WASHTEC AG

INTERIM REPORT FOR THE PERIOD FROM JANUARY 1, 2004 TO SEPTEMBER 30, 2004

The improvement in earnings in spite of a significantly lower level of sales underlines the successful implementation of the restructuring programme:

- **EBT positive once again for the first time since the launch of the restructuring programme**
- **Gross margin significantly increased on previous year**
- **Operating cash flow at Euro 13.7 million**
- **Positive response to new products at Automechanika, the most important industry fair**

Economy and Market

The underlying economic conditions in Germany and Europe did not have any significant impact on investment behaviour in the washing business in the third quarter. The level of orders received from mineral oil companies within the framework of their investment budgets remains stable. The expected decline in sales at WashTec is attributable to a conscious decision to relinquish sales of products with poor earnings contributions and to a shift in sales because of a change in point of sales realisation.

Business Development

WashTec AG received a thoroughly positive response to the new products in its SoftCare family, which were presented to an audience of international specialists at this year's Automechanika, the world's largest industry fair held in Frankfurt am Main. The newly developed SoftCare Juno and SoftCare Evo rollover machines expand the SoftCare family product portfolio in the Premium and Classic Low segments. SoftCare Evo has been specifically developed for fuel stations with a medium range of washing figures. This supplements the product portfolio with a further product in the company's main sales division, machines for fuel stations. A high degree of interest has been shown in the new machines by international mineral oil companies and individual operators.

The course of business in the third quarter of 2004 was characterised by a lower level of sales and the continuation of the successful implementation of the restructuring of WashTec AG.

At Euro +2.2 million, earnings before tax (EBT) for the third quarter were once again clearly positive, following Euro –1.7 million in the previous year. In the first nine months of the current financial year, earnings before tax rose from Euro –19.4 million to Euro +0.2 million and were thus also positive for the first time. This demonstrates the sustainable improvement already achieved in the cost structures of the WashTec Group, an improvement which is borne out by comparing the figures for the past several years.

The operating cash flow rose during the first nine months from Euro –3.9 million in the equivalent period in the previous year to Euro +13.7 million. Liabilities to banks have been reduced by a total of Euro 11.6 million in the current financial year. In the third quarter alone, loan liabilities decreased by Euro 5.0 million.

More than 70% of the restructuring projects had been completed by the reporting date on 30 September. In the current year, these have included a significant decrease of costs of goods manufactured. One example of such enhancements is that of the design-to-cost projects carried out in the area of the SoftCare series. It has been possible to achieve reductions both in the number of working hours required to manufacture a rollover machines and in the cost of materials. This is also reflected in the development of the gross margin.

Furthermore, additional restructuring projects have been initiated in the first nine months. The introduction of a new assembly method and a comprehensive ERP system will lead to a further improvement in processes and efficiency increase.

Sales

in € m IFRS	Jan 01 to Sep 30 2004	Jan 01 to Sep 30 2003	Jul 1 to Sep 30 2004	Jul 1 to Sep 30 2003
Total sales	152.7	177.3	51.8	62.7
Germany	64.9	80.9	21,2	30.0
International	87.8	96.4	30.6	32.7

As expected, sales for both the first nine months and for the third quarter of 2004 were below the figures for the previous year. The company's relinquishment of unprofitable sales resulted in the discontinuation of train washing and process technology activities in Germany and in the sale of Wesurail Ltd. in the United Kingdom. Moreover, the car washing facility product range was adjusted to remove products with poor earnings contributions. These measures resulted in a significant increase in the gross margin.

In September, the point of sales realisation in Germany was converted from invoicing upon delivery to invoicing upon the assumption of operations. This has led to a postponement of sales amounting to Euro 2.8 million. Therefore the volume of orders on hand exceeded that for the previous year for the first time in the current financial year on the reporting date on 30 September.

The ongoing renewal and supplementation of the product portfolio, including the products presented at the automechanika fair, shall result in an increase of sales volume from 2005 onwards.

Earnings

in € m IFRS	Jan 01 to Sep 30 2004	Jan 01 to Sep 30 2003	Jul 1 to Sep 30, 04	Jul 1 to Sep 30, 03
Adjusted EBT*	1.3	-2.4	1.3	2.6
EBT	0.2	-19.4	2.2	-1.7

* Adjusted to eliminate one-off restructuring items

The restructuring measures already implemented resulted in a further improvement in the company's cost structures. Earnings before tax (EBT) rose to Euro +0.2 million in the first nine months and were thus positive for the first time following the inclusion of one-off restructuring items of Euro –1.1 million incurred in 2004 (previous year: Euro –17.0 million).

In the third quarter of 2004, earnings before tax (EBT) amounted to Euro +2.2 million following inclusion of an overall positive one-off restructuring item amounting to Euro +0.9 million (previous year: Euro –4.3 million). The in total positive one-off item was attributable to the collective salary agreement relating to the reorganisation and to extraordinary earnings from the sale of the assets of the Spanish sales subsidiary.

Earnings before tax (EBT) for the third quarter following adjustment for one-off restructuring items amounted to Euro +1.3 million (previous year: Euro 2.6 million). The reduction in adjusted earnings before tax (EBT) compared with the equivalent period in the previous year is attributable to the shift sales caused by the change in the point of sales realisation during the fiscal year and to expenses incurred by the automechanika fair, which takes place only every second year.

The cost of materials declined in the first nine months from Euro 83.7 million to Euro 65.1 million. This figure includes one-off items amounting to Euro 0.9 million (previous year: Euro 7.7 million). The non-adjusted gross margin increased by six percentage points compared to the previous year.

Personnel expenses fell significantly from Euro 68.0 million to Euro 53.0 million. This decline reflects the reduction in the number of employees, as well as a positive one-off item of Euro 1.2 million relating to the conclusion of the collective salary agreement. In the previous year, a negative one-off item of Euro 5.3 million had been incurred, primarily as a result of provisions taken for the reduction in personnel.

In spite of one-off expenses relating to the automechanika fair, other operating expenses for the first nine months declined from Euro 27.6 million to Euro 22.9 million. This figure includes one-off restructuring items amounting to Euro 1.9 million (previous year: Euro 4.0 million).

Balance Sheet

Assets		
in € m, IFRS	Sep 30, 2004	Dec 31, 2003
Fixed assets	74.7	81.6
Current assets	70.7	90.6
Prepayments + deferred taxes	33.2	34.5
Total assets	178.6	206.7

The level of working capital was further optimised during the first nine months of the current financial year. Trade receivables declined by 25.0% to Euro 32.8 million and inventories by 12.7% to Euro 32.5 million. In this respect, account should be taken of the shifting of the point of sales realisation within the financial year.

Liabilities		
in € m, IFRS	Sep 30, 2004	Dec 31, 2003
Equity	5.8	7.2
Liabilities to banks	75.7	87.3
Other liabilities	100.0	109.8
Deferred income	2.9	2.4
Total liabilities	178.6	206.7

Significant progress has been made in the reduction of liabilities to banks. These have declined by a total of Euro 11.6 million in the current financial year, of which Euro 6.5 million related to long-term liabilities and Euro 5.1 million to short-term liabilities.
A reduction of a further Euro 5.0 million in the level of liabilities to banks was achieved in the third quarter alone. As of 30 September, short-term liabilities to banks and similar institutions amounted to Euro 75.7 million. Trade payables fell from Euro 9.6 million to Euro 6.3 million.

As a result of the negative earnings for the period, the Group's equity reduced from Euro 7.2 million to Euro 5.8 million. However, it was thus above the figure of Euro 5.0 million at the reporting date on 30 June 2004. The equity of the holding company

(AG) amounted to Euro 74.0 million as of 30 September, which is equivalent to 74.5 m€ or 77.3% percent of total assets.

Cash Flow Statement

The inflow of funds from operating activities amounted to Euro 13.7 million in the first nine months of 2004. The equivalent period in the previous year witnessed an outflow of funds amounting to Euro 3.9 million. This pleasing development is attributable to the sharp improvement in earnings for the period, as well as to an inflow of funds resulting from the change of Euro 4.4 million in net current assets. Especially investments made in the introduction of an ERP infrastructure and in the mobile linkage of technicians led to an outflow of funds for investment activities amounting to Euro 2.7 million. The repayment of long-term loans resulted in an outflow of funds for financing activities amounting to Euro 3.4 million. This led to an overall net increase in funds of Euro 7.6 million (previous year: net decrease of Euro 6.0 million).

Employees

Sep 30, 2004	Sep 30, 2003
1,333	1,580

The number of employees had reduced by 247 as of the reporting date on 30 September. Compared with 31 December 2003, the reduction amounted to 168 employees.

Share and Planned Capital Increase

Share Price				
in €	30.12.2003	30.3.2004	30.6.2004	30.9.2004
	1.26	2.00	4.65	3.20

The execution of the capital increase by 11.4 to 19 million individual shares resolved at the Annual General Meeting is scheduled to take place after the publication of earnings for the 2004 financial year. Following the execution of such capital measures, WashTec intends to apply for readmission into the Prime Standard.

Following the end of the period under report, Modulus Europe Ltd. notified the company that it held 5.825% of the voting rights in WashTec AG.

in %	
Edelmar Vermögensverwaltungs GmbH	22.3
Archenar Vermögensverwaltung GmbH	11.8
3i group	9.8
Henderson Global Investors Ltd.	7.9
Modulus Europe Ltd.	5.8
Augias Vermögensverwaltung GmbH	5.4
Decker Vermögensverwaltung GmbH	5.1
Freefloat	31.9

Risks

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

Outlook

In the current financial year, the company will focus on continuing the projects currently underway and on the simultaneous optimisation of all processes across the entire company. This will result in sustainable efficiency enhancements along the entire WashTec value chain. The successes achieved to date – break-even in terms of earnings before tax (EBT) and the positive operating cash flow figures – illustrate the successful implementation of the measures. In the fourth quarter of the current year, the Board of Management expects to see a further rise in the level of adjusted earnings.

Also in the remainder of the current financial year, the settlement of the ongoing projects as well as the optimisation of processes along the entire value chain will continue to form the focus of the company's activities. Newly initiated projects will result in a further improvement of cost structures. The analysis of plant structures at Augsburg has been completed and alternatives to the concentration of plants in Augsburg have been compiled. The optimisation of processes in the production division will result in a further increase in efficiency. Moreover, preparations are currently underway to introduce a comprehensive ERP system. The implementation of these projects may result in one-off restructuring items in the fourth quarter.

At the same time, the company will maintain the product campaign already initiated. This is focused on the further development of the SoftCare family. Two new rollover machines of the SoftCare family, SoftCare Evo and SoftCare Juno, have already been presented at the Automechanika fair. With SoftCare Evo, WashTec has developed a machine specially designed to meet the requirements of the Classic

Low segment. The presentation of the new machines was granted a highly positive reception by mineral oil companies and operating companies. The product portfolio in the Premium and Basic segments is to be further supplemented in the 2005 financial year.

As a result of the relinquishment of unprofitable divisions and product lines across the Group, WashTec expects its sales for the overall 2004 financial year to be significantly lower than in the previous year. The Board of Management expects positive earnings before tax (EBT) following one-off items to be generated once again for the overall 2004 financial year, as well as a clearly positive cash flow figure.

The capital increase is scheduled to be executed after the publication of earnings for the 2004 financial year. This measure will result in a fundamental reorganisation of the balance sheet structure. The Board of Management continues to pursue the goal of increasing the volume of free float shares and of raising the price of the WashTec share. An EBIT ratio of around 10% is expected to be achieved in 2005.

Consolidated Balance Sheet

	Sep 30 2004	Dec 31 2003
ASSETS	**K €**	**K €**
FIXED ASSETS		
Intangible Assets	40,380	43,896
Tangible Assets	34,190	37,565
Financial Assets	,99	,99
	74,669	**81,559**
Deferred Tax Assets	31,698	33,308
Long-Term Receivables and other Assets	,214	,244
Total fixed Assets	**106,582**	**115,112**
Current Assets and other Assets		
Inventories	32,538	37,233
Accounts Receivable	32,833	43,802
Other Assets	1,998	5,538
	67,369	86,573
Liquid Funds	3,127	3,772
Total Current Assets	**70,495**	**90,345**
Prepaid Expenses	1,483	1,291
TOTAL ASSETS	**178,560**	**206,748**
LIABILITIES		
Equity		
Subscribed Capital	20,000	20,000
Capital reserve	27,384	27,384
Losses carried Forward	-41,452	-23,406
Result for the period	-1,474	-18,046
Balancing item from currency conversion	1,362	1,287
	5,819	**7,219**
Long-term Liablities		
banks and similar Organisations	,0	6,472
Loans and Liabilities	5,523	42,039
Provisions	11,397	11,204
Short-term Liabilities		
banks and similar Organisations	75,663	80,833
Accounts payable	6,251	9,589
Prepayments on orders	2,400	7,254
Provisions	18,861	23,223
Other	49,787	16,433
	152,963	**137,332**
Deferred Income	2,858	2,483
TOTAL LIABILITIES	**178,560**	**206,748**

Consolidated Profit and Loss Account

WashTec Group Profit and Loss Statement	as of Sep 30 2004 T €	as of Sep 30 2003 T €	Jun-Sep 2004	Jun-Sep 2003
Sales	152,732	177,283	51,847	62,712
Gross Performance	156,987	175,242	53,943	60,147
Cost of Material	65,100	83,667	22,969	28,298
Gross Margin	**91,887**	**91,575**	**30,974**	**31,849**
Personnel Expenses	52,994	68,000	16,135	19,655
Other operating Expenses	22,940	27,564	8,130	8,615
EBITDA	**15,953**	**-3,989**	**6,709**	**3,579**
Depreciation	5,302	6,053	1,699	1,954
Amortization	3,884	2,471	753	826
EBIT	**6,766**	**-12,513**	**4,256**	**799**
Financial result (net financial expenses)	6,578	6,855	2,061	2,499
EBT	**189**	**-19,367**	**2,196**	**-1,699**
Taxes on Income	-1,663	5,800	-1,235	200
Net Result for the Period	**-1,474**	**-13,567**	**960**	**-1,499**
Earnings per Share in €	**-0,19**	**-1,79**	**0,13**	**-0,20**

One-off items

Extraordinary Expenses	as of Sep 30 2004 K €	as of Sep 30 2003 K €	Jun-Sep 2004 K €	Jun-Sep 2003 K €
Other Income (part of gross performance)	2,354	0	1,162	0
Cost of Materials	-921	-7,708	-308	-3,409
Personnel Expenses	1,188	-5,318	943	272
other operating Expenses	-1,896	-3,999	-844	-1,143
Depreciation	-18	0	-56	0
Amortization of Goodwill	-1,625	0	0	0
Financial result (net financial Expenses)	-225	0	75	0
Total Extraordinary Expenses	**-1,143**	**-17,025**	**934**	**-4,280**

Equity Statement

in K Euro	Subscribed Capital	Capital Reserve	Net Income	Balancing Items	Total
Balance at Jan 1, 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 December 31, 2003	**20,000**	**27,384**	**-41,452**	**1,287**	**7,218**
Period Deficit 9 months 2004			-1,474		-1,474
Currency Changes				75	75
Balance at September 30, 2004	**20.000**	**27.384**	**-42,926**	**1.362**	**5,819**

Consolidated Cash Flow Statement

Cash Flow Statement WashTec Group 01.01.-30.09.2004	as of Sep 30 2004 K €	as of Sep 30 2003 K €	Jun-Sep 2004 K €	Jun-Sep 2003 K €
Consolidated net Income for the Period	**-1,474**	**-13,567**	**,960**	**-1,499**
Income and Expenses not effecting Cash Flow				
Depreciation and Amortization of tangible and intaginbale fixed Assets	5,302	6,053	1,699	1,954
Amortization of Goodwill	3,884	2,471	753	826
Deferref Tax Loss/Income	1,610	-5,477	1,219	-171
Sub-Total prior to Change in Net-current Assets	**9,322**	**-10,520**	**4,632**	**1,110**
Inflow of Funds from Change in Net-current Assets	4,412	6,579	1,473	6,477
Inflow of Funds from ordinary business Activities	**13,734**	**-3,941**	**6,104**	**7,587**
Outflow of Funds from Investment Activities	**-2,746**	**-2,078**	**-1,279**	**-758**
Outflow of Funds from Repayment of long-term loans	-3,352	0	4	0
Outflow of Funds from Financing Activities	**-3,352**	**0**	**4**	**0**
Net-Increase (Decrease) in Payment Funds and Equivalents	**7,637**	**-6,019**	**4,829**	**6,829**

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 31 December 2003. The postponement of the time of sales realisation has now also been implemented within the financial year. As in the annual financial statements, sales within the financial year are now also only accounted for upon the system in question assuming operations rather than upon its delivery.

  Individual items in the balance sheet, profit and loss account and cash flow statement of the WashTec Group 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. and the transfer by WashTec Holding GmbH of WashTec Benelux B.V. to WashTec Cleaning Technology GmbH. The sale of Wesurail (UK) Ltd. generated extraordinary income amounting to Euro 0.7 million.

- **Balance Sheet / Equity**

  The equity capital of WashTec AG amounted to Euro 20 million on 30 September 2004 and is divided into 7,600,000 individual shares.

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

- **Earnings per Share**

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

	30.9.2004	30.09.2003
Net income	€ -1.5m	€ -13.6m
Number of shares	7,600,000	7,600,000
Earnings per share	€ -0.19	€ -1.79

- **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 has the following members: Alexander von Engelhardt (Chairman), Robert A. Osterrieth (Deputy Chairman) and Michael Busch.

- **Information about the Parent Company**
  WashTec AG does not have any proprietary operating business. It acts as 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 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 September 2004.

Financial Calendar

Annual Report	31.03.05
3 month report	May 05
Annual General Meeting	June 05
6 month report	August 05
9 month report	November 05
Analysts' Conference	November 05

Contact

WashTec AG	Karoline Kalb
Argonstr. 7	Tel: +49 821/5584-0
86153 Augsburg	Fax: +49/5584-1135
www.washtec.de	E-mail: washtec@washtec.de