WASHTEC AG – Report on the period of 1 January to 30 June 2008

Dynamic business development:

- **Revenues at €139.6m, 8.0% increase vs. prior year (€129.3m)**
- **Operating result (EBIT) of €12.2m by 42.8% above prior year (€8.6m), EBIT margin increased for the first half-year from 6.6% to 8.7%**
- **Expansion of the washing chemicals business by acquiring AUWA-Chemie GmbH & Co. KG**

		H1 2008	H1 2007	Change
Revenues	in €m	139.6	129.3	10.3
EBITDA	in €m	16.0	12.2	3.8
EBIT	in €m	12.2	8.6	3.6
EBIT adjusted for non-recurring effects	in €m	12.2	8.3	3.9
Investments	in €m	–3.0	–4.0	1.0
Cash paid for acquisition	in €m	–2.7	–2.8	0.1
Employees as of 30 June		1,581	1,516	65
Earnings per share *	in €	0.49	0.26	0.23
Net cash flow	in €m	11.6	6.4	5.2

* diluted = undiluted, average weighted outstanding number of shares H1 2007: 15,200,000, H1 2008: 15,043,991

Interim management report

1. Results of operation, financial position and net assets

Results of operations

As expected, business development was very positive in the first half-year. In the second quarter alone, revenues increased by 8.6% compared to the same period in 2007. In the first six months, the WashTec group generated revenues of €139.6m. This corresponds to a growth of €10.3m or 8.0% compared to the previous year (H1 2007: €129.3m). Adjusted for the exchange rate depreciation of the US Dollar and British pound, the growth in revenues amounted to 10.4%. In Germany, as in the rest of Europe, the revenues were well above the weak half-year of 2007. As reported last year, 2007 showed a weaker first 6 months, followed by a disproportional strong second half of the year.

- *Positive business development*
- *Revenues in Europe clearly exceed low level of the prior year*

The revenues of subsidiary Mark VII, USA were USD 0.7m below the previous year. The high increase in petrol prices in US Dollars terms and the weak economic environment led to a temporary reluctance to invest at small and medium-sized customers. As a result of the exchange rate developments of the US Dollar, the revenues in Euros were 3.4m below that of the previous year.

For the total year of 2008, the board continues to aim at a growth in revenues of 4% to 7% due to a disproportional strong second half of the year 2007.

The operating result (EBIT) increased by 42.8% compared to the previous year, from €8.6m to €12.2m.

Increase in earnings before interest and taxes of over 42%.

Income before tax (EBT) increased to €10.6m after €6.6m in the previous year. This corresponds to an increase of 61.9%.

As a result of the positive business developments, the operational cash flow was also clearly above prior year (H1 2007: €6.4m) with €11.6m.

WashTec business developments

The expansion along the vehicle wash value chain continued successfully in the first six months of the year.

On 7 May, WashTec reported the takeover of AUWA-Chemie GmbH & Co. KG (AUWA). AUWA is a medium-sized manufacturer of car wash chemical products with its own sales organisation in Germany and sales partners throughout Europe. The company, based in Augsburg, was founded in 1970 and achieves revenues of about €5m p.a. The acquisition of AUWA represents an important addition to product know-how regarding car washing chemicals. AUWA will serve as a platform for future developments along the value chain of vehicle washing. The integration has been executed according to plan and the overall wash chemical business has developed positive since the acquisition.

Expansion along vehicle wash value chain – acquisition of AUWA-Chemie GmbH & Co. KG.

After WashTec Financial Services business was intensified in Germany in 2007, the focus in 2008 is now directed at international expansion. The business development of Financial Services continues – starting from low volumes – to be positive.

The operating business of WesuRent is also developing positively. Due to good weather conditions in the first half of the year, wash numbers in Germany and the rest of Europe grew despite rising petrol prices.

Machine revenues increased in all product areas in comparison to the previous year. Our own sales and service organisations, both in Europe and in the exporting business developed positively and according to plan.

Mark VII, USA presented its product portfolio in April at the largest trade fair ICA in Orlando, with positive results. The strong increase in petrol prices had a higher influence on washing trends in Europe than in the USA. This coupled with the negative economic outlook in the USA and financing problems for small individual customers due to the financial crisis, has led to a temporary reluctance to invest in equipment in some regions. The increase in petrol prices has a stronger effect in Dollars than in Euros because of the depreciation of the US Dollar. The effects of the exchange rate also caused the reduction of the US subsidiary's revenues to be higher in Euro than in US Dollar terms.

Cost reduction measures are being implemented in response to the current market situation. Nevertheless, additional projects to develop the market position, such as enhancing of the product portfolio, are being continued according to plan. The company expects that the downturn of the washing and investment behaviour in the USA will only be temporary and will develop according to the positive market potential in the mid-term.

On 8 May, the annual general assembly of the company took place in Augsburg. The board of directors gave a detailed account of the successful business year 2007 to the shareholders and presented the strategy for the coming years. All proposals were accepted with large majorities. Among other things, a continuation of the current share buy-back program was approved until November 2009. As of the end of June, the company has repurchased 253,427 of its own shares at an average rate of €10.37; this corresponds to 1.6% of the subscribed capital. The current status of the share buy-back program can be viewed at any time at www.washtec.de/Investor Relations.

1.1 Economy and market

Economic conditions in Europe still positive.

The economic conditions in Germany and Europe have not changed significantly since the last management report. Despite massive increases in energy and oil costs and the associated increased danger of inflation, the economic forecast for the current year is still positive. In the USA, experts are anticipating an economic recession; the financial crisis is continuing.

The European market is a stable replacement market. Major customers regularly make reinvestments in vehicle washing facilities, pending on the machine age and investment budget. The short term investment behaviour in the washing business for large customers in Europe only has a low correlation with the development of economic conditions or the cost of financing. On the other hand, weather conditions have a strong correlation with wash numbers and therefore an impact on the investment behaviour. This year, increases in wash numbers were achieved in many places throughout Germany and the rest of Europe due to the good weather and despite increasing petrol prices.

In contrast to Europe, the American market is not dominated by major customers, but by independent small and medium-sized operators. These customers depend more heavily on current wash numbers, the economic environment, and the availability of financing means when making investment decisions.

In the USA, the rise of petrol prices during the first half-year in US Dollars was much higher than in Euro terms. The effects on wash numbers in individual regions were therefore stronger. Lower wash numbers combined with more difficult financing possibilities had a negative influence on investment behaviour. The medium-term expectation for the American car wash market remains however positive. The company assumes that the current investment difficulties will be resolved after the price shock at petrol stations and the financial crisis are overcome.

Depreciation of the US Dollar has only minor effects on operating business.

The depreciation of the US Dollar in comparison to the Euro has only minor effects on the business. Since Mark VII, USA sources only a small part of the components for its products from Europe, a natural hedge exists for most sourcing activities.

The competitive situation has not changed since the situation presented in the last management report. The European market as a replacement market is dominated by four major competitors.

The American market is still strongly fragmented; a consolidation of the market is expected in the short- or medium-term, in which WashTec will actively participate in order to develop its market position.

No significant changes in technology have taken place.

1.2 Business and earnings situation

The key financial operating figures used by the company for management and planning are the EBIT margin, direct material margin, analysis of the current assets, equity-to-assets ratio and debt-equity ratio or cash flow, which will be described as follows. Non-financial performance indicators like monitoring employee development and satisfaction or regular investigations of customer satisfaction are also considered. The non-financial performance indicators will be described below and are presented in detail in the annual sustainability and personnel and social reports of the WashTec group.

Revenues by region

in €m	Jan 1 – June 30 2008	Jan 1 – June 30 2007	April 1 – June 30 2008	April 1 – June 30 2007
Germany	47.5	44.3	24.8	23.8
Europe	77.7	69.1	43.3	36.9
North America	10.9	14.3	5.3	7.3
Rest of the world*	3.5	1.6	1.5	1.0
Total	**139.6**	**129.3**	**74.9**	**69.0**

* especially Asia and Australia

Revenues by segment

in €m	Jan 1 – June 30 2008	Jan 1 – June 30 2007	April 1 – June 30 2008	April 1 – June 30 2007
Machines	84.5	79.7	47.0	43.2
Spare parts, services	43.2	40.2	21.9	21.2
Used machines	1.5	2.1	0.8	1.0
Chemicals	7.3	5.1	3.9	2.6
Accessories	1.8	1.1	1.0	0.4
Cleaning Technology segment	**138.3**	**128.2**	**74.6**	**68.4**
Systems Business segment	**2.0**	**1.7**	**1.0**	**0.9**
Consolidation	–0.7	–0.6	–0.7	–0.3
Total	**139.6**	**129.3**	**74.9**	**69.0**

Revenues increased by €10.3m vs. first half-year 2007.

The WashTec group's revenues exceeded prior year (H1 2007: €129.3m) by €10.3m or 8.0% with €139.6m. Adjusted for the depreciation of the US Dollar and British Pound, the growth amounts to 10.4% in the first half-year.

The revenues of the subsidiary Mark VII Equipment, USA, in Northern America fell below those of the previous year (H1 2007: €14.3m) by €3.4m with €10.9m. In particular, the development of petrol prices in the USA combined with difficult financing conditions prevented medium-sized operators from investing. The company assumes, however, that these investment constraints will be resolved in the medium-term.

Revenue development in Germany and elsewhere in Europe was very positive. In comparison with the prior year, it is important to consider that the half-year revenues in 2007 were well below expectations due to investment delays of major customers and than caught up in the second half-year. Revenues in Southern and Eastern Europe are still developing positively and according to expectations.

Customer satisfaction with WashTec products and services is regularly tested using customer satisfaction surveys. The last survey was carried out in December 2007 and showed very positive responses.

AUWA revenues have been consolidated since May. The business development of the first months was positive. The company expects a revenue growth due to AUWA of more than €3m for the total year.

Business development in the chemical and systems business segments is positive.

The revenue development of the subsidiary WesuRent, which highly depends on wash numbers, is positive. WesuRent's revenues are presented in the Systems Business segment. Despite increased petrol prices, the wash numbers developed positively at the wash locations operated by WesuRent.

Earnings

in €m	Jan 1 – June 30 2008	Jan 1 – June 30 2007	April 1 – June 30 2008	April 1 – June 30 2007
EBITDA	16.0	12.2	11.1	7.8
EBIT	12.2	8.6	9.1	5.9
EBIT adjusted for non-ecurring effects	12.2	8.3	9.1	5.6
EBT	10.6	6.6	8.4	4.9

EBIT €12,2m (H1 2007: €8.6m).

The **EBITDA** was with €16.0m by €3.8m higher than prior year (H1 2007: €12.2m).

The results of the previous year contained €0.3m positive non-operational items (especially from the final settlement of the Canadian subsidiary (SSI)). The 2008 results were in total not impacted by special influences in the first half-year of 2008. Positive non-operational results from the sale of un-used real estate were compensated by AUWA integration costs and obsolete parts inventory due to the change of a product line.

The over-proportional increase in the result is mainly due to the revenue increase and therefore base cost leverage.

The **gross profit margin** (from revenues) lay marginally below that of the first half-year (H1 2007: 58.0%) with 57.5%.

Key driver for the gross profit margin are raw material costs, insourcing and outsourcing activities and the increased use of subcontractors.

Personnel expenses increased by €1.7m to €44.4m (H1 2007: €42.7m). Despite the revenue growth, general increases in salaries and the increase in the number of employees (expansion of direct service activities and AUWA acquisition), the increase remained moderate.

Other operating expenses decreased slightly to €19.6m due to improvements in the cost structure (H1 2007: €19.7m).

Amortization, depreciation and impairment loss expenses were on previous year level at €3.8m (H1 2007: €3.7m).

Increase in EBIT margin from 6.6% to 8.7%.

The **operating result (EBIT)** increased compared to the prior year (H1 2007: €8.6m) to €12.2m. As a result, the EBIT margin increased to 8.7% for June year-to-date.

The financial result improved due to the reduction of debt from –€2.0m to –€1.6m.

Net income for the period: €7.4m (+ 84%).

The **EBT** increased to €10.6m in the first half-year (H1 2007: €6.6m). **Net income** for the period was at €7.4m (H1 2007: €4.0m).

Earnings per share (diluted = undiluted) increased to 0.49 € (H1 2007: 0.26 €). The number of repurchased shares (253,427 as of 30/06/2008) are taken on a weighted average basis into account.

Balance sheet

Assets in €m, IFRS	30 June 2008	31 Dec 2007
Non-current assets	**116.3**	**117.2**
thereof intangible assets	64.4	61.6
thereof deferred tax assets	14.7	16.9
Current assets	**87.9**	**93.0**
thereof trade receivables	35.0	42.5
thereof inventories	41.4	39.5
thereof other assets	4.5	3.4
thereof cash and bank balances	5.5	6.0
thereof prepaid expenses	1.5	1.4
Non-current assets held for sale	**0**	**1.1**
Total assets	**204.2**	**211.3**

Mainly due to the AUWA consolidation, the **intangible assets** in the non-current assets increased from €61.6m to €64.4m as of 30 June 2008 compared to the balance sheet date of 31 December 2007.

Trade receivables decreased from €42.5m at year end to €35.0m.

Inventories increased from the beginning of the year from €39.5m to €41.4m driven by finished goods, while optimizing the logistics reduced raw material and spare parts slightly.

The **other assets** increased from €3.4m to €4.5m mainly due to the hedging instruments from exchange rates and interests on the cut-off date.

Equity and Liabilities in €m, IFRS	30 June 2008	31 Dec 2007
Equity	78.0	72.7
Liabilities to banks	47.5	52.0
Other liabilities and provisions	**78.7**	**86.6**
thereof trade payables	10.8	12.6
thereof provisions	21.7	23.0
thereof deferred income	6.4	7.9
Total equity and liabilities	**204.2**	**211.3**

Equity ratio as of June 30, 2008: 38.2%.

Equity increased to €78.0m (31 December 2007: €72.7m) because of the positive period result. The negative impact due to the share buyback and the recognition of foreign currency losses on the balance sheet are also included. The equity ratio increased to 38.2% (31 December 2007: 34.4%).

The acquisition of AUWA was financed through the existing credit lines of the WashTec group. Due to the positive business performance, **liabilities to banks** were reduced to €47.5m in the first 6 months of 2008.

Trade payables decreased from €12.6m as of 31 December 2007 to €10.8m on the cut-off date.

Provisions decreased in the first 6 months of 2008 from €23.0m to €21.7m due to usage.

Cash flow statement

At €11.6m, the **cash flows from operating activities** for the first 6 months of 2008 increased by €5.2m driven by the positive business performance (H1 2007: €6.4m).

Cash flows from investment activities amounted to €3.0m (H1 2007: €4.0m). The focus of investments in the first half of 2008 was on the acquisition of AUWA and reinvestments in the European infrastructure, while in the previous year, Motor Mediterraneo was acquired in Spain and the sales and service network in the USA was strengthened.

Overall, **cash and cash equivalents** decreased slightly compared to 1 January 2008 from €5.9m to €5.4m.

Employees

Headcount of WashTec group increased to 1,581.

Headcount increased compared to 31 June 2007 by 65 employees to 1,581 employees. Compared to 31 December 2007, in total 20 employees were added, which includes 38 AUWA employees.

The employees of WashTec form an important foundation for the commercial success of the WashTec group. Employee satisfaction is reflected in the low employee turnover rate (H1 2007: 0.9%) and a long average job tenure (H1 2007: 14.6 years).

The WashTec share

The price of the WashTec share decreased in comparison to the price at the end of the year from €11.25 to €9.86 closing price (XETRA) as of 30 June 2008. In the opinion of the board of directors, the share price does not reflect the operational success of the company or its future prospects.

Changes in shareholder structure

In the second quarter, EQMC reported that their voting rights exceeded 10%, Nomura Asset Management reported falling below the 3% threshold, Cycladic and Powe Capital both reported falling below the 15% and 10% threshold. In return, Kempen Capital Management reported exceeding the 3% and 5% threshold.

Management maintained contact with journalists and the financial community throughout the first half of 2008. Conference calls for analysts and investors occurred after the 1st quarter publication. In May 2008, the board of directors presented WashTec at the MM Warbug Mechanical Engineering Conference; road-shows took place in Frankfurt, Vienna, London, and Paris.

All analysts have issued buy recommendations.

WashTec is currently being covered by JP Morgan Cazenove, HVB Unicredit, HSBC Trinkaus & Burkhardt and MM Warburg. All analysts have issued buy recommendations for the shares.

Shareholdings in %	30 June 2008
EQMC Europe Development Capital Fund plc	10.2
Sterling Strategic Value Ltd. (incl. IED)	10.0
Cycladic Capital Management LLP.	9.3
Kempen Capital Management	7.0
Powe Capital Ltd.	6.8
Julius Baer Investment Funds Services Ltd.	5.9
Tocqueville Finance	3.9
Impax Group plc	3.2
Free float	**43.7**

Source: notifications pursuant to the German Securities Trading Act [WpHG], as per 30 June 2008

Related party transactions

One former member of the board of directors is entitled to a virtual stock option program with an expiration date of 31 December 2008. The provision for the virtual stock options consist of €18k as of 30 June 2008 (31 December 2007: €38k).

No other significant transactions took place with related parties in the reporting period.

Events after the end of the reporting period

No significant events occured after the end of the reporting period.

2. Forecast

The board of directors continues to strive for a growth in revenues between 4% and 7% due to the anticipated anti-cyclical seasonal spread in revenues compared to last year. The precise increase in revenues will, however, depend on the development of the US Dollar's exchange rate and economic situation in the USA. The EBIT margin is expected to increase by 6% to 10% compared to 2007.

2008 goals:
- *Revenues +4% to +7%;*
- *EBIT margin + 6% to + 10%*

The offerings along the carwash value chain will be further expanded. The integration of AUWA and the continuing expansion of additional offerings remain important components of the WashTec strategy.

At the same time, all focus markets will be explored in order to strengthen the market position or achieve a leading market position where this is not yet the case. In order to achieve this, additional acquisitions are possible.

The largest world-wide industry trade fair *automechanika* is taking place in Frankfurt in September this year. WashTec will present its complete product portfolio and various innovations on an expanded show room. The new subsidiary AUWA will be represented at the fair with its own show room. Events for analysts and investors are planned for the fair.

Largest world-wide industry trade fair automechanika in September in Frankfurt.

In the USA the development of new brush and touch free technology will continue, as well as the expansion of the sales and service network. Additional acquisitions are also possible in connection with the expansion of sales and service activities.

The board of directors continues to strive for revenues between €310m and €340m by 2010 and an increase of the operational EBIT margin to 12% to 14%.

3. Opportunities and risks relating to future development

A description of the WashTec group's risk management is available in the 2007 Annual Report. This also contains a description of the important opportunities and risks for the group. There were no major changes compared to the opportunities and risks presented in the 2007 Annual Report.

Consolidated Income Statement

in €k	1 Jan to 30 June 2008	1 Jan to 30 June 2007	1 April to 30 June 2008	1 April to 30 June 2007
Revenue	139,621	129,325	74,922	68,989
Other operating income	2,577	2,137	1,574	1,332
Change in inventories of work in progress	2,204	1,619	1,376	1,396
Cost of materials				
Cost of raw materials, consumables and supplies and of purchased merchandise	54,498	49,768	29,974	26,952
Cost of purchased services	9,601	8,252	5,157	4,789
	64,099	**58,020**	**35,132**	**31,742**
Personnel expenses	**44,408**	**42,708**	**22,295**	**21,849**
Amortization, depreciation and impairment of tangible assets and property, plant and equipment	3,761	3,689	1,947	1,864
Other operation expenses	19,607	19,736	9,179	10,165
Other taxes	310	373	175	190
Total operating expenses	**132,186**	**124,526**	**68,729**	**65,810**
EBIT	**12,215**	**8,555**	**9,142**	**5,908**
Income from interest and financial assets	636	432	354	207
Interest and similar expenses	2,203	2,412	1,073	1,217
Financial result	**–1,567**	**–1,980**	**–719**	**–1,010**
Result from ordinary activities/EBT	**10.648**	**6.575**	**8.424**	**4.897**
Income taxes	–3,290	–2,577	–2,603	–1,919
Consolidated profit for the period	**7,358**	**3,998**	**5,821**	**2,979**
Loss carried forward	**–10,158**	**–22,734**	**–10,158**	**–22,734**
Dividend distribution to shareholders	0	0	0	0
Consolidated accumulated loss	**–2,800**	**–18,736**	**–4,337**	**–19,755**
Average number of shares	**15,043,991**	15,200,000	**14,986,774**	15,200,000
Earnings per share (basic = diluted)	**€0.49 €**	**€0.26**	**€0.39**	**€0.20**

Rounded-off to €k, rounding differences are possible. See notes for further explanations. The notes to the consolidated statements form an integral part of the consolidated financial statements for the first six months of fiscal year 2008.

Consolidated Balance Sheet

Assets in €k	30 June 2008	31 Dec 2007
Non-current assets		
Property, plant and equipment	36,793	38,349
Intangible assets	64,428	61,559
Financial assets	25	25
Other assets	354	354
Deferred tax assets	14,688	16,909
Total non-current assets	**116,288**	**117,196**
Current assets		
Inventories	41,424	39,483
Current receivables	34,932	42,535
Tax receivables	186	145
Other assets	4,348	3,400
Cash and bank balances	5,452	6,028
Prepaid expenses	1,539	1,389
Total current assets	**87,881**	**92,980**
Non current assets held for sale	**0**	**1,110**
Total assets	**204,170**	**211,286**

Equity and liabilities in €k	30 June 2008	31 Dec 2007
Equity		
Subscribed capital	40,000	40,000
Capital reserves	45,059	44,617
Treasury shares	–2,633	–604
Other reserves	–1,673	–1,170
Loss carryforward	–10,158	–22,734
Consolidated profit for the period	7,358	12,575
	77,952	**72,684**
Non-current liabilities		
Interest-bearing loans	40,545	44,879
Finance leasing	4,721	5,282
Provisions for pensions	6,255	6,633
Other non-current provisions	4,497	4,946
Other non-current liabilities	1,523	1,349
Total non-current liabilities	**57,541**	**63,089**
Current liabilities		
Interest-bearing loans	6,973	7,168
Finance leasing	2,181	2,705
Prepayments on orders	4,415	6,122
Trade payables	10,805	12,605
Other liabilities for taxes and levies	3,629	4,080
Other liabilities for social security	1,627	699
Tax provisions	3,514	5,306
Other liabilities	18,171	17,540
Other current provisions	10,927	11,403
Deferred income	6,435	7,885
Total current liabilities	**68,677**	**75,513**
Total equity and liabilities	**204,170**	**211,286**

Rounded-off to €k, rounding differences are possible. See notes for further explanations. The notes to the consolidated statements form an integral part of the consolidated financial statements for the first six months of fiscal year 2008.

Consolidated Cash Flow Statement

in €k	January to June 2008	January to June 2007
EBT	**10,648**	**6,575**
Adjustments to reconcile profit before tax to net cash flows		
not affecting cash		
Amortisation, depreciation and impairment of non-current assets	3,761	3,689
Gain/loss from disposals of non-current assets	–665	–338
Share-based payments expense	441	0
Other losses	–2,022	–1,982
Interest income	–636	–432
Interest expense	2,203	2,412
Change in provisions	–1,043	–100
Changes in net working capital		
Increase/decrease in trade receivables	8,004	5,307
Increase/decrease in inventories	–1,238	–4,483
Increase/decrease in trade payables	–2,296	6,501
Changes in other net working capital	–2,596	–7,805
Income tax paid	–2,994	–2,897
Net cash flows from operating activities	**11,568**	**6,447**
Purchase of property, plant and equipment (without finance leasing)	–2,287	–2,242
Proceeds from sale of property, plant and equipment	1,930	1,021
Acquisition of a subsidiary, net of cash acquired	–2,656	–2,781
Net cash flows used in investing activities	**–3,013**	**–4,001**
Raising of long-term loans	0	5,800
Repayment of long-term loans	–4,399	–5,508
Share buy-back	–2,029	0
Interest received	636	432
Interest paid	–2,003	–2,412
Repayment of non-current liabilities from finance leases	–1,249	–818
Net cash flows used in financing activities	**–9,044**	**–2,506**
Net increase/decrease in cash and cash equivalents	**–489**	**–60**
Net foreign exchange difference	**–74**	**–83**
Cash and cash equivalents at 1 January	**5,927**	**1,570**
Cash and cash equivalents at 30 June	**5,365**	**–1,427**

Rounded-off to €k, rounding differences are possible. See notes for further explanations. The notes to the consolidated statements form an integral part of the consolidated financial statements for the first six months of fiscal year 2008.

Statement of Recognized Income and Expense

in €k	30 June 2008	30 June 2007
Changes in the fair value of financial instruments used for hedging purposes recognized under equity	121	277
Adjustment item for the currency translation of foreign subsidiaries and currency changes	–623	–112
Exchange differences on net investments in subsidiaries	–450	–156
Actuarial gains/losses from defined benefit obligations and similar obligations	487	0
Deferred taxes on changes in value taken directly to equity	–37	–31
Valuation gains/losses recognized directly in equity	**–502**	**–22**
Result after taxes	**7,358**	**3,998**
Total income and expense and valuation gains/losses recognized directly in equity	**6,856**	**3,976**

Rounded-off to €k, rounding differences are possible. See notes for further explanations. The notes to the consolidated statements form an integral part of the consolidated financial statements for the first six months of fiscal year 2008.

Notes to the Condensed Interim Consolidated Financial Statements of WashTec AG (IFRSs) for the Period from 1 January to 30 June 2008

Statement of Changes in Consolidated Equity

in € k	Subscribed capital	Capital reserve	Treasury shares	Other reserves	Exchange effects	Loss carried forward	Total
As of 1 January 2007	**40,000**	**44,338**	**0**	**–395**	**519**	**–22,734**	**61,728**
Cost of capital increase							0
Capital increase							0
Income and expenses recognized directly in equity				277	–267		10
Taxes on transactions recognized directly in equity				–31			–31
Consolidated profit for the period						3,998	3,998
As of 30 June 2007	**40,000**	**44,338**	**0**	**–149**	**252**	**–18,737**	**65,704**
As of 1 January 2008	**40,000**	**44,618**	**–604**	**–797**	**–374**	**–10,159**	**72,684**
Income and expenses recognized directly in equity				158	–623		–465
Taxes on transactions recognized directly in equity				–37			–37
Share-based payment		441					441
Share buy-back			–2,029				–2,029
Consolidated profit for the period						7,358	7,358
As of 30 June 2008	**40,000**	**45,059**	**–2,633**	**–676**	**–997**	**–2,801**	**77,952**

Rounded-off to €k, rounding differences are possible. See notes for further explanations. The notes to the consolidated statements form an integral part of the consolidated financial statements for the first six months of fiscal year 2008.

General Comments

1. Company information

The condensed interim consolidated financial statements for the period from 1 January to 30 June 2008 are to be authorized for issue by the board of directors after the supervisory board meeting on 29 July 2008.

The ultimate parent company of the WashTec group is WashTec AG and is entered in the commercial register of Augsburg under HRB 81.

The company's headquarters are at Argonstrasse 7 in 86153 Augsburg, Germany.

The company's shares are traded publicly.

The consolidated financial statements will be presented in Euros unless otherwise indicated. Amounts will be rounded to whole Euros or presented in thousand €.

As the ultimate parent company, WashTec directs the acquisition, holding, and sale of shares to other entities and takes over the function of a holding company in the WashTec group.

The WashTec group's business activities also comprises the development, production, sale, and service of vehicle washing products, as well as leasing and associated services and financial solutions for the operation of vehicle washing facilities.

2. Accounting Policies

Basics of Preparation

The condensed interim consolidated financial statements for the period from 1 January to 30 June 2008 were prepared in accordance with IAS 34 »Interim reporting«.

The condensed interim consolidated financial statements do not contain all disclosures and explanations required for the annual financial statements and should be read in conjunction with the consolidated financial statements as of 31 December 2007.

Significant Accounting Policies

The accounting policies used to prepare the condensed interim consolidated financial statements correspond to the methods used to prepare the consolidated financial statements for the fiscal year as of 31 December 2007, with the exception of the tax assessment. For interim financial reports, the tax assessment multiplies the earnings by the expected annual tax rate.

In order to improve transparency, an additional breakdown of tax demands and non-current liabilities was added to the balance sheet and the presentation of the paid taxes in the cash flow statement was changed. Non-current tax demands amounting to €354k from other current assets as of 31 December 2007 and non-current liabilities amounting to €1,349k from other current liabilities as of 31 December 2007 were broken down.

The following new standards, additions to standards, or interpretations are compulsory for the fiscal years beginning on 1 January 2008. As presented in the consolidated financial statements as of 31 December 2007, these are either irrelevant to the consolidated financial statement or have no significant effect:

IFRIC 11 – IFRS 2 businesses with own shares and shares from allied companies
IFRIC 12 – Service Concession Arrangements
IFRIC 14 – IAS 19 Requirements and their interaction

Furthermore, the IASB and IFRIC have passed the following additional standards and interpretations, which are not yet mandatory for the 2008 fiscal year or have not yet been recognised by the EU. WashTec will not implement these standards prematurely as of 30 June 2008.

IAS 1 – Presentation of Financial Statements
The IASB published a revised version of the IAS 1 Presentation of the Financial Statements on 6 September 2007, which is compulsory for the first time for reporting periods that begin on or after 1 January 2009. The new version of the standard stipulates modifications for the components of the financial statements that will be used in all future standards, but are not compulsory for the companies in their financial statements. The modification of the standard is currently not relevant to WashTec.

IFRS 1 – First use of IFRS in connection with IAS 27 group- and separate individual financial statements as per IFRS
The following modifications of the IFRS 1 and IAS 27 will prospectively be used for fiscal years beginning on 1 January 2009. The modification in IFRS 1, first use of the IFRS, specifies that a company may optionally add the investment carrying amount of subsidiaries, jointly managed companies, or associated companies to the IFRS opening balance sheet of its individual financial statement, along with the fair value of the shares at the time of the transfer to IFRS. The modification of the standard is not relevant to the WashTec group.

IAS 27, group- and separate individual financial statements as per IFRS governs the elimination of the acquisition costs method. Dividends from subsidiaries, jointly managed companies, and associated companies are to be recorded in the parent company's individual financial statement in the future if they affect net income. In addition, the accounting regulations for a reorganisation of the group structure will be changed. The implementation is not expected to have any effects on the assets, finances, or earnings of the WashTec group in the 2009 fiscal year.

IFRS 8 – Operating segments
IFRS 8 – Operating segments was published in November 2009 and will be used for the first time in the fiscal years beginning on or after 1 January 2009. In accordance with IFRS 8, companies must disclose the segment information on the basis of information reviewed by the company's chief decision maker. According to the group's assessment, the operating segments as per IFRS 8 correspond to the business segments identified in IAS 14. As the standard affects the duty to disclose, there will be no effect on the assets, finances, or earnings of the group in the 2009 fiscal year due to its use.

IAS 23 – Borrowing costs
The revised standard IAS 23 – Borrowing costs was published in March 2007 and will be used for the first time for fiscal years beginning on or after 1 January 2009. The standard requires capitalization of borrowing costs that can be assigned to a qualified asset. A qualified asset is an asset that requires a considerable amount of time to bring to its intended use- or sales-appropriate condition. The WashTec group will prospectively use this in accordance with the temporary provisions of the standard. The use in the 2009 fiscal year is expected to have no effects on the assets, finances, and earnings of the WashTec group.

IFRS 2 – Share-based remuneration
IFRS 2 share-based remuneration (amendment) will be used in fiscal years beginning on or after 1 January 2008. The modified version defines the term vesting conditions more precisely and regulates the cancellation of share-based remuneration by persons other than the company. The addition contains a clarification of the definition of vesting conditions and the treatment of annulments of concluded stock option agreements. The use in the 2009 fiscal year is expected to have no effects on the assets, finances, and earnings of the WashTec group.

IFRS 3 – Mergers
IFRS 3 mergers (amendment) – will be used for the fiscal years beginning on or after 1 July 2009 for which the acquisition date of the merger falls on or after 1 July 2009. The standards IAS 27 – consolidated and separate financial statements, IAS 28 – shares in associated companies, IAS 31 – financial accounting for shares in joint ventures were also changed along with IFRS 3. The modification of this standard is currently not relevant to the WashTec group.

IAS 32 – Financial instruments together with IAS 1 Presentation of the Financial Report
On 14 February 2008, the International Accounting Standards Board modified IAS 32 – financial instruments and IAS 1- Presentation of the Financial Statements in the balance sheet in regards to the classification of cancellable financial instruments and liabilities that are simply being liquidated. As a result of the modifications, several financial instruments that currently meet the definition of a financial liability are being classified as equity because they represent the lowest-ranking claim to the company's net assets. The modifications go into effect for fiscal years beginning on or after 1 January 2009. The modification of this standard is currently not relevant to the WashTec group.

IFRIC – 13 Customer loyalty programmes
The IFRIC Interpretation 13 was published in June 2007 and will be used for the first times in fiscal years beginning on or after 1 July 2008. According to this interpretation, benefits guaranteed to customers (premiums) will be accounted as their own revenue separately from the transaction in which they were guaranteed. Therefore, part of the fair value of the return service received will be assigned to the guaranteed benefits (premiums) and limited on the liabilities side. The revenue recognition will take place in the period in which the guaranteed benefits (premiums) were exercised or will expire. The modification of this standard is currently not relevant to the WashTec group.

3. Cash and cash equivalents

For the purposes of the condensed consolidated cash flow statement, cash and cash equivalents are represented as follows:

in €k	30 June 2008	30 June 2007
Bank balances and cash on hand	5,452	4,966
Bank overdrafts	–87	–3,539
Cash and cash equivalents	**5,365**	**1,427**

4. Income taxes

In order to determine the income tax expense for interim financial statements, the earnings before taxes is multiplied by the expected group tax rate for the year 2008. The significant components of the income tax expenses declared in the condensed consolidated income statement are as follows:

in €k	Jan–June 2008	Jan–June 2007
Deferred tax expense	–2,098	–1,703
Actual tax expense	–1,192	–874
Income taxes	**–3,290**	**–2,577**

5. Company merger

With a contract dated 7 May 2008, the group acquired AUWA-Chemie GmbH & Co. KG. The takeover is effective as of 1 May 2008.

AUWA-Chemie is a medium-sized manufacturer of car wash chemicals with its headquarters in Augsburg. AUWA-Chemie offers a complete product portfolio of car wash chemicals specialized for vehicle washing facilities and is an established manufacturer in the medium-sized market for car wash chemicals in Europe with the »auwa« trademark. With its own sales network in Germany and independent sales partners across Europe, AUWA-Chemie generates revenues of around 5 million € per year with sustainable positive earnings.

A sum of €3.8m, cash and debt free, was agreed upon as the sales price. In addition, the sales contract contains an adjustment because of the modification for working capital and a holdback for the seller.

Acquisition costs of €216k were incurred in connection with the acquisition for due diligence and other transaction costs. Due diligence inspections were carried out for all significant areas, including legal, environmental, and commercial risks.

The following table displays the carrying amounts and fair values of the assets and liabilities taken over for the cut-off date of 1 May 2008:

AUWA-Chemie GmbH & Co. KG in €k	fair value	Carrying amount
Cash and cash equivalents	35	35
Current receivables	536	547
Inventories	676	688
Property, plant and equipment	603	510
Current liabilities	–1,250	–1,155
Equity	**600**	**625**

The preliminary goodwill of €3.3m includes the additional goodwill of the expected synergies.

The group earnings as of 30 June 2008 include earnings of €14k as well as revenues of €1,076k. If the merger had taken place at the beginning of the year, the revenues would have amounted to approx. €3.0m and the earning after taxes to €0.1m.

6. Segment Reporting

The group defines the following business segments:

The **Cleaning Technology segment** includes the development, construction, production, sales, and service of automatic wash systems for cars and commercial vehicles.

The **Systems Business segment** offers system solutions for the operation of vehicle wash systems. The equipment produced are sold to a leasing company and then leased back in order to finally lease them to customers, which are mainly large operating groups or oil companies. Generally, these contracts have terms of five to ten years.

The **Systems Business** is consolidated in WesuRent Car Wash Marketing GmbH, Augsburg. All other companies are assigned to the Cleaning Technology segment.

Business segments

The following tables contain information on earnings and profit of the group's business segments for the period from 1 January to 30 June 2008 or 2007:

in €k	Cleaning Technology		Systems business		Consolidation		Group	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenues	138,250	128,120	2,032	1,764	–661	–559	139,621	129,325
with third parties	137,589	127,561	2,032	1,764	0	0	139,621	129,325
with other segments	661	559	0	0	0	0	0	0
other income	2,555	2,136	21	1	0	0	2,577	2,137
EBIT	**11,964**	**8,433**	**301**	**122**	**–50**	**0**	**12,215**	**8,555**
Income from interest and financial assets	636	432	0	0	0	0	636	432
Interest and similar expense	–2,052	–2,292	–151	–120	0	0	–2,203	–2,412
Result from ordinary activities	**10,548**	**6,573**	**150**	**2**	**–50**	**0**	**10,648**	**6,575**
Income taxes	–3,290	–2,577	0	0	0	0	–3,290	–2,577
Consolidated net profit	**7,258**	**3,996**	**150**	**2**	**–50**	**0**	**7,358**	**3,998**

7. Property, Plant and Equipment

In the first half-year of 2008, non-current assets amounting to €2,287k (previous year €2,242k) were acquired, not including acquisitions from mergers and finance leases.

8. Non-current assets held for sale

On 19 October 2006, a sales contract was concluded with conveyance of property for properties and buildings in Argonstrasse in Augsburg, Germany. The contract included condition precedents that were not yet met at the end of the 2007 fiscal year. Therefore, a separate disclosure was entered into the balance sheet in accordance with IFRS 5 regarding non-current assets held for sale. The conditions of the sales contract were gradually met in the first half-year of 2008. The sales price stipulated in the contract was €1,650k. Taking into account related transaction costs from the sale, a profit of €515k was generated and declared under other operating income.

9. Subscribed Capital

The subscribed capital of €40m is divided into 15,200,000 shares and is fully paid in. The average weighted number of shares in circulation was 15,043,991 shares as of 30 June 2008 (31 December 2007: 15,191,939 shares).

in thousands	30 June 2008	31 Dec 2007
Ordinary shares	15,200	15,200
thereof shares in circulation on the cut-off date	14,947	15,153

	30 June 2008	31 Dec 2007
Number of shares in thousands	15,200	15,200
Nominal value in € per share	2.63	2.63
Number of shares bought back in thousands	253	47
Average nominal value in € per bought back share	2.63	2.63

10. Treasury shares

	30 June 2008	31 Dec 2007
Value of treasury shares in €k	2,633	604
Number of treasury shares in thousands	253	47

In execution of the resolution passed by the annual general meeting on 8 May 2008, the board of directors agreed with the consent of the supervisory board to continue the buy-back of treasury shares. In the period until 7 November 2009, the company plans to acquire up to 800,000 treasury shares (this corresponds to approx. 5.3% of the company's share capital) via the stock exchange.

11. Interest-bearing loans

In June 2008, the existing syndicate loans were reduced to €4,399k. The reduction of the loan occurred through the planned half-year repayment as well as an unscheduled repayment.

12. Contingent liabilities and other financial obligations

Contingent liabilities and other financial obligations remain largely unchanged in comparison to 31 December 2007.

13. Financial instruments

WashTec holds the same financial instruments on 30 June 2008 as at the end of 2007. Their carrying amounts or fair values are as follows:

in €k	Carrying amount 30 June 2008	Fair value 30 June 2008	Carrying amount 31 Dec 2007	Fair value 31 Dec 2007
Financial assets				
Cash and cash equivalents	5.452	5.452	6.028	6.028
Trade receivables	34.932	34.932	42.535	42.535
Derivates	2.525	2.525	1.953	1.953
Financial liabilities				
Bank overdrafts	87	87	101	101
Liabilities from finance leases	6.902	6.902	7.988	7.988
Trade Payables	10.805	10.805	12.605	12.605
Loans with variable interest rates	47.431	47.431	51.946	51.946

Management Compliance Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the condensed interim consolidated financial statements give a true and fair view of the net assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair view of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Augsburg, 29 July 2008

Thorsten Krüger
Spokesman of the
management board

Christian Bernert
Member of the
management board

Review Report

To WashTec AG
We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, income statement, cash flow statement, statement of recognised income and expense and selected explanatory notes – and the interim management report of WashTec AG, Augsburg, for the period from 1 January to 30 June 2008 which are part of the half-year financial report pursuant to § (Article) 37w WpHG (»Wertpapierhandelsgesetz«: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim management report in accordance with the provisions of the German Securities Trading Act applicable to interim management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim manage-ment reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim management reports.
Munich, 29 July 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Franz Wagner
Wirtschaftsprüfer
(German Public Auditor)

Petra Justenhoven
Wirtschaftsprüferin
(German Public Auditor)

Financial Calendar

Automechanika	16 to 21 September 2008
German Investment Conference	23 September 2008
9-month report	November 2008
Analysts conference/ Equity Forum	10 November 2008, 12.45 pm
Annual Report 2008	31 March 2009

Contact

WashTec AG
Karoline Kalb
Argonstrasse 7
86153 Augsburg
Germany
Telephone +49 821 5584-0
Fax +49 821 5584-1135
www.washtec.de
washtec@washtec.de

WashTec