	244
Total fixed assets	109,179	115,112
Current assets and other assets		
Inventories	31,718	37,233
Accounts receivables	35,428	43,802
Other assets	2,374	5,538
	69,520	86,573
Liquid funds	3,269	3,772
Total current assets	72,789	90,345
Prepaid expenses	1,733	1,291
TOTAL ASSETS	183,701	206,748

LIABILITIES

€ 000s	June 30, 2004	December 31, 2003
Equity		
Subscribed capital	20,000	20,000
Capital reserve	27,384	27,384
Losses carried forward	-41,452	-23,406
Result for the period	-2,435	-18,046
Balancing item from currency conversion	1,489	1,287
	4,986	7,219
Long-term Liabilities		
Liabilities to banks and similar organisations	0	6,472
Loans and liabilities	5,435	42,039
Provisions	11,269	11,204
Short-term Liabilities		
Liabilities to banks and similar organisations	80,640	80,833
Accounts payable	7,371	9,589
Prepayments received for orders	3,476	7,254
Provisions	18,390	23,223
Other	49,258	16,433
	159,135	137,332
Deferred income	2,876	2,483
TOTAL LIABILITIES	183,701	206,748

CONSOLIDATED PROFIT AND LOSS ACCOUNT (IFRS)

€ 000s	1st half-year June 30, 2004	1st half-year June 30, 2003
Sales	100,885	114,571
Gross performance	103,044	115,095
Cost of materials	42,131	55,369
Gross margin	60,913	59,726
Personnel expenses	36,859	48,345
Other operating expenses	14,810	18,949
EBITDA	9,244	-7,568
Depreciation	3,603	4,099
Amortisation	3,131	1,645
EBIT	2,510	-13,312
Financial result (net financial expenses)	4,517	4,356
EBT	-2,007	-17,668
Taxes on income	-428	5,600
Net income for the period	-2,435	-12,068
Earnings per share	-0.32	-1.59

EXTRAORDINARY EXPENSES

€ 000s	1st half-year 30 June 2004	1st half-year 30 June 2003
Other income (part of gross performance)	1,192	0
Cost of materials	613	4,299
Personnel expenses	-245	5,590
Other operating expenses	1,052	2,856
Depreciation	74	0
Amortisation of goodwill	1,625	0
Financial result (net financial expenses)	150	0
Extraordinary expenses	2,077	12,745

EQUITY STATEMENT

€ 000s	Subscribed capital	Capital reserve	Net income	Balancing items	Total
Balance at 1 Jan 2003	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	1,287	7,219
Period deficit: 1st half of 2004	—	—	-2,435	—	-2,435
Currency changes	—	—	—	202	202
Balance at 30 June 2004	20,000	27,384	-43,886	1,489	4,986

CASH FLOW STATEMENT

€ 000s	1st half-year June 30, 2004	1st half-year June 30, 2003
Consolidated net income for the period	-2,435	-12,068
Income and expenses not affecting cash flow:		
Depreciation and amortisation of tangible and intangible fixed assets	3,603	4,099
Amortisation of goodwill	3,131	1,645
Deferred tax loss/income	391	-5,306
Sub-total prior to change in net current assets	4,690	-11,630
Inflow of funds from change in net current assets	2,940	102
Inflow of funds from ordinary business activities	7,630	-11,528
Outflow of funds from investment activities	-1,467	-1,320
Outflow of funds from repayment of long-term loans	-3,355	0
Outflow of funds from financing activities	-3,355	0
Net increase (decrease) in payment funds and equivalents	2,807	-12,848

NOTES

Accounting and Valuation Methods

This interim report has been compiled in line with the International Financial Reporting Standards valid on the reporting date.

The accounting and valuation principles applied correspond to those applied in the last consolidated financial statements as of December 31st, 2003. Individual items in the balance sheet, profit and loss account and cash flow statement have been summarised in the interests of clarity and legibility.

Reporting Entity

The reporting entity has changed since the 2003 annual financial statements on account of the sale of Wesurail (UK) Ltd.

The sale of Wesurail (UK) Ltd. generated extraordinary income amounting to € 0.7 m.

Balance Sheet/Equity

The equity capital of WashTec AG amounted to € 20m on 30 June, 2003 and is divided into 7,600,000 individual shares.

The Annual General Meeting held on June 23, 2004 resolved to increase the equity capital of the company by € 30 m to € 50 m. At the same time, resolution was passed on the creation of new authorised capital amounting to € 10 m.

The resolutions passed at the Annual General Meeting come into force at the time of their being entered in the Augsburg Commercial Register.

Earnings per Share

Earnings per share are calculated by dividing the net income of the Group by the number of shares.

Net income as of 30 June 2004	€ -2.435 million
Number of shares	7,600,000
Earnings per share	€ -0.32

Executive Bodies of the Company

On the basis of the resolution passed at the Annual General Meeting on 23 June, 2004, the membership of the Supervisory Board was reduced from six to three members. The Supervisory Board now consists of the following members: Alexander von Engelhardt (Chairman), Robert A. Osterrieth (Deputy) and Michael Busch.

Information about the Parent Company

WashTec AG does not have any proprietary operating business. It is the holding company for the Group. The AG incorporates the Board of Management and the Group's controlling, risk management and legal functions. It provides advisory services in the fields of legal services, finance, marketing, development and production. The most important assets of the AG are its direct and indirect shareholdings within the WashTec Group. Its sales result from the group-internal provision of and charging for advisory services. The earnings of the AG are primarily based on the results of its subsidiaries. WashTec AG had a total of 6 employees as of 30 June 2004.

Financial Calendar

November 04	9 month report
April 05	Annual Report
May 05	3 month report
June 05	Annual General Meeting

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