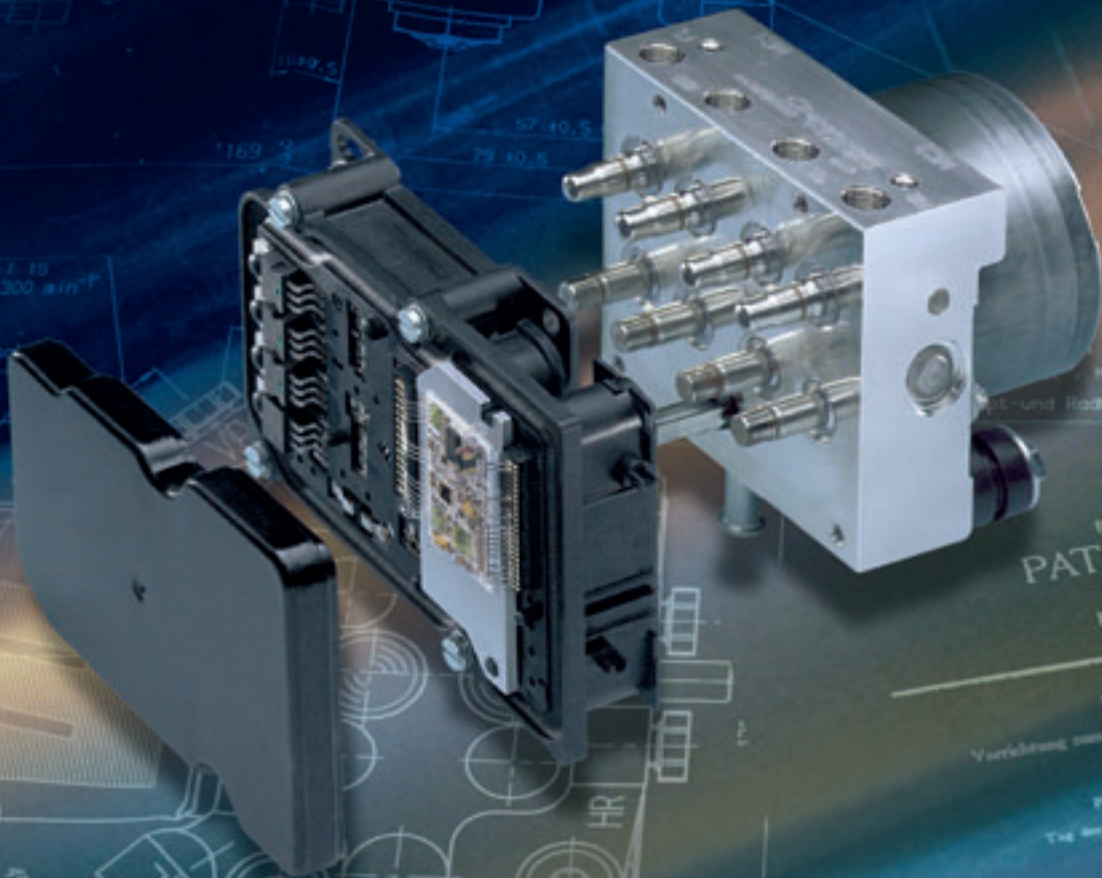
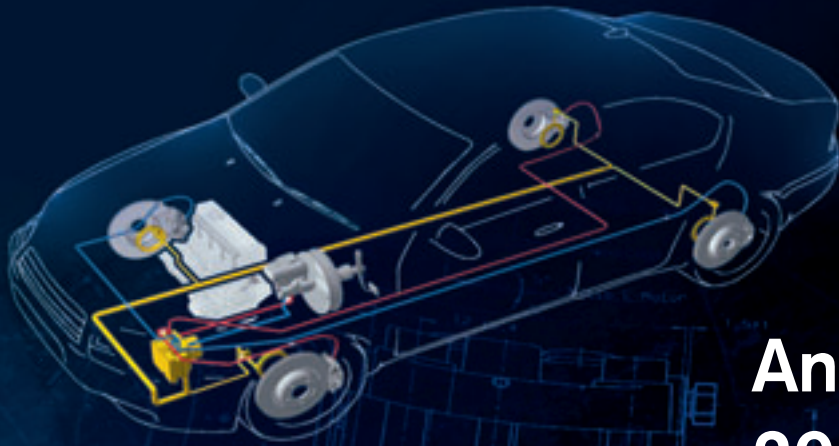


BOSCH

Annual Report 2003



REICHSPATENTAMT
PATENTSCHRIFT
Nr 671 925
KLASSE 63c GRUPPE 53m
W 99472 11/03

Robert Bosch G. m. b. H. in Stuttgart
Vorrichtung zum Verlöten des Feuerwerks der Räder
Patentiert im Deutschen Reich am 11. September
1903 als Schutzmarke über die Erfindung des Patents

Die Erfindung betrifft eine Vorrichtung zum Verlöten des Feuerwerks der Räder
von Fahrzeugen. Es ist bekannt, es können
durch ein elektrisches, dessen Elektroden
sind in einem, während die Erfindung der Räder
Abh. 1
ist ein
von der
Zähl
werden
wegen
Es

◀ *Front-page illustration:*

Just three letters, but they represent one of our great success stories: ABS. Although our first patent for an antilock braking system goes back as far as 1936, it would still be a long way until mass production. As the first company in the world to do so, we introduced a mass-producible system in 1978, comprising a hydraulic module with integrated servo valves and an electronic control unit. Shown separately in the photo are the hydraulic stage, the electronics stage, and the end cover before final assembly to form a block. In the meantime it has become

virtually standard equipment in new vehicles in Western Europe. We alone, as pioneers of this safety system, have delivered more than 100 million units. The current eighth generation is of modular design. As a result, we can manufacture not only the ABS, but also the complementary traction control system (TCS), electronic stability program (ESP), and the electrohydraulic braking system on a common basis. In the next few years we will expand the brake control systems with additional functions, thereby further increasing vehicle safety and comfort.

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Key Data

(million euros)

Bosch Group Worldwide	2003¹	2002
Sales	36,357	34,977
percentage change from previous year	+ 3.9	+ 2.8
Foreign sales		
as a percentage of sales	71	72
Research and development expenditures	2,650	2,487
as a percentage of sales	7.3	7.1
Investments in tangible fixed assets	2,028	2,006
as a percentage of depreciation	118	108
Number of associates		
average for the year	229,439	225,897
as of January 1, 2004/2003	231,600	224,341
Total assets	31,995	27,475
Equity capital	11,760	8,885
as a percentage of total assets	37	32
Net income for the year	1,100	650
Unappropriated earnings (Dividends of Robert Bosch GmbH)	60	60

¹ Including valuation changes due to tax-basis eliminations (deletion of Section 308, Paragraph 3 of the Commercial Code) and the expanded recognition of deferred taxes in the consolidated financial statements in accordance with DRS (German Accounting Standard) 10.

Introduction



Ladies and gentlemen,

During the past business year we were concerned with basic questions which, in the future, are certain to become even more important. How can we succeed in permanently securing the positive developments of our company in the face of increasingly severe global competition? How can most of the jobs at our high-wage locations, particularly in Europe, be retained? And what role can our corporate values play in coping with these challenges?

All long-term forecasts presume the largest growth markets for our company in the coming ten years will be in Asia and the Americas. Since in these regions we have already achieved a good starting position near to our rapidly expanding customers, this means we have good chances there. At the same time, the global competitive pressure generated from these regions is increasing considerably, and it is precisely in these Asian threshold countries that more and more high-performance competitors are profiting from the low wages there and encroaching on our customary markets. There are therefore two reasons for our continuing to expand our manufacturing capacities in these regions: supporting growth and reducing costs.

Our corporate values are a good guideline for mastering these challenges, since they include not only future and result focus, but also responsibility and fairness. Our most difficult task will be to take full advantage of our global market chances while at the same time securing as many jobs as possible at our existing locations. In order to achieve this, we will in future continue to apply our innovative strengths in further expanding and consolidating our leading position in many sectors. At the same time, though, we must remain competitive with respect to our costs. This is the reason for our going to great efforts to continuously improve our processes in all areas, and to even more intensively utilize our resources at all our locations. We must also find a solution for reducing the hourly personnel costs at our most expensive locations, particularly in Germany.

We shall continue to meet these challenges from our own resources. Without adequate profits, though, this is impossible. We improved in this respect in 2003, and in 2004 intend to make further progress. Everybody in the company has contributed to this improvement, particularly our associates, and I would like to thank them all. I also want to express my appreciation to our customers and suppliers for their cooperation, and to thank our shareholders for their trust and support.

With best regards,

Franz Teubach

Board of Management

Franz Fehrenbach
Chairman
(as from July 1, 2003)

- Corporate Planning and Communication; Senior Executives (LD); Real Estate and Facilities

Hermann Scholl
Chairman
(until June 30, 2003)

- Corporate Planning; Coordination Automotive Technology; Executive Personnel

Siegfried Dais
Deputy Chairman
(as from January 1, 2004)

- Research and Development, Advance Engineering; Technology Coordination; Information Technology
- Car Multimedia; Bosch Rexroth

Tilman Todenhöfer
Deputy Chairman
(until December 31, 2003)

- Human Resources and Social Welfare; Legal Affairs and Taxes; Public Relations

Bernd Bohr

- Chairman of the Automotive Technology Business Sector; Quality
- Gasoline Systems; Diesel Systems
- India

Wolfgang Chur

- Sales Coordination Automotive Technology; Trade Sales Organization; Licensing, Patents and Trademarks
- Automotive Aftermarket; Bosch und Siemens Hausgeräte
- United Kingdom; Austria; Central and Eastern Europe

Rudolf Colm
(as from January 1, 2004)

- Purchasing and Logistics; Insurance
- Asia Pacific; Italy

Wolfgang Drees

- Environmental Protection
- Chassis Systems; Power Tools
- France; Spain

Gerhard Kümmel

- Finance and Financial Statements; Planning and Controlling; Internal Accounting and Organization
- Thermotechnology; Metals Technology

Kurt Liedtke

- Security Systems
- North America; South America

Wolfgang Malchow
(as from January 1, 2004)

- Human Resources and Social Welfare; Legal Affairs and Taxes; Internal Auditing
- Broadband Networks; Packaging Technology

Peter Marks

- Manufacturing Coordination and Investment Planning
- Energy and Body Systems; Automotive Electronics; ZF Steering Systems

Gotthard Romberg
(until December 31, 2003)

- Sales Organization (Trade)
- Power Tools; Thermotechnology
- China

- Corporate Responsibilities
- Divisions
- Regional Responsibilities



From left to right:
Wolfgang Malchow, Rudolf Colm, Wolfgang Drees, Bernd Bohr, Kurt Liedtke,
Franz Fehrenbach, Peter Marks, Siegfried Dais, Wolfgang Chur, Gerhard Kümmel

Supervisory Council

Dr.-Ing. Hermann Scholl,
Stuttgart,
Chairman
(as from July 1, 2003),
former Chairman of the
Board of Management
of Robert Bosch GmbH

Dr.-Ing. Wolfgang Eychmüller,
Ulm/Donau,
Chairman
(until June 30, 2003),
Chairman of the Supervisory
Council of Wieland-Werke AG

Walter Bauer, Kohlberg,
Deputy Chairman,
Chairman of the Shop Coun-
cil of the Reutlingen Plant and
Chairman of the Joint Shop
Council as well as of the
Combined Shop Council of
Robert Bosch GmbH

Dr. jur. Peter Adolff, Stuttgart,
former Member of the Board
of Management of Allianz
Versicherungs-Aktiengesell-
schaft

Dr. h.c. Bo Erik Berggren,
Stockholm, former Chairman
of the Board of Directors and
Chief Executive Officer of The
Stora Kopparberget Corp.

Henning Blum, Hildesheim,
Chairman of the Shop
Council of the Hildesheim
Plant and Member of the
Joint Shop Council of
Robert Bosch GmbH

Dr. jur. Ulrich Cartellieri,
Frankfurt, Member of the
Supervisory Council of
Deutsche Bank AG

Ruth Fischer-Pusch,
Stuttgart
(until March 21, 2003),
District Branch Office
Baden-Württemberg,
IG Metall (German
Metalworkers' Union)

Dr.-Ing. Heiner Gutberlet,
Fellbach-Oeffingen,
Chairman of the Board of
Trustees of Robert Bosch
Stiftung GmbH

Dr.-Ing. Rainer Hahn,
Stuttgart, former Member of
the Board of Management of
Robert Bosch GmbH

Berthold Huber, Stuttgart
(as from March 21, 2003),
Vice President, IG Metall

Dieter Klein, Wolfersheim,
Chairman of the Shop
Council of the Homburg
Plant and Member of the
Joint Shop Council of
Robert Bosch GmbH

Dieter Krause, Hildesheim
(until March 21, 2003),
Chairman of the Shop
Council of Blaupunkt GmbH
and Member of the Combined
Shop Council

Matthias Georg Madelung,
Munich, Member of the
Board of Trustees of Robert
Bosch Stiftung GmbH

Werner Neuffer, Stuttgart
(as from March 21, 2003),
Chairman of the Shop
Council of the Feuerbach
Plant and Deputy Chairman
of the Joint Shop Council
as well as of the Combined
Shop Council of Robert
Bosch GmbH

Wolfgang Ries, Lohr
(as from March 21, 2003),
Chairman of the Shop
Council of Rexroth Indramat
GmbH and Chairman of the
Joint Shop Council of Bosch
Rexroth AG as well as
Member of the Combined
Shop Council of Robert
Bosch GmbH

Urs B. Rinderknecht, Zurich,
Chief Executive of UBS AG

Wolf Jürgen Röder, Tübingen,
Member of the Executive
Board, IG Metall

Gerhard Sautter,
Erdmannhausen
(until March 21, 2003),
Chairman of Main Election
Management for the
Supervisory Council Election

Hans Peter Stihl, Remseck,
General Partner of
STIHL Holding AG & Co. KG

Tilman Todenhöfer, Stuttgart
(as from January 1, 2004),
former Deputy Chairman of
the Board of Management of
Robert Bosch GmbH

Jürgen Ulber, Frankfurt,
Political Secretary at HQ,
IG Metall

Jörg Vial, Nehren,
Vice President, Corporate
Purchasing, Projects and
Methods and Chairman of
the Joint Speaker Group of
Robert Bosch GmbH
and of the Group Speaker
Committee

Hans Wolff, Bamberg,
Chairman of the Shop
Council of the Bamberg
Plant and Member of the
Joint Shop Council of
Robert Bosch GmbH

Hubert Zimmerer, Stuttgart
(until December 31, 2003),
former Member of the Board
of Management of
Robert Bosch GmbH

Supervisory Council Report



In regular meetings, the Supervisory Council kept itself informed about the progress of business and the company's situation. Business developments, financial situation, and investment plans, as well as new technical developments, were presented and discussed in detail. Reporting and discussion included all important companies of the Bosch Group. Written monthly reports brought the Supervisory Council up to date on current developments. Special events were covered in circulars. In addition, the Chairman of the Supervisory Council was kept current by the Board of Management about important developments and upcoming decisions.

PwC Deutsche Revision Aktiengesellschaft audited the financial statements of Robert Bosch GmbH and the consolidated financial statements as per December 31, 2003, as well as the condensed management report. The auditors in all cases gave their unqualified opinion. The Supervisory Council concurs with the audit findings, without objections. We approve, and recommend that the shareholders approve, the financial statements of Robert Bosch GmbH and the consolidated financial statements. We also recommend that the shareholders follow the proposal of the Board of Management for the disposition of net income.

The five-year elective term of the Supervisory Council ended March 21, 2003. The newly-constituted Supervisory Council effective the same day no longer includes Ruth Fischer-Pusch and Gerhard Sautter. The long-time Chairman of the Supervisory Council, Dr. Wolfgang Eychmüller, left the Council on which he had served for 25 years, as of the close of business on June 30, 2003. Hubert Zimmerer retired from his Board membership as of December 31, 2003. The Supervisory Council expresses its thanks to these former members for their constructive and loyal collaboration.

At the close of business on June 30, 2003, Dr. Hermann Scholl left the Board of Management. He was called to membership in the Supervisory Council and elected its Chairman effective July 1, 2003. Franz Fehrenbach was appointed successor to Dr. Hermann Scholl as Chairman of the Board of Management effective July 1, 2003. Tilman Todenhöfer, Deputy Chairman of the Board of Management, left the Board as of December 31, 2003, and became a member of the Supervisory Council on January 1, 2004. Dr. Wolfgang Malchow was appointed by the Supervisory Council to succeed him as director of industrial relations and as member of the Board of Management effective January 1, 2004. Dr. Siegfried Dais took over the Deputy Chairmanship of the Board of Management on January 1, 2004.

Effective July 1, 2003, Wolfgang Drees, Gerhard Kümmel and Peter Marks, who had been deputy members of the Board of Management, were appointed regular members. Having reached retirement age, Gotthard Romberg left the Board on December 31, 2003. The Supervisory Council named Dr. Rudolf Colm as a new member of the Board of Management effective January 1, 2004.

Stuttgart, March 2004
For the Supervisory Council
Dr. Hermann Scholl
Chairman

Management Report

The Bosch Group experienced a generally satisfactory development during 2003 and achieved a good starting point for the upcoming years. This does not become immediately clear because of the strong revaluation of the euro. Leaving out the currency fluctuations, we achieved considerable growth in sales, especially outside Europe. We also improved our net income. Without the effect of acquisitions, we made progress in sales and income especially in automotive technology. Although we did meet our overall targets in industrial technology and in the Consumer Goods and Building Technology Business Sector, the development in individual areas differed considerably. Based on the improved economic outlook worldwide, we expect stronger growth and positive impulses in 2004 for both employment and income.

A start in a difficult environment

The business environment in 2003 was again generally unfavorable. The first half of the year was overshadowed by the Iraq conflict. Although the worldwide economic climate improved during the second half of the year, our large European markets did not benefit from this trend. The German economy stagnated for the third year in a row. In addition, the euro gained some 20% in value against the dollar-based currencies, placing a burden on the competitiveness of European industry. Worldwide automobile production in 2003 increased by 2% to nearly 60 million vehicles, but only because of growth in the Asian countries. In our most important markets in North America and Europe there was no growth in total. The competition for market shares in all areas of business continued to become more aggressive. As a result, price pressures increased for nearly all products.

Currency exchange development and acquisition of Buderus affect sales

Against this background we achieved in 2003 a sales volume of 36.4 billion euros, or about 4% more than the previous year. The increase was largely due to the acquisition of Buderus AG, which was consolidated starting the middle of the year. Ignoring the changes in our group of subsidiaries, our sales increased by about 1% only. This weak growth, however, was essentially the result of the strong increase in the value of the euro, which especially reduced our dollar-based sales upon translation into euro. Without the influences due to consolidation and currency exchange differences, our sales increased by about 7%.



▲ We want to continue offering our customers the important emission-related diesel-engine systems and components. We have thus decided to start production of diesel-particle filters. Mass production is planned for 2005.

The largest internal contribution to sales growth came from the Automotive Technology Business Sector, which grew a solid 8% free of currency-exchange effects; this, however, shrank to about 2% after these effects. In this, our largest business sector, we achieved sales in 2003 of 23.6 billion euros and thus solidified our position as the second largest supplier to the automobile industry worldwide. Especially the high rates of inclusion as original equipment of our electronic stability program (ESP) and the continued growth in demand for diesel-injection technology contributed to our considerable growth in sales. The diesel area, with sales of about 7 billion euro, is our largest business.

Our Industrial Technology Business Sector achieved total sales in 2003 of 4.3 billion euros. The increase of approximately 9% in comparison to the previous year is almost exclusively the result of including the castings and special steel businesses of Buderus AG. Without these acquisitions, sales would have stagnated. After eliminating currency exchange effects, sales would have increased by around 6%.

The largest business of Buderus AG, heating technology, was integrated into our Consumer Goods and Building Technology Business Sector, which, as a result, achieved total sales of 8.5 billion euros and a growth rate of some 10%. Without consolidation effects, sales were nearly 3.5% below the previous year's level; after eliminating currency exchange effects, 3% higher. Business in the various areas differed greatly. The power tools business was the weakest, while household appliance sales stagnated. Both areas had to cope not only with depressed consumer goods markets but also increasingly with aggressive pricing by suppliers from the Far East. In contrast, the trend in thermotechnology was positive. This applied both to the previous Bosch Thermotechnology Division as well as the newly acquired Buderus AG.

Acquisition of Buderus strengthens our position in thermotechnology

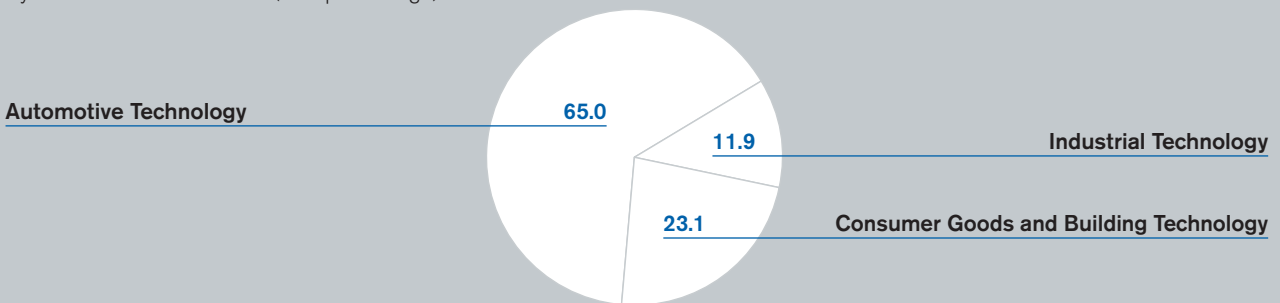
The successful acquisition of Buderus AG was one of the most important events for us in the year 2003. This raises the share of the Consumer Goods and Building Technology Business Sector to 23 % of total sales. The acquisition is part of our strategy to expand our position outside the automotive technology sector. The acquisition made us number one in the thermotechnology business in Europe. It also enables us to be an all-round supplier in this market. New marketing channels have opened up and opportunities arisen to service existing markets better and to penetrate new ones. We intend to carry the same brands in the future.

Net income improved overall ...

Despite the generally difficult environment we were able to improve the Bosch Group net income in 2003. Income from ordinary business activities rose by 29% to 1.8 billion euros and net income for the year from 650 million euros to 1.1 billion euros. The strong euro had little influence on our profit, as our currency exposure is to a large extent equalized by balancing sales, material purchases, and production worldwide. Any remaining open currency position is largely hedged.

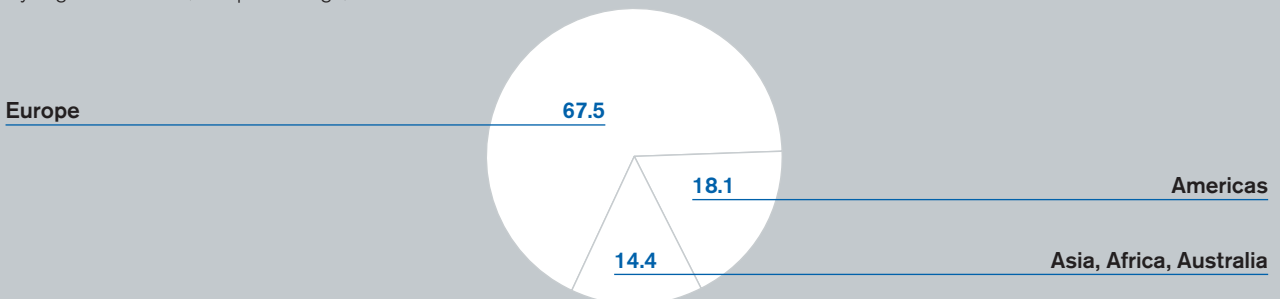
Breakdown of sales of the Bosch Group Worldwide

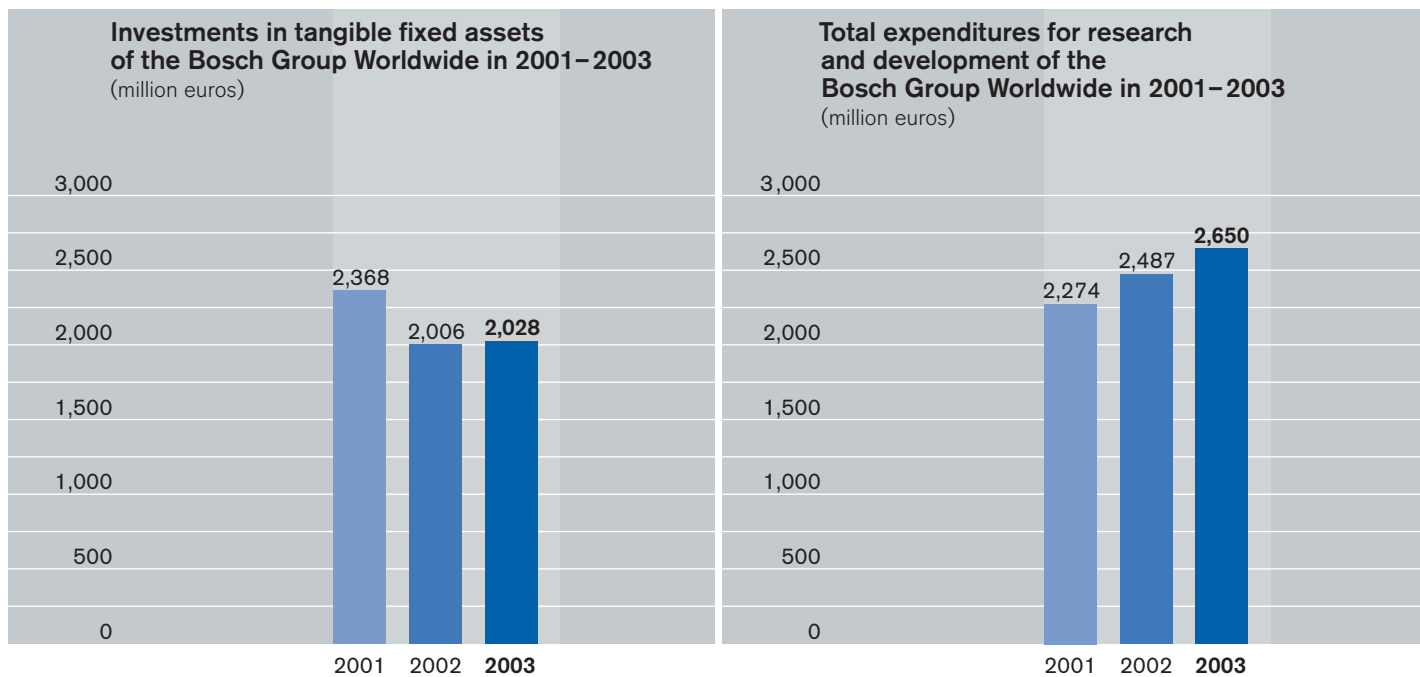
By business sector in 2003 (as a percentage)



Breakdown of sales of the Bosch Group Worldwide

By region in 2003 (as a percentage)





With a return on sales of 5% before taxes we are, however, still clearly short of our target of at least 7%. Given the massive demands of major automobile manufacturers in the United States and Europe for further price concessions, we have, without a doubt, set our sights high. However, we consider our target ROS before taxes necessary in order to retain our technical lead position in many areas and to take advantage of worldwide growth opportunities, for instance in Asia. In addition, we want to expand our Industrial Technology and Consumer Goods and Building Technology Business Sectors significantly in order to achieve better balance among our activities. We intend to earn the financial means necessary for further growth on our own.

... but in different ways across business sectors

The improvement in net income came primarily from the Automotive Technology Business Sector, which had shown disproportionately low results in previous years. The sector was able to reach an operating result for 2003 of 1.3 billion euros. With many of our new products, we benefited from our high investments in previous years. We also made further progress in optimizing our structures and processes.

The 221 million euros loss shown by the Industrial Technology Business Sector was caused by the amortization of goodwill incurred by acquisitions in years before. Without these charges, however, the sector achieved its targets. At Bosch Rexroth the industrial and mobile hydraulics product lines were especially successful. In contrast, the packaging technology division suffered from the weakness in investment goods markets.

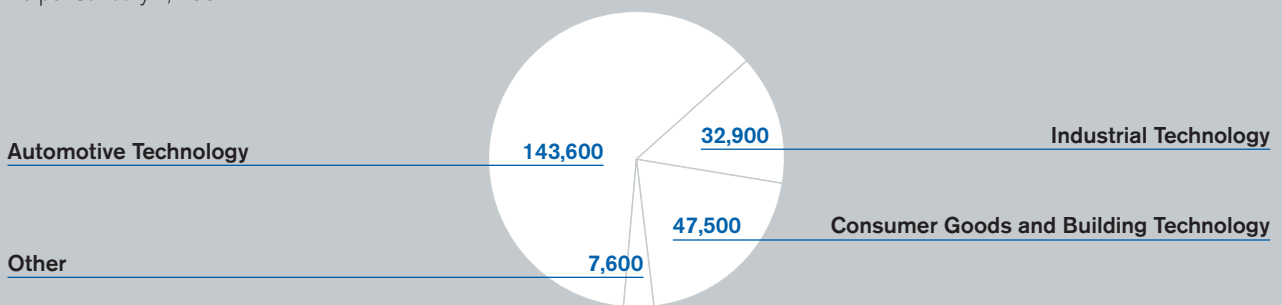
Income in the Consumer Goods and Building Technology Business Sector was generally still satisfactory at 478 million euros. While the thermotechnology business was good, our power tools were faced with strong challenges by suppliers from low-wage countries. As a consequence, we are moving more production of power tools to Hungary and China. Apart from this, we are making efforts to lower costs at our high-wage locations. We are also encountering this new competitive situation in the household appliances business, even though this sector was able to increase its operating result in 2003.

Sufficient financial latitude for further growth

We have successfully coped with the purchase of the Buderus shares, for which we paid nearly 1.8 billion euros, and continue to have a solid financial structure. This is shown not only by our equity ratio of 37%, but also by our pension liabilities, which are well secured by large securities holdings. Furthermore, notwithstanding our acquisition of Buderus AG, we were able to reduce our liabilities from financing.

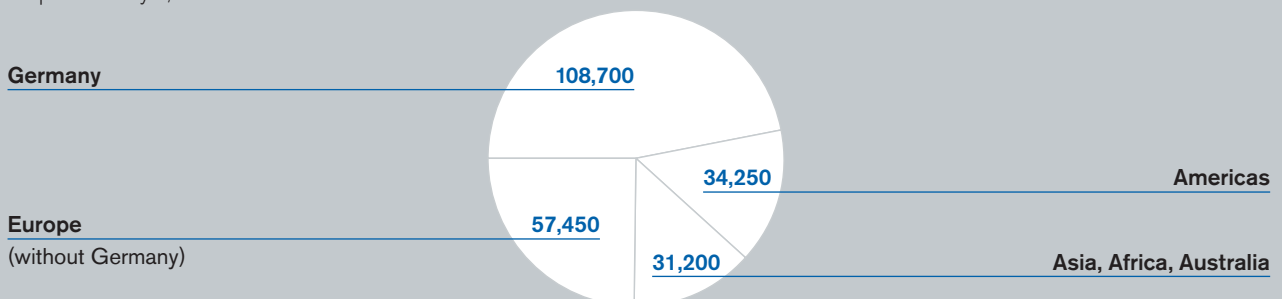
Associates of the Bosch Group Worldwide by business sector

As per January 1, 2004



Associates of the Bosch Group Worldwide by region

As per January 1, 2004





▲
With the acquisition of Buderus we became the leading producer of thermotechnology in Europe.

Investments continue to exceed depreciation expense

Our investments in tangible fixed assets of approximately 2 billion euros in 2003 were even with the year before. In accordance with our value-based management principles, we have started a program with which we intend to increase the efficiency of our investments significantly. This includes close cooperation with our suppliers as early as the design of manufacturing plant and equipment. In addition, we are striving for stricter standardization of machines and the concentration of purchasing. Our investments in 2003 focused on diesel-injection technology, the semiconductor and sensors area, the new development center for automotive technology in Abstatt, and gasoline direct injection. We expect to increase investments in 2004.

Strong focus on research and development

Last year, we again invested heavily in research and development. Increasing by 6.5% to 2.7 billion euros, investments reached 7.3% of Bosch Group sales. The most research-intensive area remains the automotive technology sector with 2.2 billion euros or 9.2% of sector sales. With 2,748 patents, we are, taking into account all branches, Germany's second-largest and Europe's third-largest patent applicant.

We have decided to start mass production of diesel-particle filters in 2005. The new process applied by us is based on sintered metal materials with ample room for ash residue. As a result of this new technology, the particle filter need not be replaced during the normal lifetime of a vehicle. Since 2003, we have also been producing the third generation of the common-rail system, which with rapid-switching piezo inline injectors can reduce emissions by up to 20%. Depending upon the configuration, lower consumption, higher performance, or still quieter engines are possible. This is how we want to secure our position as the leading producer of diesel-injection systems worldwide.

In braking technology, we are building a modular system around our electronic stability program (ESP) which will incorporate additional functions for more driving safety and comfort. In the area of car multimedia, we have entered into cooperation with the Japanese automotive supplier Denso. Together we want to develop a hardware and software platform for a highly integrated and globally operational navigation system.

Innovation is also written with capital letters in the other divisions. In the power tools area, we have introduced new improvements to significantly enhance ease and safety of operation. In thermotechnology, we focus on the consistent expansion of gas condensing technology.

Ownership structure and organization of Robert Bosch GmbH

Robert Bosch Stiftung | 92% of capital stock | no voting rights

Bosch family | 8% of capital stock | 7% of the voting rights

Robert Bosch Industrietreuhand KG | 93% of the voting rights

Robert Bosch GmbH

Business Sector
Automotive Technology

Business Sector
Industrial Technology

Business Sector
Consumer Goods and
Building Technology

▶ Much sought-after award: Associates in Bursa, Turkey, where diesel-injection equipment is produced, were delighted. The European Foundation for Quality Management presented our Turkish plant with the European Quality Award. It is acknowledged to be the highest recognition for business excellence. The manager of our Turkish company, Klaus-Peter Fouquet, accepted the award in Helsinki.



Quality is decisive for success

Apart from innovations, quality is of decisive importance to our competitiveness. During 2003, we adopted new quality principles. They above all stress orientation to the customer's requirements and will serve as a bracket around our quality initiatives. In 2003, we bestowed our first internal Bosch quality award. The award takes into account not only the error rates, but also the entire process of product creation. We are pursuing various quality approaches. The model of the European Foundation for Quality Management (EFQM), which focuses on changing business processes, has become increasingly accepted. Our Turkish plant in Bursa won the much sought-after EFQM European Quality Award in 2003. Increasingly we use the Six Sigma concept, with the help of which we systematically detect and eliminate deviations from quality. A consistently high quality level in software development is another important focus. Software plays a constantly greater role in automotive technology as well. One starting point is the CMM model, with the help of which the relative maturity of processes in software development is measured. Using this model, we have achieved significant progress in software quality.

Stable workforce development

Ignoring consolidation effects, the Bosch Group workforce stayed virtually constant. The Bosch Group at the beginning of 2004 had at least 232,000 associates, of which 109,000 worked in Germany and 123,000 outside the country. The figures include some 9,700 employees of the newly-acquired Buderus AG. With the help of an expected business upturn, we count on slightly increasing workforce numbers in the course of the current year. The employment increase is likely to take place primarily abroad, especially in Eastern Europe and China. However, we must count on continued and increased competitive pressure at our high-cost locations worldwide. Especially in Germany, it will be imperative in the coming years for us to persist in utilizing all possibilities to reduce costs.

Better overall environment in 2004

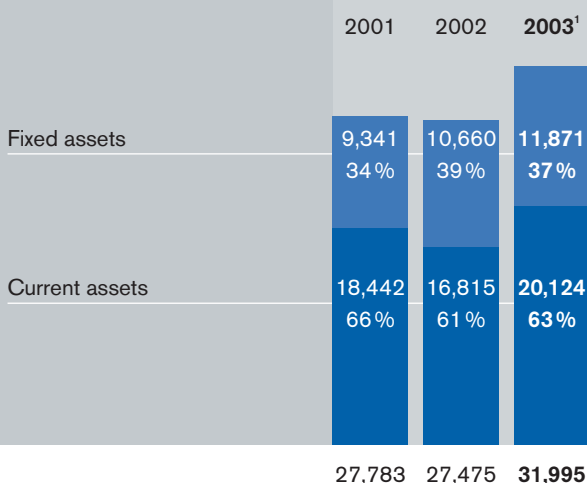
We expect the economic improvement during the current year to impact the entire world. Besides Asia, North America should again experience a high rate of growth. In comparison, the European outlook for 2004 remains subdued. The worldwide automobile production forecasts reckon with a 4% increase. It is expected that this year both North America and Western Europe will contribute to this increase.

Against this background, we see good opportunities in 2004 for stronger overall growth and also for an increase in net income. There are, however, high risks which can negatively affect this forecast. They include the danger of a further strong revaluation of the euro, still stronger pricing pressures on the part of our customers and competitors, and generally the fear that Europe, and Germany in particular, will not see growth again this year as a result of insufficient reforms. One reason more for us to continue expanding our activities in Asia in all areas. We already achieve a sales volume in Asia of 4.7 billion euros, of which already 700 million euros were in China. Including all associated companies, our sales there amount to 1.2 billion euros, an increase of 25% from 2003.

Bosch Group Worldwide

Balance Sheet Structure 2001–2003

Assets (in million euros)



Bosch Group Worldwide

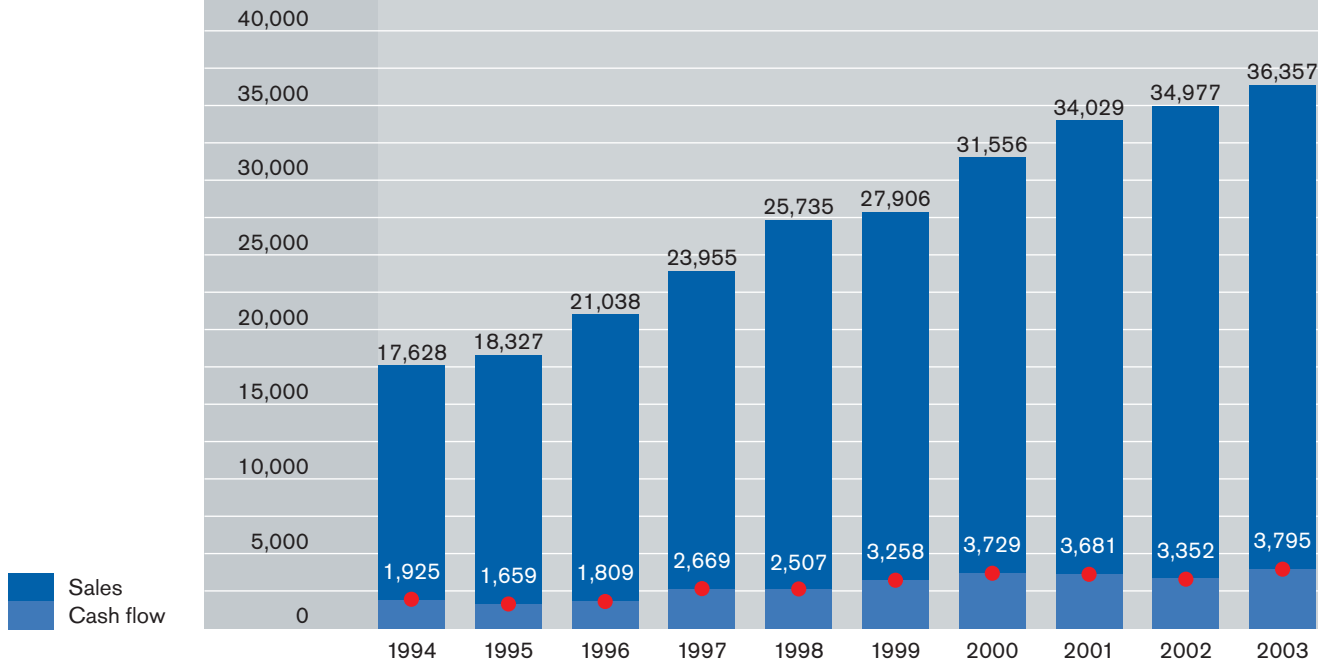
Balance Sheet Structure 2001–2003

Liabilities and Equity (in million euros)



¹ Including valuation changes due to tax-basis eliminations (deletion of Section 308, Paragraph 3 of the Commercial Code) and the expanded recognition of deferred taxes in the consolidated financial statements in accordance with Standard No. 10 of the German Accounting Standards Committee (DRSC).

Development of sales and cash flow of the Bosch Group Worldwide 1994–2003
(million euros)



The Bosch Group with its ambitious growth targets

During the past ten years, we were able to increase sales by 8% on average annually. We want to continue growing at this pace. In automotive technology, we set our sights especially on the expansion of modern diesel technology outside Europe. We see good chances of also meeting the strict U.S. emission standards with our third-generation common-rail system and our diesel-particle filters. We will thereby create an important condition for overcoming the reservations against diesel engines in North America.

We also see great business potential for the diesel engine in China and Korea. Toward the end of 2003, we added to our existing activities for conventional diesel-injection technology in China by closing the deal for a joint venture with Weifu. The company will focus on modern diesel technology; we own the majority of shares at 67%. Weifu is market leader in the diesel area in China. The joint venture will likely start operations during the second quarter of 2004. In Korea, we already significantly increased our production capacities in 2002.

Further activities are planned in automotive technology in order to participate in the strong growth in Asia. Long-term forecasts for the next ten years predict that over 50% of the worldwide growth in automobile production will take place in Asia, and 40% in China alone. Another very interesting market is India. The focus will be on eco-friendly expansion of mobility, in which respect Bosch will make a contribution with its products featuring cleanliness, economy, and safety. However, we also see considerable growth opportunities for our industrial technology and for consumer goods and building technology in Asia. We are supporting this growth by now having appointed a member of the Board of Management to be responsible for the Asian region, in addition to the one already appointed for the Americas.



A further goal is to improve the balance of our sales structure. To achieve that, we want to grow disproportionately faster in our Industrial Technology and Consumer Goods and Building Technology Business Sectors. An important step was the 2003 acquisition of Buderus AG. In electronic security technology, a worldwide growth market, we improved our position in the particularly interesting video-surveillance segment by integrating the former Philips subsidiary Communication, Security, and Imaging (CSI). By doing so, we became one of the world's five largest suppliers of security systems and products.

Asia, however, is not only a growth opportunity for us. In the emerging countries there, new, strong, competitors are arising. As a result, we need a concept for the entire Triad that features an optimized mix of high and low-cost locations. We also need to work on our cost structures at our high-cost locations in order to retain our associates there.



In 2003, China became the third-largest automobile market in the world after the United States and Japan. That opens up tremendous growth opportunities for our automotive technology. We consider especially diesel engines to have a great future. Here: Opening of the diesel training center in Yangzhou.

Risk management in the Bosch Group

In 2003, we summarized all organizational rules and measures for risk management in a single handbook. Risk reporting including the description of the bottom-line effects of important risks is based on the internal reporting system. It includes permanent worldwide controlling of all business-relevant events. Generally, the reports are monthly. Adherence to risk guidelines is secured by group auditors and other internal control measures.

General risk assessment

On the basis of currently known information, we see no individual risks which during 2004 could significantly strain the assets, financial situation, or income of the Bosch Group. Our strategy of being active in various areas, from automotive technology to industrial technology, allows us to spread the risks, as does the globalization of our business. In addition, we plan conservatively and are confident of improving sales and income in 2004.

Economic trends: we are currently counting on a worldwide economic upswing. However, the continuing smoldering conflict in Iraq and the worldwide terrorism danger are causing economic uncertainties. Further developments in Germany depend to a large extent on the ability of the Federal government to free up the accumulation of reform measures. The further revaluation of the euro over the U.S. dollar is a further risk.

Finance: central cash management continuously controls all financial and currency movements worldwide and gives us an up-to-date picture of our financial condition and currency risk. Our monetary positions in the most important currencies are to a large extent in balance. The more significant open currency positions are hedged on a corporate-wide basis.

Products: a risk arises from the clear demands for price reductions being made by automobile manufacturers not only in the United States, but also in Europe. Because of constantly shorter development cycles, especially in the automobile industry, and more and more complex systems, the possibility of error increases. We counter this risk with a large number of quality measures. Warranty claims are covered by adequate accruals.

Legal risks: we do not expect significant risks from current or pending legal conflicts.

Bosch Group

Status as per April, 2004

Business Sectors and Divisions

Automotive Technology

Gasoline Systems

Diesel Systems

Chassis Systems

Energy and Body Systems

Car Multimedia²

Automotive Electronics

ZF Steering Systems¹

Automotive Aftermarket

Industrial Technology

Bosch Rexroth³

Metals Technology

Packaging Technology

Consumer Goods and Building Technology

Power Tools

Thermotechnology

Household Appliances⁴

Security Systems⁵

Broadband Networks⁶

¹ ZF Lenksysteme GmbH (50% Bosch)

² Blaupunkt GmbH (100% Bosch)

³ Bosch Rexroth AG (100% Bosch)

⁴ BSH Bosch und Siemens Hausgeräte GmbH (50% Bosch)

⁵ Bosch Sicherheitssysteme GmbH (100% Bosch)

⁶ Bosch Breitbandnetze GmbH (100% Bosch)

Presidents of the Divisions



From left to right:

Joachim Berner
Thermotechnology

Uwe Raschke
Power Tools

Volkmar Denner
Automotive Electronics

Uwe Glock
Security Systems

Peter Tyroller
Gasoline Systems

Elmar Degenhart
Chassis Systems

Ulrich Dohle
Diesel Systems

Beda-Helmut Bolzenius
Energy and Body Systems

Wolf-Henning Scheider
Car Multimedia

Eugen Konrad
Automotive Aftermarket

Not shown:

Manfred Grundke
Bosch Rexroth

Friedbert Klefenz
Packaging Technology

Karl-Heinz Schrödl
Broadband Networks

Automotive Technology Business Sector

Bosch Group Worldwide key figures

	2003	2002	
Sales	23.6	23.3	billion euros
Investments	1.6	1.5	billion euros
R&D Expense	2.2	2.1	billion euros

Automobile production in 2003 declined slightly in Germany, Western Europe and Japan. The largest drop, a loss of 3%, was experienced by the NAFTA area. This contrasts with growth in the Asian markets, which continues without letup. China leads the way with automobile production growth of over 30%. This was a major contribution to the world-wide increase in production in 2003 by 2% to a total of nearly 60 million units.

Despite these difficult conditions, our Automotive Technology Business Sector was able to increase sales by some 1% to 23.6 billion euros. After adjustment for consolidation effects, growth was 2%, ignoring currency exchange influences a full 8%.





◀ In order to further reduce fuel consumption and emissions of modern gasoline engines, we are also optimizing our injectors. We examine their spray pattern using a non-contact laser measuring technology.

◀ Mass production of our third-generation common rail: with its piezo in-line injectors, it provides for still more freedom in adaptation of the injection systems to the diesel engine. Automobile manufacturers can thus determine their optimum combination of fuel consumption, power, emissions and noise level.

Continued success with diesel-injection systems

The trend toward diesel engines in Europe continues without letup. Again, in 2003, the proportion of diesel-driven vehicles in new passenger-car registrations in Europe increased and in the meantime has reached almost 44%. This growth is likely to continue in the years to come. Given the as yet low market shares of the diesel, we still see significant growth potential in the NAFTA area, in Eastern Europe and in Asia, especially in China and Korea. During the coming years, China will develop into the second-largest diesel market. Our diesel systems division has been active there since 1995 with two locations of its own. In order to serve this rapidly growing market, we founded a joint venture with a Chinese partner in which new-generation diesel components are to be developed, sold, engineered, and manufactured.

Our technical lead is being secured by the start of mass production of the third generation of our common-rail technology. The special feature of this generation are the piezo actuators integrated in the injector shaft. This has enabled us to reduce the number of moving parts and their mass by 75%. The injectors thus switch with double the speed of all systems currently in the market. Depending upon the particular automobile manufacturer's main development focus, this progress can generate up to 20% lower emissions, 3% less fuel consumption, 8% more engine power, or distinctly better noise levels.

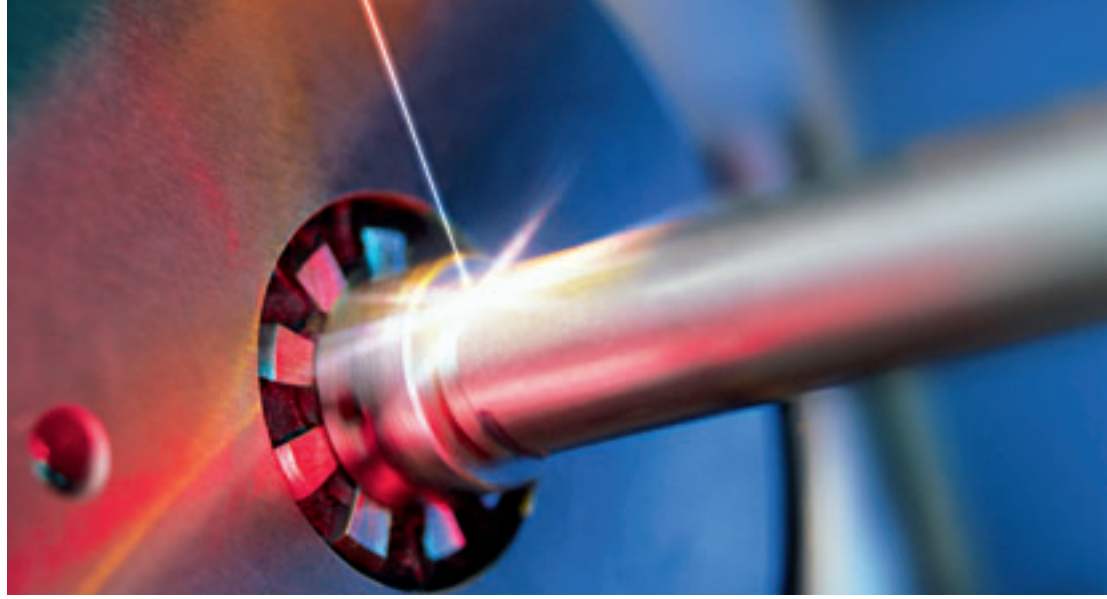
Diesel-particle filters on the drawing board

Exhaust emissions can be further reduced with diesel-particle filters. We are currently developing a filter element from sintered metal which guarantees maintenance-free operation during the normal lifetime of a vehicle. Mass-production startup is planned for 2005.

New exhaust-gas technology for commercial vehicles

Several commercial-vehicle manufacturers plan to use a nitric-oxide catalyst employing the SCR method (selective catalytic reduction) in order to meet the emission-limit requirements of the Euro-4 and Euro-5 standards. We are developing the necessary dispensing system for additives. This technology allows nitric-oxide emissions and fuel consumption to be reduced by about 85% and up to 5% respectively.

▶ Actuator modules feature piezo elements which, because of their rapid switching, enable still more precise metering of the injected fuel quantity. Prior to assembly, a laser beam brands each module with all the data necessary for quality assurance.



Gasoline direct-injection meets a host of future demands

We are currently working on combining the advantages of our DI-Motronic with those of turbocharging. With this concept, automobile producers can further reduce fuel consumption and at the same time create more driving fun with greater torque and power. Such engines, when combined with conventional three-way catalytic converters, will also meet future strict emission limits. The gasoline engine will thus also make a considerable contribution to CO₂ reduction.

More driving safety with ESP

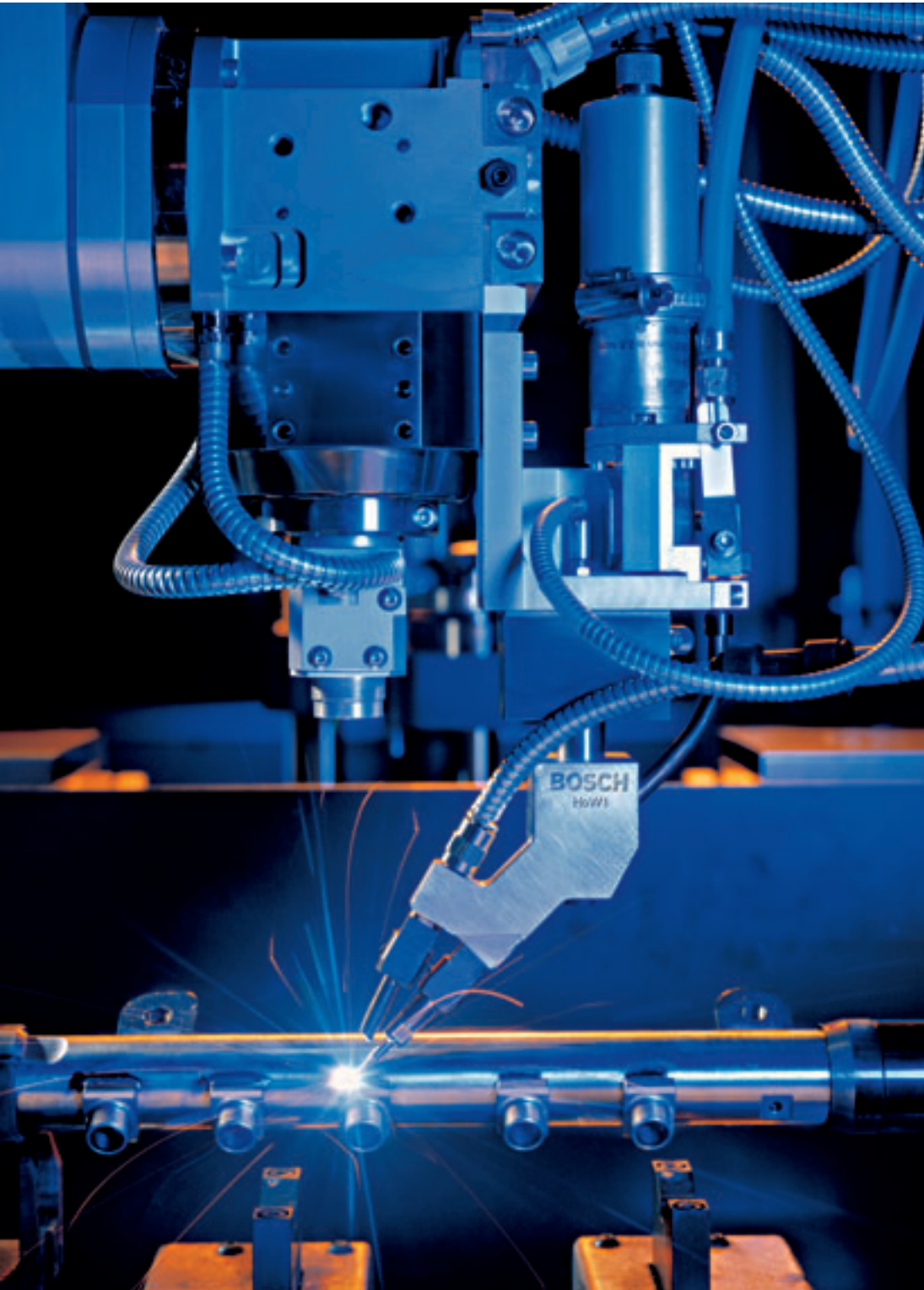
The electronic stability program (ESP) has found further worldwide acceptance; we have already delivered ten million systems. Investigations by several automobile manufacturers have in the meantime proven that ESP helps to prevent accidents. In the coming years, we will integrate additional functions into the system in order to further increase safety and comfort in everyday operation of the vehicle. We are also working on linking the program up with passive safety systems, such as airbag control electronics or vehicle environment monitoring. The resulting functions will provide even better protection for vehicle passengers in the future.

Innovative servomechanism for all-wheel transfer boxes developed

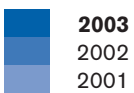
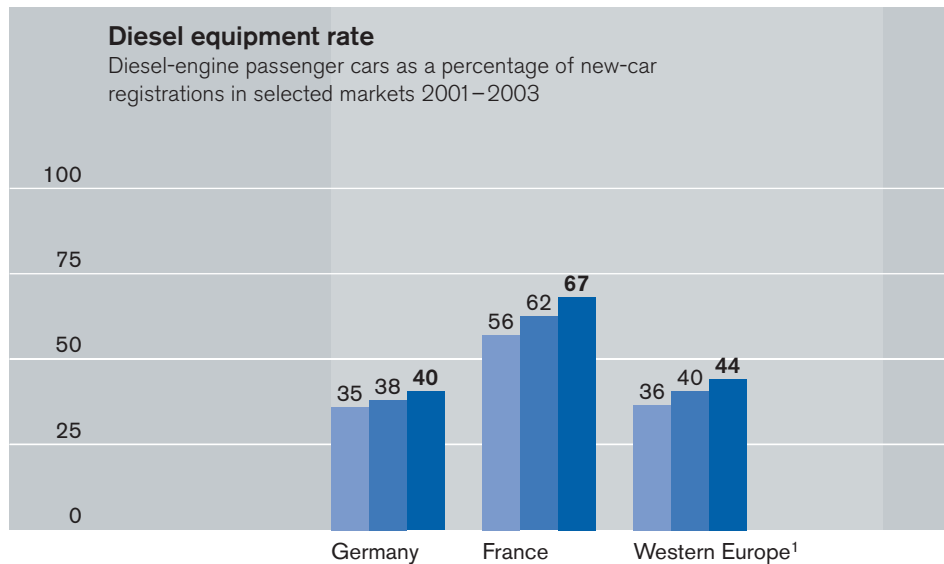
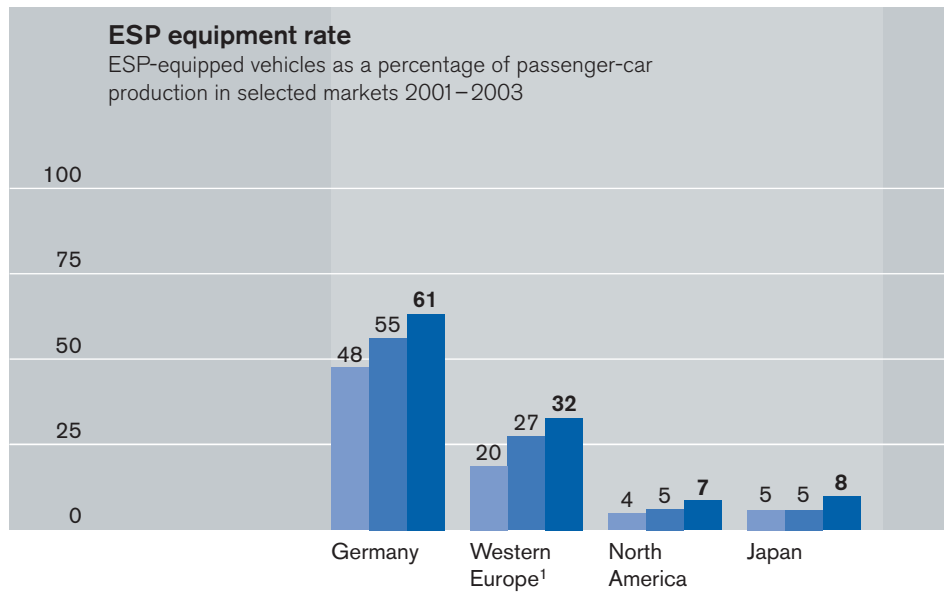
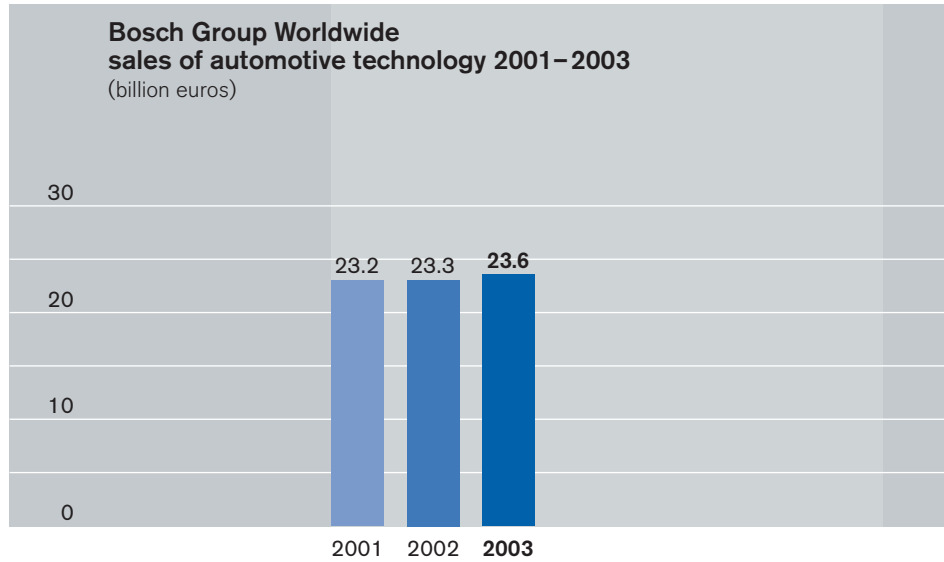
Our energy and body systems division started, in 2003, with mass production of an innovative servomechanism for a controlled all-wheel transfer box. Depending on road conditions, in a fraction of a second this accurately distributes the engine's propulsive power between the front and rear axles. Driving comfort, safety and fun increase.

ACC as the basis for future safety systems

Since 2003, additional automobile producers have been offering our adaptive cruise control (ACC). This driver assistance system recognizes vehicles driving ahead via a radar sensor, and adapts its own speed so that a constant distance is maintained between the two vehicles. The next generation, which distinguishes itself by its substantially reduced size and greater scope of sensing, is already in production. The system can thus be employed in future, forward-looking safety systems.



◀ The new generation of common-rail fuel rails is now especially economically assembled and laser-welded. This increases the pressure potential to 1800 bar. The technology applied was developed in close cooperation between the Homburg plant and the corporate research and development department.



¹ including Germany

德国车 德国蓝宝

来自蓝宝全球首创的具备双路收音信号接收器的 San Francisco (旧金山) CD72 车载CD播放器



TwinCeiver

超强收音能力

- 具备自动调向功能的双路收音信号接收器
- 可储存42个预设电台
- 自动更新电台清单
- 可接收长(中)短波信号
- 中波自动降噪功能
- 数码RDS解码
- 支持收音文字信号

动人的声音回放能力

- 4x35瓦额定输出
- 4x65瓦峰值输出
- 数码音量调节器(DSA)
- 数码四声道18段自动调节均衡器
- 动态噪音抑制系统(DNC)
- 高通滤波器

- 四声道前置放大输出(5V)
- 可变中央输出
- 超重低音输出
- 超重低音调节功能
- 音效记忆功能
- 两路附加输入信号

附加功能

- 拨动选择器控制
- 自动滑动式面板
- 两种背景光显示(红+白)
- 按键背光照明(红/蓝)
- 金属超薄板
- 配备方向盘红外遥控器
- 防盗可拆卸面和防盗钥匙卡
- 显示屏可进行明暗和角度调节
- CD换碟机控制功能
- 来电自动静音

www.blaupunkt.com

Blaupunkt - A Bosch Group Company

BLAUPUNKT
蓝宝

In order to promote the familiarity with the brand name Blaupunkt in the Chinese growth market, we now for the first time present a country-specific theme for classic advertising in print media.

The best route to your destination: the new TravelPilot E1 navigation system

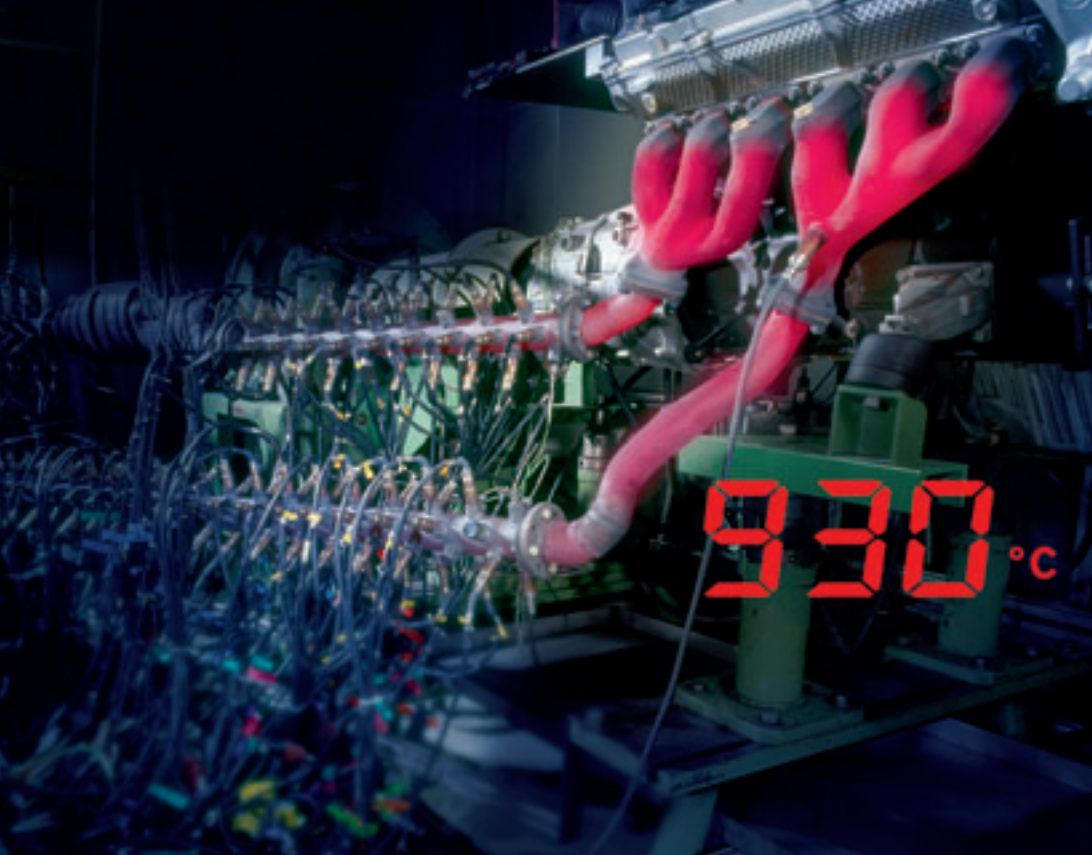
Our subsidiary Blaupunkt developed a new, low-price radio-navigation system, the TravelPilot E1. For the first time it offers not only the "fastest" and the "shortest" route, but also the "optimal" one. It also combines the functions of navigation, positioning via GPS (global positioning system) and a graphic display in one microprocessor. Blaupunkt has also introduced a new car radio for the digital earthbound transmission system digital audio broadcasting (DAB). Besides DAB, it offers additional digital technology: at the touch of a button, one can record radio programs in MP3 format and play them back. We expect that the public at large will soon accept DAB as a successor to ultra-short-wave transmissions.

Engineering Services: a continually growing area

Our subsidiary Bosch Engineering GmbH again grew strongly in 2003 and expanded its range of services. With its workforce of more than 500 associates, this company makes its know-how in the area of electronic vehicle systems available to all automobile producers. With partners from the automobile industry it is engaged in the cooperative development Autosar which aims at a new standardized systems architecture with agreed-upon fixed interfaces for the software modules. The reliability of networked systems can thus be improved decisively.

Quality starts with development

The complexity and linkage of electronic systems in the motor vehicle are continually increasing. To be in full control of them and to guarantee top quality are core tasks of our product and manufacturing development. We encourage the quality consciousness of our employees and work with clearly structured processes. In doing so, we continuously submit our work flows to



▲ Complex, but under control: our hands-on training offers workshop employees a good opportunity to learn the servicing of modern, high-tech vehicle systems.

▲ Exhaust sensors are subjected to significant temperature fluctuations. When we develop new lambda sensors, we test their functions at temperatures of up to 930 degrees Celsius, using a large number of samples.

comparison with internal and external benchmarks. The capability maturity model (CMM) is an internationally recognized maturity model for software development. We have adopted this model on a broad scale and are currently expanding its use to processes of hardware, systems, and application engineering development.

Service with Bosch quality for workshops and end users

The focus of our automotive aftermarket division is vehicle diagnostics. Under the motto "Bosch Diagnostics", we offer test equipment with software as well as services. Above all in the case of complex electronically controlled systems, this enables workshops to test individual components and thus perform appropriate and reasonably priced repairs. The number of Bosch Service Partners has further grown to some 11,000 worldwide. We will continue to expand our service network, concentrating on Asia and Latin America.

Logistics capabilities further improved

Since 1978, we have delivered replacement parts for motor vehicles from our central warehouse in Karlsruhe to destinations across the world. The requirements for reliability and speed of delivery increase continually. We have, therefore, concentrated our logistics capacities in Karlsruhe, doubling them at the same time. To do so, we invested 18 million euros.



◀ ZF Lenksysteme GmbH, our 50-50 joint venture with ZF Friedrichshafen AG, started mass production of the active steering system. This earned the company and its customer the Innovation Award of German Business. Combined with a planet gear, an electric motor infinitely varies the steering ratio. This noticeably improves comfort and convenience for the driver and makes it possible to link up further safety functions in combination with other systems, such as ESP.

▶ Active in motor sports:
The next three years we will again be sponsor and equipper at the German Touring Car Masters (DTM). All DTM vehicles are equipped, above all, with engine management from Bosch.



Industrial Technology Business Sector

Bosch Group Worldwide key figures

	2003	2002	
Sales	4.3	4.0	billion euros
Investments	195	149	million euros
R&D expense	216	207	million euros

The worldwide economic slump in 2003 again led to a weakness in the machinery and equipment investment climate. This had a negative effect on our business in industrial technology. Even though we can point to higher sales than the previous year, this growth is essentially the result of consolidating the Buderus castings and special steel businesses. Eliminating these consolidation effects, our sales remained even with the previous year.

Positive impulses emanated from the Asian growth market. We further expanded our position in industrial technology especially in China and increased our market shares significantly. We are raising our investments and expanding our production capacities there, with the goal of being able to act as a local supplier and to directly service the demand in this important market.





◀ Above the clouds: The Airbus A380 will have its maiden flight in 2006 as the first double-decker aircraft. We are actively engaged in aiding the construction of the last word in flying. Bosch Rexroth is responsible for the design and manufacture of three custom-made assembly units for the wing assembly. Each is 60 meters long, 12 meters high and has 170 lifting platforms.

◀ High dynamics: On this assembly line we produce our newly-developed AC servomotors. Using coordinated development plans, we are pushing ahead with the smooth interplay of the various drive and control technologies to form our Drive & Control solutions. At present, most of our automation customers already employ products from several Bosch Rexroth divisions at the same time. We are accelerating this trend with best-in-class components, standardized interfaces and reliably high product quality.

Bosch Rexroth: strength in concentration

In machinery and equipment production, Bosch Rexroth was the first company to recognize the potential of automation which links various technologies. It is increasingly taking advantage of this fact with its drive and control solutions. We have further expanded our leading role as the automation specialist in essential key industries – machine-tool production, woodworking or the paper and printing industry – by concentrating our application know-how. Our capabilities are also increasingly in demand in the packaging and food industries. We have signed a master agreement with one of the world's largest foodstuff concerns. As a result, the customer has decided to equip its plants worldwide with our pneumatics.

A strong project partner: capable on all continents

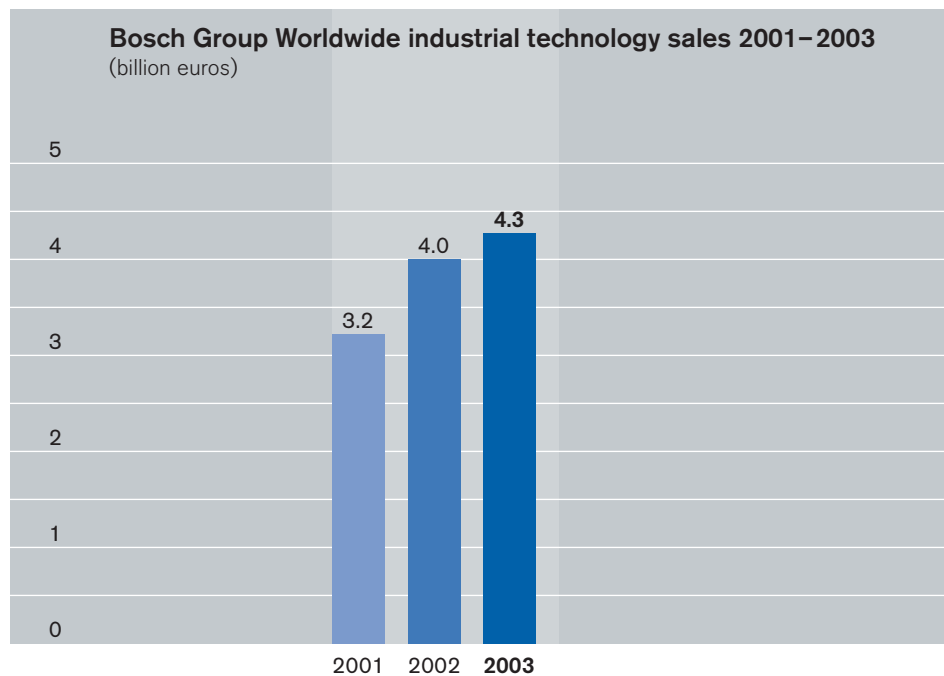
Our automation technology is also used in the automobile industry. Leading American and European car manufacturers already utilize our drive and control technology in more than 100 plants. For the first time we will now completely automate the machining activities of a manufacturer in the United States. The Korean Hyundai Motor Group will equip its first US engine plant completely with controls, drives, hydraulics, pneumatics, and linear technology by Bosch Rexroth. Our achievements also find recognition in agriculture. The new tractor series from our customer Case New Holland, equipped with Bosch Rexroth hydraulics and electronics, received the “tractor of the year” award.

Drivers of innovation: products for future growth

We are contributing to the current push for innovation in mechanical engineering with numerous new components and automation solutions. In integrated axle-control units, we combine hydraulics and electronics in compact modules which communicate directly with higher-level controllers. We introduced the Rexroth IndraMotion in the fall of 2003. This is the world's only permanently open-loop controller family and was designed specifically with scalable automation solutions in mind. With a hydrostatic drive module for gear systems, Bosch Rexroth, as a first, developed a totally variable transmission without tractive-power interruption for large and heavy agricultural machinery.



▲ In good form: our hydraulics adapt to every task, even under extreme weather conditions. This special attachment models halfpipes for snowboarders. The attachment fits optimally on the ski-run crawler, which is equipped with our mobile hydraulics.





With the Bosch Customer Care Teleservice we offer on-line worldwide help to our customers of packaging technology: remote operation of the machine as support for operators, remote telediagnosics to detect possible errors and remote management to rapidly clear up malfunctions.



Packaging technology: line capabilities in one hand

Our packaging machinery division plans, designs, produces, and installs complete packaging lines. We are thus able to offer our customers in the pharmaceutical, confectionery, and food industries complete one-stop solutions.

Together with one of our most important pharmaceutical customers, we developed a highly-integrated installation for the production of cylinder ampules for insulin. In order to make the packaging process safer and more efficient, we decided to use shatter-proof delivery of the glass ampules in feed trays, which are automatically loaded onto a patented transfer system, and unloaded by robots made by Bosch Rexroth. During the transfer of the ampules into the sterilizing tunnel, the temperature is measured without contact, a maximum of pharmaceutical safety. The heart of the equipment is the fill and closure machine with integrated clean room (isolator). An inspection machine in the packaging line not only tests the filled ampules for freedom from foreign particles, but also checks other important pharmaceutical criteria. All essential elements of this line are produced by us.

Close to the customer: modular machine concepts and teleservice

With our modular machine concepts we are able to meet customer wishes rapidly, flexibly and individually. In addition, from the moment our installations go into operation, we accompany them throughout their entire service life with a certified teleservice. Machine-operator errors can thus be rapidly corrected on-line, a fact which increases technical machine availability even further.

Consumer Goods and Building Technology Business Sector

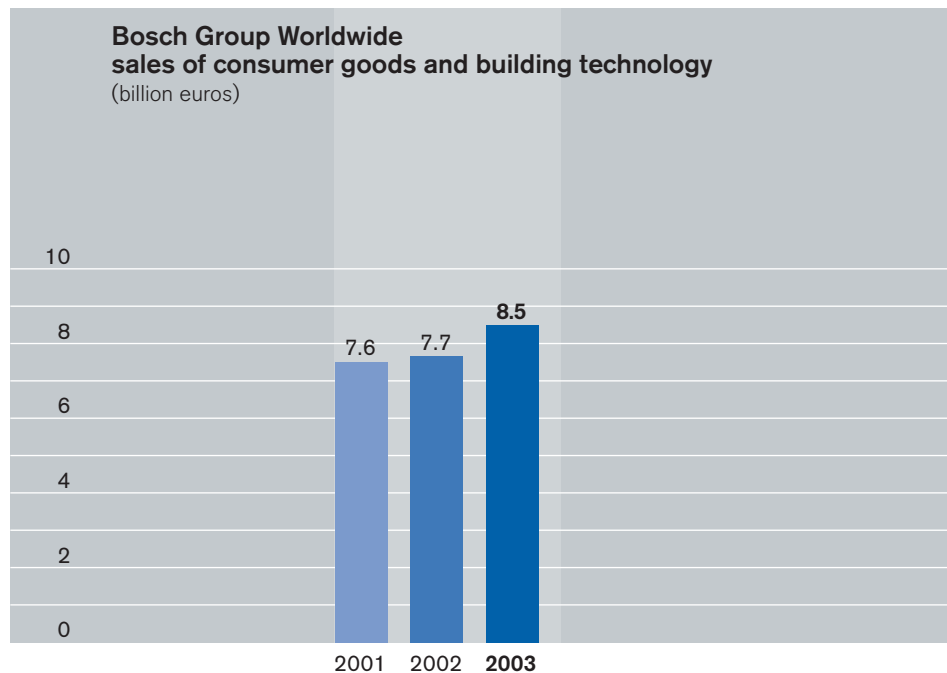
Bosch Group Worldwide key figures

	2003	2002
Sales	8.5	7.7 billion euros
Investments	249	245 million euros
R&D expense	265	219 million euros

Consumer-oriented areas again had a difficult year in 2003. The power tools world market shrank for the second year in a row. The economic environment for electrical household goods and for heating equipment also remained weak in many markets.

The acquisition of Buderus is a further step in the realization of our strategy to expand activities outside our Automotive Technology Business Sector. In addition, we are significantly strengthening our Thermotechnology Division. Together with Buderus, we are the leader in the European heating-technology market.





◀ Cell phones have it, laptops have it, and digital cameras too. Now even cordless drill/drivers have it. Our new Ixo is not only very handy and strong, it also has a lithium-ion battery, a worldwide novum for power tools. No self-discharge, no loss of performance – the Ixo is always ready when needed.

Power tools: innovation to counteract competitive pressure

A change in trends toward a better business environment for power tools remained elusive in 2003. This held true especially for the two largest markets, Europe and North America. These were significantly characterized by the trade's drawdown of its inventories. In Europe this development was accompanied by increasing competition. Brand-name suppliers are here subjected to strong price pressures from so-called no-name competitors.

In this difficult environment we were able to retain our leading market position worldwide and even to expand it in Asia. To do so, we continue to focus on innovative products: we were, for instance, the first to introduce modern lithium-ion technology in battery-operated power tools. This technology, known from cell phones and laptops, renders batteries smaller and lighter. In addition, discharge when not in operation has become a thing of the past. Our battery-operated screwdriver will thus perform at full power, even when it has been left unused in a drawer for a year.

In the European market we expanded our product range in the area of stationary tools. We offer our customers new sales and trade concepts, for instance, through our shop-in-shop system which combines the availability of tools, attachments, and detailed information in one place.

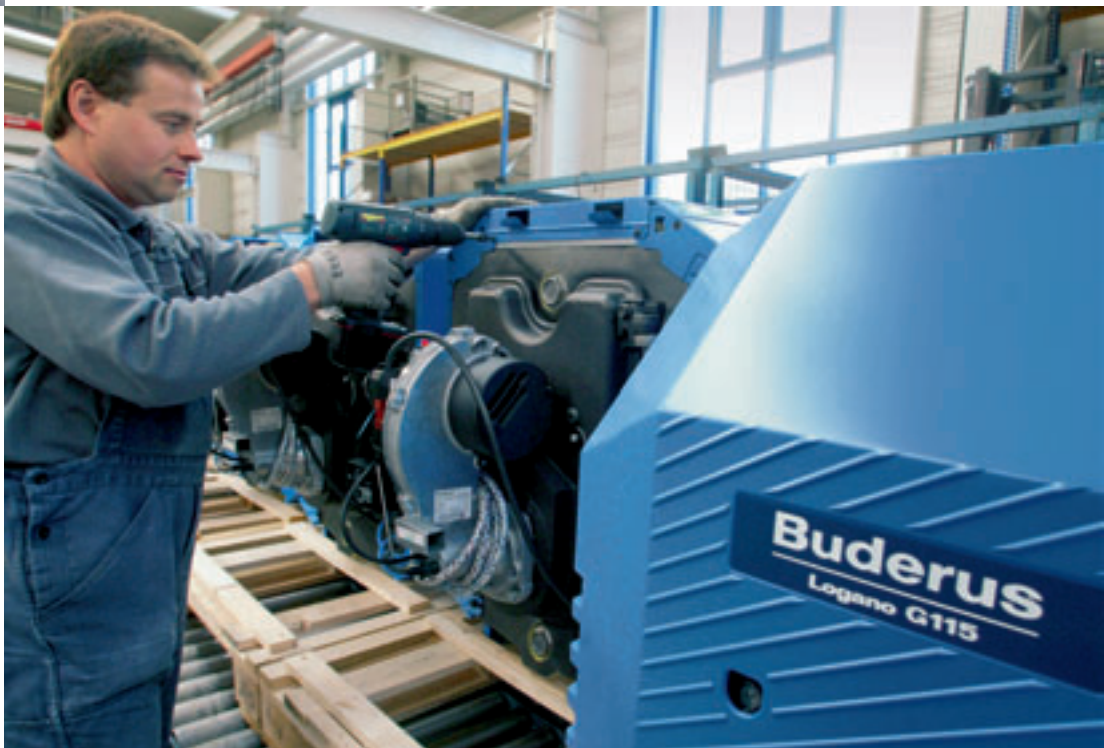
◀ Light in an emergency: Based on this idea, we developed a new series of fluorescent alternating saw blades. With their special coating, they shine in the dark. This is a real help to the work of rescue squads during nighttime accident or catastrophe missions.

Thermotechnology: with Buderus to new dimensions

The acquisition of Buderus complements our thermotechnology activities optimally. This applies not only to products, but also to market coverage and sales channels. With a large number of strong international and regional brands and a sophisticated product spectrum, produced in 16 plants in seven European and Asian countries, we see good opportunities to further expand our position in the heating technology market. It is our goal to provide all our customers worldwide with the most economically efficient and environmentally friendly heating technology.



▲ New test methods for heating equipment: In the Junkers laboratory it is possible to gather measurement results as early as the development phase instead of during field tests as was previously the case. A computer model, which realistically simulates a heater's operational environment, makes this possible.



Buderus belongs to Europe's leading suppliers of heating products. Including its activities in castings and special steel, the company had 2003 sales of 2 billion euros. The heating line increased its sales by 9.4% to 1.3 billion euros. Our pre-Buderus thermotechnology division was also able to maintain its position worldwide and to raise its sales volume during 2003. Here we profited from our strong international orientation and our innovative strength.

Household appliances: additional production capacity in the United States

With sales of 6.3 billion euros, BSH Bosch und Siemens Hausgeräte GmbH, our 50-50 joint venture with Siemens AG, remained close to the figures of the previous year. After eliminating currency-exchange effects, sales increased by 4%. The company solidified its position in the Chinese growth market. In the United States it built production capacities for ranges and washing machines. In order to counter the challenges of worldwide competition, concerted efforts to improve productivity and to lower costs were continued.

▶ Safety is always a priority. Digital recorders and controllers by Bosch are used in the surveillance of large building complexes – for instance casinos, retail centers, or entertainment facilities. They allow guards not only to monitor all that happens, but also to record it. This is especially important in criminal evidence collection.



◀ Blue stands for quality: More than 150,000 boilers leave the largest plant of Buderus Heiztechnik GmbH in Lollar every year. During final assembly, the boiler is equipped with a burner which has already been adjusted to its optimal exhaust values. The boilers then receive their typical blue housing. Teamwork in assembly contributes decisively to the identification of the employees with their product and to quality assurance.

Security systems: installations for international conferences

As one of the leading suppliers of electronic security systems, we have again completed a series of prestige projects. In the new terminal II of the Munich airport we have installed fire-alarm and video-monitoring systems, and in the Frankfurt airport the first automated biometric border-control installation.

The video-monitoring, public-address, and conference-systems business which we took over from Philips was rapidly integrated. The associates have become part of the Security Systems Division, and the product range has been completely converted to the Bosch brand. We have supplied modern conference installations for the United Nations, the German chancellor's office, and the Duma in Moscow.

Broadband networks: new market order

With the changes in the status of ownership in the German broadband cable market, it has become apparent that future focus will be placed increasingly on the core business of cable television. We have adapted to this focus through cooperative agreements, network adjustment and measures to improve competitiveness. We also were able to again enlarge our network range considerably.

International Business

Bosch Group Abroad key figures

	2003	2002	
Sales	25.8	25.4	billion euros
Investments	1,026	1,103	million euros
R&D expense	803	803	million euros

The worldwide expansion of our company continued in 2003. This pertains especially to our automotive technology business in Central and Eastern European countries and in Asia. In these regions, too, we supply automobile manufacturers with application engineering services as well as systems and components from local production. The motor-vehicle market in China is developing exponentially.

We manufacture our products worldwide at 249 locations, of which 185 are outside Germany. With subsidiaries and affiliated companies, we are present in more than 50 countries. In many other countries we sell our products through distributors abroad.

Our 2003 sales abroad rose, after eliminating currency-exchange effects, by 11 %. The non-German share of total sales was 71 %.





◀ Together with the trading company Melchers, which is active in China, we started a partnership with two commercial schools in the Guangzhou province. From June 2003 on, aspiring skilled workers have been learning how to operate power tools in the Bosch Construction and Decoration Training Centre. In 2003 alone we trained 1,500 students.

◀ **Commitment to a clean environment:** Since 1991, our Japanese company, Bosch Automotive Systems Corporation in Tokyo, has been organizing a “clean hiking” campaign, during which our associates go out into the neighborhood of our plants to clean up the environment.

China: joint venture for diesel-injection systems

In 2003, China became the third-largest automobile market in the world, after the United States and Japan. Our automotive technology profited considerably from this strong growth. As part of this, our diesel-injection systems business increased disproportionately. This was thanks to the good market development with commercial vehicles, and to the equipping of vehicles according to the Euro-2 exhaust-emission standard.

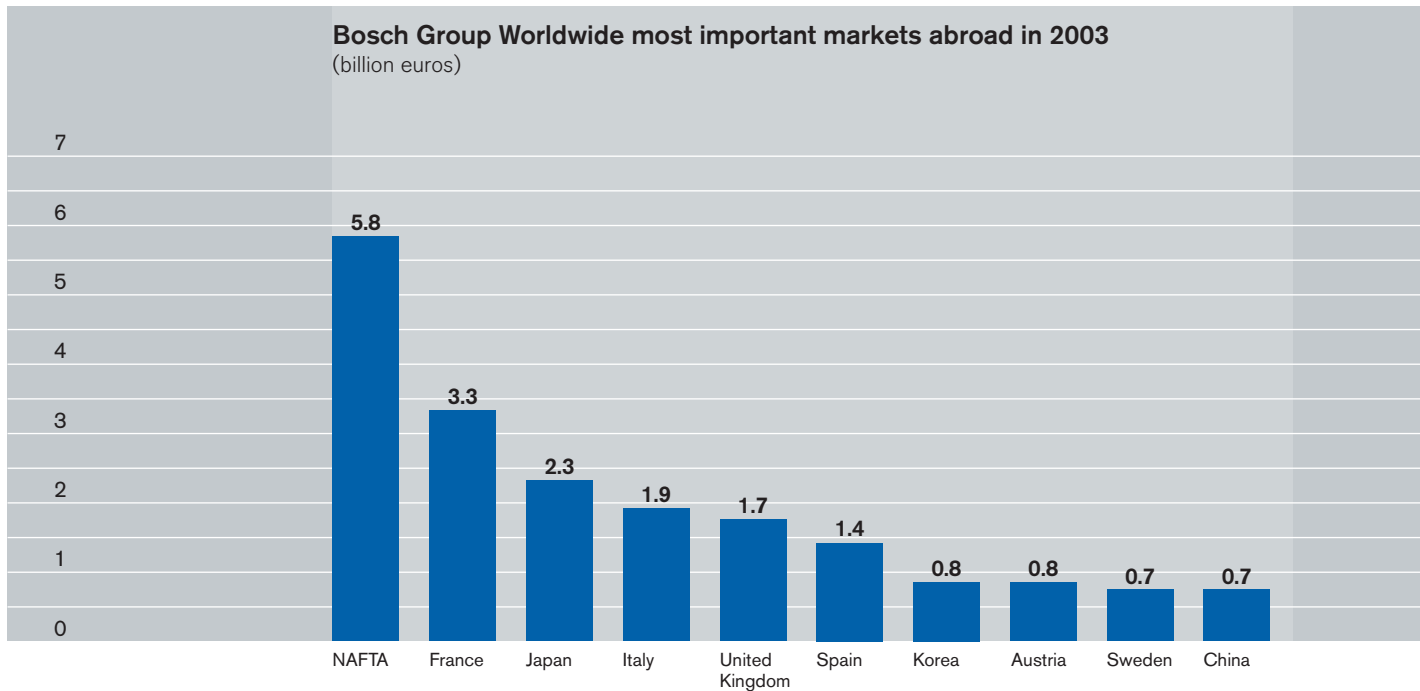
In November 2003, we signed an agreement for a joint venture with the Chinese Wuxi Weifu Group to manufacture diesel-injection systems. Production is to start in the first half of 2004 with 1,500 associates. Both partners will contribute their former joint venture, Wuxi Europe Asia Diesel Fuel Injection. We have a 67% share in the new joint venture, the Wuxi Weifu Group 33%. The Chinese authorities still need to give this joint venture their approval.

In 2004, we will start building a second technical center in Suzhou for the further expansion of our Chinese business. Also in Suzhou, at the end of 2003 we took up the production of electric motors to drive windshield-wiper systems.

Our consolidated sales in China rose in 2003 by 23% to 714 million euros; China sales including non-consolidated companies rose to around 1.2 billion euros. In China we develop, manufacture, and sell products in the automotive technology, automation technology, packaging technology, thermotechnology, and security technology areas, as well as power tools and household appliances.

Korea: growth expected in the diesel business

Despite slower economic growth, we were able to increase sales in Korea by 16% in the local currency. Especially positive was the development at our 100% subsidiary, Robert Bosch Korea Mechanics and Electronics Ltd, which, with expanded production capacity for common-rail injectors, increased sales in local currency by more than 30%. Diesel business will be one of the future focal points of our activities in Korea. This is because from 2005 onwards the Korean



government has decided to adopt the European Euro-3 emission limits, and from 2006 also the Euro-4 limits for diesel-powered passenger cars. For this reason, we have expanded the capacities in the application engineering and software areas at our technical center.

Japan: expansion of business with gasoline-injection systems

As a result of the introduction of stricter exhaust-gas limits for commercial vehicles, we have strongly increased sales in the diesel area in Japan as well. In order to further expand our gasoline-injection-systems business, we increased our shareholdings in the Nippon Injector Corporation joint venture in July 2003. We now hold the voting majority. In total, we increased sales in our second-largest overseas market by 4.2% in local currency to 2.3 billion euro. We employ 9,960 workers there.

North America: continued stable growth in US dollars

Our most important overseas market continues to be North America. Despite far-reaching sales incentives by the automobile manufacturers, motor-vehicle production in the NAFTA area, which apart from the United States also includes Canada and Mexico, dropped by approximately 3% compared to the previous year. In this market environment, after eliminating currency-exchange effects we increased sales by 6%. The reason: greater market shares in both the aftermarket business and in the business with automobile manufacturers. In the long run, we expect increasing acceptance of diesel-powered vehicles in the US, and this will open up further growth opportunities for us. In addition, we are benefiting from the increasing market acceptance of the electronic stability program ESP.



▲ Our “Auto Dome” camera surveillance system is very popular in the United States. A survey by a trade magazine even named it the product of the year. The system is characterized by a 100x zoom, as well as its ability to turn through 360° and to follow the target automatically. To achieve optimal efficiency, it is especially important that the protective glass cover is of flawless quality. That is why every glass cover is carefully tested again before assembly.

The economy in Brazil improves

After the currency turbulences in 2002, the Brazilian economy has stabilized. Motor-vehicle production, with the support of exports, surpassed the level of the prior year by 2%. We were able to increase sales in local currency noticeably, even though they were lower in euro when taking into account currency changes.

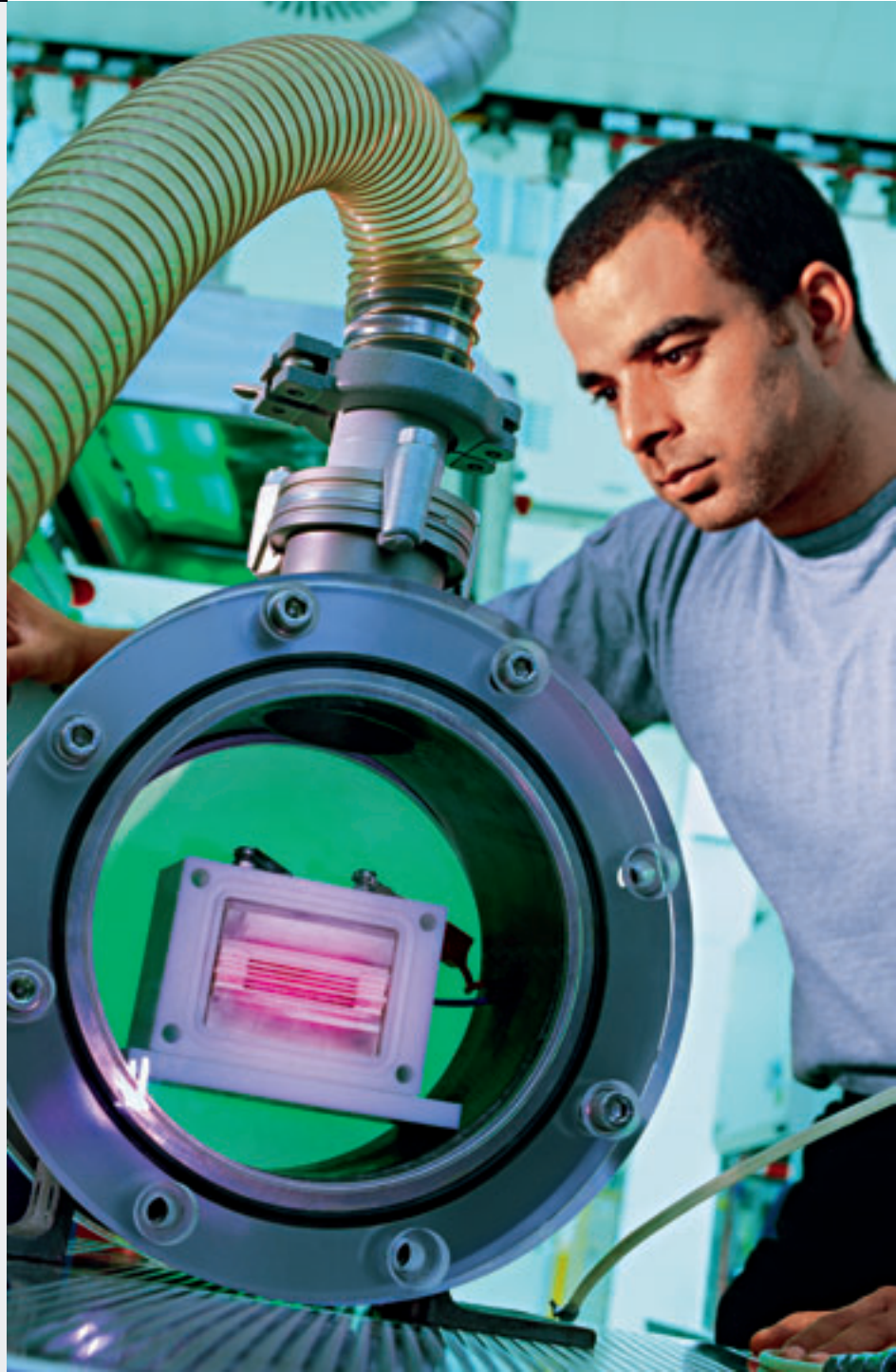
Capacity expansion in Central and Eastern Europe

Business development in Central and Eastern Europe, including Turkey, continued to be positive. In a market which grew by a real 5%, we were able to raise our sales by some 30% to 1.9 billion euros. We focused our investments to expand capacities in Central and Eastern Europe on Hungary, the Czech Republic, and Turkey. We invested there heavily in establishing and expanding our production of high-pressure and diesel-injection systems, electronic components, and power tools. Our total workforce in the Central and Eastern European countries is 16,200 strong.

Research and Development, Advance Engineering



We ensure our competitiveness with innovative and profitable products. Our corporate research and development sector supports our divisions and plants in various ways: It develops and makes available new technologies and materials, as well as the fundamentals and concepts for new products and systems. In addition, it works on methods, processes and tools for the efficient development and manufacture of products.



◀◀ With modern laser-measurement technology it is possible to make acoustic wave patterns and flow turbulence visible using the actual product. The knowledge we thus gain is used to further reduce the noise caused by the air cooling required for power tools and motor-vehicle alternators.

◀ When catalysts in the motor vehicle have not yet reached their operating temperature, they are not especially effective. Tests with plasma reactors will show whether their integration into the exhaust channel will reduce the exhaust gas emissions in cold operating phases significantly.

Revolution under the hood

Driving fun and safe driving, comfort and economy, engine power combined with eco-friendly operation – these seemingly contrary requirements are being fulfilled in today’s vehicles better than ever before. A decisive part is played by sensors, which measure pressure, temperature, exhaust-gas values, and a host of other physical quantities. Modern vehicles are being equipped with up to 100 sensors each. The key technology in the production of our motor-vehicle sensors is microsystem technology. For this purpose, we utilize established microelectronics methods such as photolithography, and various separation processes, in order to work on hundreds of sensors on a single silicon wafer simultaneously. In addition, we apply specific production processes such as dry or wet etching.

Some 40% of our sensors are already being produced using microsystem technology. With an annual output of 70 million units, we are one of the largest micromechanics producers. The mass production, which requires significant investments, has been purposely aimed at the large quantities needed in motor-vehicle applications. The potential, however, extends far beyond mobile sensor applications.

Top performance through material and processing technologies

That a powerful internal-combustion engine’s injection system will last 250,000 kilometers, or 15 years, is not a foregone conclusion. It is based on the expertise of our engineers. They master the challenge of maximum demands made on product modules by considering the material technology, design and process technology as a whole. Although this holistic view renders product development and manufacture extremely demanding and complex, it does lead to unique features of our products.

Taking diesel direct-injection as an example: the highest stresses are encountered in the orifices and bores subjected to high pressure. The danger is particularly great that material weakens and cracks where two bores converge. To prevent this, we optimize all parameters. This starts with the computer-aided stress optimization in design and is continued in the alignment of simulations of real and possible stresses. The necessary software tools were designed or adapted by us. In direct cooperation with the manufacturer, we raise the material quality to the highest and reproducible level at acceptable costs.

Finally, not only must the process be performed with greatest precision, but the influence on the durability of the part also needs to be quantified. The smallest burr in a drilled hole can lead to a breakdown.

Video surveillance becomes intelligent

People have a limited attention span. Studies have proven that without distraction, security guards can only watch a maximum of four monitors at the same time. We have therefore developed an image processing system whose algorithms can recognize movements and changes in a sequence of images automatically. The system then decides whether to trigger the alarm. In this case, the system transfers the video images in optimal form onto the guards' monitors. The particular achievement of our system is its ability to filter out the essentials. For instance, museum guards are not constantly shown a video image of a sculpture, but are only warned when something happens.

► In order to be able to also use fuel cells for energy supplies in homes, it must be possible to produce hydrogen efficiently from natural gas. In a research project, we are investigating the operational behavior of the installation components and optimizing their interaction in the overall system.





► In 2003, we submitted 2,750 inventions for patenting, a new record. With this total, our engineers, scientists, and technicians are in a leading position world-wide. This achievement is the theme of one of our advertisements.

An jedem Arbeitstag 12 Erfindungen?

Ja

Bosch liegt mit Patentanmeldungen
in der Kraftfahrzeugtechnik an der Spitze –
in Deutschland, Europa und den USA.

Bosch hat die Lösung



BOSCH

The special challenge to our researchers was less the detection of objects or changes, but much more the suppression of disturbances such as changing lighting, shadows being cast, or leaves falling from trees. It is, however, not yet possible to draw conclusions as to the intentions of the “object”. Future work will therefore address scene interpretations. This is of interest for such large events as festivals or football games, but also for critical spots in city centers.

Tireless work every second

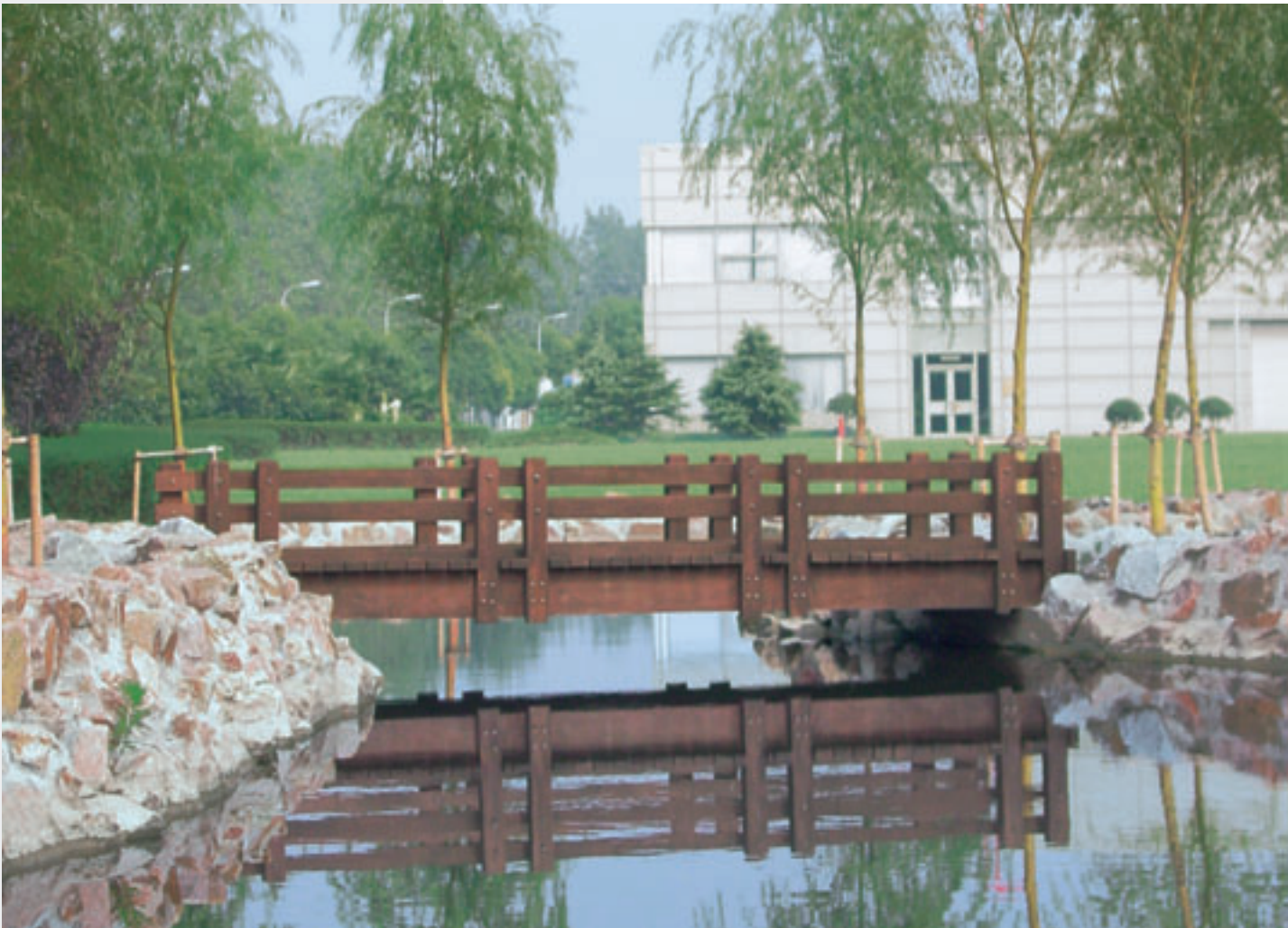
Image-processing systems are also used by us in production. For instance, we test their use in visual testing and adapt them to the particular application. Using a CCD camera under various light conditions, we register surfaces, seal rings, and part geometries. The trick is to apply the images and certain features that result from them to ascertain that the product was properly manufactured. As many products are produced in dozens, if not hundreds of customer-specific variations, only an automatic image-processing can deal with this.

We also develop and test new testing systems, such as a so-called white-light-interferometer, which makes it possible to automatically measure parallelism, smoothness, thickness, and roughness of surfaces down into the nanometer range.

Environmental Protection

Environmental protection and entrepreneurial action go hand in hand at Bosch. Above all else, we place our products and services in the interests of the safety of people, the economic use of resources, and environmental sustainability.

Responsibility for the environment is a core value for us. We drew up the first binding guidelines for environmental protection as early as 1973.





◀ Our symbol for environmental protection stands for uncontaminated water, clean air, and unspoilt nature. Environmental measures also help us tap potentials for cost reduction. The incorporation of environmental protection into the Bosch corporate strategy promotes product innovation and thus not only safeguards our earning power, but also helps us open up new business fields.

◀ We also maintain our high environmental-protection standard in China. For instance at the production site of our joint venture United Automotive Electronic Systems Co Ltd in Shanghai. It has been certified since 1998, and is a model for numerous exemplary processes. In order to help them comply with the increasingly stricter exhaust-emissions standards, the technical center shown in the background of this photo supports our customers with highly efficient exhaust-gas tests and many other services. The holding pond in the foreground gathers recycling water for the irrigation of green areas. We thus reduce the consumption of fresh water.

Integrated management

Since 2001, we have been working worldwide with an integrated management system for quality, environment, and safety. This system turns our values into concrete action and assists us in meeting new demands originating from customers, society, or legislators. The production sites of our Automotive Technology Business Sector are already externally certified according to the international environmental management standard ISO 14001. Certification in other business sectors and divisions has also made great progress. At the end of 2003, 111 Bosch locations possessed a certificate.

Every drop of water counts: environmental campaign at Indian subsidiary

For our Indian company, Motor Industries Co Ltd (MICO), careful and efficient management of water is an important concern. On the occasion of the United Nations World Environment Day on June 5, 2003, MICO staged an information campaign for our associates and the local population under the motto “water – every drop counts”. Between 1998 and 2003, even though our Bangalore plant continued to grow at the same time, we were successful with our measures to reduce the fresh-water consumption there by one-third to 570 cubic meters per day. Among other things, production and sanitary wastewater are processed by progressive methods and repeatedly reused through recycling.

“Regenerative energies” – a vision

For our divisions, environmental protection is an incentive for innovations and an opening into competitive advantages. In Frankfurt at the international trade fair for building and energy technology ISH 2003, we presented our vision of “regenerative energies” with new products from Junkers. Our product range includes increased-efficiency solar collectors, heat pumps and a complete package for energy-efficient homes. Solar installations from our new subsidiary Buderus complement this portfolio. Here, solar energy can provide up to 35% of the entire energy demand for heating and warm water.

Associates of the Bosch Group



E-mail messages can also convey appreciation. On his first day as Chairman of the Board of Management, Franz Fehrenbach turned to all associates per electronic letter. His message outlined the changes in the company, and stressed values such as initiative, determination, and trust. That hit the spot, because the same day saw hundreds of replies from all over the world – sometimes critical, but above all appreciative. An example of direct associate communication.





◀ Seven heads are better than one: Even though Bosch still has “chiefs and Indians,” teamwork is an everyday affair. Our associates meet regularly to exchange ideas, to improve processes, or to further improve the quality of products. Here: a discussion in our Gasoline Systems Division.

◀◀ As if it were a demonstration for Bosch: The final parade of the annual hiking event “Japan Three Day March” again took place in 2003 at our Higashi Matsuyama location. We participated with many volunteer helpers. And our employees and their families marched along in the parade. We support the aim of this international march as a social event, at which people hike together and exchange ideas.

◀ A searching look: For our employees in the Blaichach plant absolute precision takes top priority. Here hydraulic modulators for antilock braking systems are produced in accordance with demanding and ingenious methods which require precision in micrometers. Here: An employee performs sample tests on the newest ABS generation 8.

Jobstairs: job offers on the internet

We employ electronic channels as early as in the search for qualified workers. We and 27 other companies thus founded, in March 2003, a common online job exchange under the name “Jobstairs,” using the www.jobstairs.de website. Here, job seekers find a marketplace on which job offers from top firms are concentrated.

Students@bosch: a network of successful trainees

The new media do not replace for us in any way the personal contact which we maintain with students more intensively than ever. Whoever was highly successful in completing their traineeship with us remains the focus of our attention. We instituted a special program for this purpose, students@bosch. This enables us to stay in contact with promising students through newsletters and networking meetings. In special cases we also arrange for training abroad.

Postgraduate program: close cooperation with industry

We are continuously expanding our close cooperation with universities. The objective is to promote young talent from the technical and commercial sectors, and to improve the transfer of know-how. In recent years, the numbers of postgraduates that participated in our courses of study for a doctorate have increased steadily. In 2003, for instance, we supported some 180 postgraduates in completing their doctoral degree. These were mainly from the areas of research and development and in the academic subjects of physics, mechanical engineering, and electrotechnology. Although the postgraduates studying for their doctor’s degree are only taken on temporarily, a large percentage of them remain with the company after having obtained their degree.

International Development Program for 150 up-and-coming employees from 22 countries

We promote young associates from all over the world with our International Development Program, IDP for short. By 2005, we thus intend to hire 150 especially qualified people in 22 countries outside Germany. We systematically prepare these associates for the assumption of leadership assignments in their home countries. Their training takes three years, of which two are spent in Germany. And for as long as these young associates are occupied during IDP, they always have an experienced manager from their home country at their side as a mentor.



▲
New at Bosch: this young woman has only been an associate since the end of 2002. She works in Breda, The Netherlands – in a plant with 300 employees which was acquired from Philips for our Security

Systems Division. With the help of her “colleague” the computer, she is determining the quality of our communications systems for international congresses using detail-test equipment.

Qualification through Bosch: an opportunity for older engineers

We not only do everything to bring top international associates on board. As early as 1999, Bosch began qualifying unemployed older engineers from the Magdeburg region for future employment. This was a cooperative project with the Federal employment offices, which was expanded countrywide and completed in 2003. After a total of eight promotional measures, we hired 77 of these older engineers ourselves and 22 others found jobs elsewhere. Their life and career experiences have again found a (work)place.

International training: how we satisfy the demand for skilled labor in Hungary

For the very young it is a matter of the first steps in their career. At our German locations in 2003 we employed 1,233 apprentices. Training, however, is for us more than ever an international matter. After all, we also have to satisfy the demand for skilled workers at our low-cost locations. Take the example of Hatvan, our Hungarian plant. In 2003, we instituted a compact training course there for qualification as an electronics technician. The first 15 participants will graduate as service specialists after a six-month training course. At the same time, we have entered into a cooperative agreement with three junior technical colleges in the region which specifies the establishment of Bosch classes, whose content is especially practice-oriented in accordance with our criteria. This is an important step towards the establishment of industrial skilled-labor training in Hungary.

New collective wage agreement: same pay rules for workers and salaried staff

As we help rebuild Eastern Europe, the employment world in Germany is also in flux. For instance, the difference between workers and salaried staff is losing its importance. During 2003, in some collective bargaining areas in the Metals and Electrical Industries, including Baden-Württemberg, agreements were concluded with respect to a compensation system agreement (ERA). The other areas are expected to follow in 2004. The formerly differing pay rules for workers and salaried employees are thus being made uniform. Bosch is making thorough preparations for the application of ERA in the company. It is currently expected that the pay systems will be adjusted in 2007. In doing so, we will pay strict attention to the cost neutrality which was agreed upon in the pay contract.

Bosch thanks its employees: appreciation also for union representatives

At the beginning of 2004, we had a workforce of approximately 232,000 employees around the world, of which 109,000 were inside, and 123,000 outside Germany. We want to express our thanks to them, because without their commitment and performance our company's success in 2003 would have been impossible. Special appreciation is also due to our union representatives. We know that it has not always been easy for them to support needed decisions. We appreciate their constructive cooperation all the more.

Financial Statements of the Bosch Group Worldwide

Consolidated Balance Sheet as per December 31, 2003

(million euros)

Assets	Appendix	December 31, 2003	December 31, 2002
Fixed assets	(7)		
Intangible fixed assets		3,045	2,569
Tangible fixed assets		7,879	7,174
Financial investments		947	917
		11,871	10,660
Current assets			
Leased products		42	48
Inventories	(8)	3,899	3,761
Accounts receivable and other assets	(9)		
Accounts receivable		5,687	5,285
Other receivables and assets		3,432	1,204
Marketable securities		4,422	4,196
Liquid assets		2,604	2,288
		20,086	16,782
Deferred expenses		38	33
		31,995	27,475

Liabilities and Equity	Appendix	December 31, 2003	December 31, 2002
Equity capital	(10)		
Capital stock		1,200	1,200
Capital surplus		4,557	4,557
Earned surplus		5,462	2,717
Unappropriated earnings		60	60
Minority interests		481	351
		11,760	8,885
Accruals with valuation reserve portion			126
Accruals			
Accruals for pensions and similar obligations		4,857	4,576
Other accruals	(11)	8,889	7,073
		13,746	11,649
Liabilities	(12)		
Liabilities from financing		2,668	3,082
Accounts payable		2,300	2,195
Other liabilities		1,483	1,512
		6,451	6,789
Deferred income		38	26
		31,995	27,475

Financial Statements of the Bosch Group Worldwide

Consolidated Statement of Income

for the period from January 1 to December 31, 2003

(million euros)

	Appendix	2003	2002
Sales		36,357	34,977
Changes in finished goods and work-in-progress inventories and other capitalized costs	(15)	241	261
Total operating performance		36,598	35,238
Other operating income		2,425	2,263
Cost of materials	(16)	-16,515	-16,236
Personnel costs	(17)	-10,994	-10,815
Depreciation and amortization of tangible and intangible fixed assets		-2,422	-2,480
including goodwill amortization		-581	-490
Other operating expenses		-7,359	-6,406
Net income from investments	(18)	110	83
Amortization of financial investments and securities included with current assets		-117	-233
Interest income, net of expenses	(19)	106	4
Income from ordinary business activities		1,832	1,418
Taxes on income	(20)	-732	-768
Net income for the year		1,100	650
Including profit and loss of minority shareholders	(21)	124	64

Financial Statements of the Bosch Group Worldwide

Capital Flow Statement

(million euros)

	2003
Income before taxes	1,832
Depreciation of fixed assets ¹	2,480
Increase in long-term accruals	114
Gains on disposition of fixed assets	-128
Losses on disposition of fixed assets	52
Financial income	-433
Financial expenses	334
Dividends and interest received	350
Interest paid	-127
Income taxes paid	-679
Cash flow	3,795
Decrease in inventories	27
Increase in receivables	-364
Decrease in liabilities	-103
Increase in short-term accruals	1,239
Additions to funds from business activities (1)	4,594
Acquisition of subsidiaries	-1,684
Additions to fixed assets	-2,410
Revenue from retirement of fixed assets	335
Purchases of marketable securities	-1,296
Sales of marketable securities	1,096
Application of funds to investment activities (2)	-3,959
Liabilities from financing incurred	80
Liabilities from financing repaid	-329
Dividends paid	-72
Decreases in funds from financial activities (3)	-321
Increase in liquidity (1) + (2) + (3)	314
Liquidity at the beginning of the year (Jan. 1)	2,349
Decrease in liquidity from currency exchange fluctuations	-58
Liquidity at the end of the year (Dec. 31)	2,605

¹ Net of revaluations of 40 million euros.

Financial Statements of the Bosch Group Worldwide

Segment Reporting 2003

(million euros)

Data with respect to business segments	Automotive Technology	Industrial Technology
Third-party sales	23,616	4,318
Internal sales		29
Total sales	23,616	4,347
Operating income ¹	1,285	- 221
Results of associated companies (accounted for at equity method)	38	
Investments in associated companies (accounted for at equity method)	100	
Non-cash expenses (excluding depreciation and amortization)	3,457	378
Segment assets	11,921	4,271
Segment liabilities	10,060	1,564
Additions to tangible and intangible fixed assets	1,672	205
Depreciation and amortization of tangible and intangible fixed assets	1,494	564

¹ Income before taxes and financial results.

Data with respect to geographic segments	Europe	Americas
Third-party sales	24,553	6,561
Segment assets	16,286	2,973
Additions to tangible and intangible fixed assets	1,630	334

Consumer Goods and Building Technology	Reconciling Items	Consolidated
8,423		36,357
40	- 69	
8,463	- 69	36,357
478	191	1,733
		38
		100
939	120	4,894
5,348	- 227	21,313
3,460	323	15,407
275		2,152
364		2,422

Asia	Africa, Australia	Reconciling Items	Consolidated
4,657	586		36,357
2,343	336	- 625	21,313
169	19		2,152

Financial Statements of the Bosch Group Worldwide

Statement of Changes in Equity Capital 2003

(million euros)

	Parent company consolidated			
	Capital stock	Capital surplus	Earned surplus	Cumulative other equity capital ¹
As of January 1, 2003²	1,200	4,557	4,950	-84
Dividend payments			-60	
Net income for the year			976	
Exchange-rate adjustments				-371
Other changes			111	
As of December 31, 2003	1,200	4,557	5,977	-455

¹ Particularly adjustments from currency translation.

² Including valuation changes due to tax-basis eliminations (deletion of Section 308, Paragraph 3 of the Commercial Code) and the expanded recognition of deferred taxes in the consolidated financial statements in accordance with DRS (German Accounting Standard) 10.

Minority shareholders

Parent company consolidated equity capital	Minority interests in equity capital	Cumulative other equity capital ¹	Minority shareholders' equity capital	Consolidated equity capital
10,623	530		530	11,153
-60	-12		-12	-72
976	124		124	1,100
-371		-18	-18	-389
111	-143		-143	-32
11,279	499	-18	481	11,760

Financial Statements of the Bosch Group Worldwide

2003 Development of Fixed Assets

(million euros)

	Cost of acquisition or manufacture			
	Jan. 1, 2003 ¹	Changes in the consolidated group	Additions	Transfers
Intangible fixed assets				
Concessions, patents, trademarks and similar rights				
and assets, as well as licenses to such rights and assets	290	244	113	1
Goodwill	3,990	862	7	
Advance payments	1		4	- 1
	<u>4,281</u>	<u>1,106</u>	<u>124</u>	
Tangible fixed assets				
Land, leasehold rights and buildings,				
including buildings on land owned by others	4,550	529	197	106
Production equipment and machinery	12,052	789	970	373
Other equipment, fixtures and furniture	5,083	188	400	84
Advance payments and construction in progress	656	18	461	-563
	<u>22,341</u>	<u>1,524</u>	<u>2,028</u>	
Financial investments				
Investments in affiliated companies	380	- 102	186	
Loans to affiliated companies	12	1		
Investments in associated companies	138	-26	20	
Other financial investments	453	-139	10	
Long-term investments	175	212	35	
Other loans	37	3	7	
	<u>1,195</u>	<u>-51</u>	<u>258</u>	
Total fixed assets	<u>27,817</u>	<u>2,579</u>	<u>2,410</u>	

¹ Including valuation changes due to tax-basis eliminations (deletion of Section 308, Paragraph 3 of the Commercial Code) and the expanded recognition of deferred taxes in the consolidated financial statements in accordance with DRS (German Accounting Standard) 10.

Retire- ments	Dec. 31, 2003	Depreciation cumulative to Dec.31, 2003	Net book value as of Dec.31, 2003	Net book value as of Dec.31, 2002	Depreciation current year	Revaluations current year
111	537	264	273	65	128	
769	4,090	1,322	2,768	2,503	581	
	4		4	1		
880	4,631	1,586	3,045	2,569	709	
93	5,289	2,690	2,599	2,101	171	
662	13,522	9,983	3,539	3,245	1,135	
423	5,332	4,145	1,187	1,142	407	
13	559	5	554	686		
1,191	24,702	16,823	7,879	7,174	1,713	
2	462	175	287	226	51	13
8	5	1	4	11		
14	118	18	100	105		19
91	233	111	122	375	47	4
11	411	10	401	161		4
13	34	1	33	39		
139	1,263	316	947	917	98	40
2,210	30,596	18,725	11,871	10,660	2,520	40

Financial Statements of the Bosch Group Worldwide

Balance Sheet Structure 1999–2003

(million euros)

	1999	2000	2001	2002	2003 ¹
Assets					
Fixed assets	7,211 35%	8,408 34%	9,341 34%	10,660 39%	11,871 37%
Inventories, leased products	3,551 17%	3,695 15%	3,971 14%	3,809 14%	3,941 12%
Receivables	6,289 30%	7,317 30%	7,603 27%	6,522 24%	9,157 29%
Marketable securities, liquid assets	3,781 18%	5,084 21%	6,868 25%	6,484 23%	7,026 22%
	20,832	24,504	27,783	27,475	31,995
Liabilities and Equity					
Equity capital	6,646 32%	8,288 34%	9,014 32%	8,885 32%	11,760 37%
Long-term liabilities	8,029 38%	8,457 34%	11,393 41%	11,107 41%	11,193 35%
Current liabilities	6,157 30%	7,759 32%	7,376 27%	7,483 27%	9,042 28%
	20,832	24,504	27,783	27,475	31,995

¹ Including valuation changes due to tax-basis eliminations (deletion of Section 308, Paragraph 3 of the Commercial Code) and the expanded recognition of deferred taxes in the consolidated financial statements in accordance with DRS (German Accounting Standard) 10.

Financial Statements of the Bosch Group Worldwide

Appendix 2003

(1) General remarks

The consolidated statements of the Bosch Group Worldwide conform to the regulations of the Commercial Code, and were prepared in euro.

The German accounting standards promulgated by the Deutsche Rechnungslegungs Standards Committee e.V. which were in effect at December 31, 2003, were complied with. These were: DRS 2 (Cash Flow Statement), DRS 3 (Segment Reporting), DRS 4 (Acquisition Accounting in Consolidated Financial Statements), DRS 5 (Risk Reporting), DRS 7 (Group Equity and Total Recognized Results), DRS 8 (Accounting for Investments in Associated Enterprises in Consolidated Financial Statements), DRS 9 (Accounting for Investments in Joint Ventures in Consolidated Financial Statements), DRS 10 (Deferred Taxes in Consolidated Financial Statements), DRS 11 (Related Party Disclosures), DRS 12 (Non-current Intangible Assets), and DR 13 (Consistency Principle and Correction of Errors).

In order to ensure better understanding of these financial statements, we combined a number of individual balance sheet and statement of income items into key groupings. These items are stated separately in this appendix. Required comments for individual items are also contained in this appendix. The consolidated statement of income follows the format of the total cost method.

(2) Consolidated group

The consolidated group includes Robert Bosch GmbH and 43 domestic as well as 215 foreign subsidiaries. For the first time, we consolidated the following companies:

- Buderus AG, Wetzlar (the sub-consolidation includes 32 subsidiaries),
- Professional Communication, Security & Imaging International Holding B.V., Eindhoven, Netherlands (the sub-consolidation includes nine subsidiaries).

The consolidation was further expanded with the inclusion of three subsidiaries of Bosch Rexroth AG, Stuttgart, two subsidiaries of Bosch Automotive Systems Corporation, Shibuya-ku, Tokyo, Japan, as well as one subsidiary of Robert Bosch Tool Corporation, Chicago, USA.

Through the merger of S-B Power Tool Company, Chicago, USA, with Vermont American Corporation, Louisville, Kentucky, USA, the number of consolidated companies shrank by 14. The company was renamed Robert Bosch Tool Corporation, Chicago, Illinois, USA.

Through additional corporate restructurings, mergers and dispositions, the number of consolidated subsidiaries fell by 16 in total. Of these, five companies pertained to the Bosch Rexroth AG, Stuttgart, sub-consolidation, and six to the Bosch Automotive Systems Corporation, Shibuya-ku, Tokyo, sub-consolidation.

As of the end of 2003, our share in Zexel Valeo Climate Control Corporation, Shibuya-ku, Tokyo, Japan, was reduced to 50%. The financial statements, with twelve companies in total, which were fully consolidated as of December 31, 2002, were thus taken into consideration at the Bosch Group Worldwide as of December 31, 2003, on a pro-rata basis in accordance with Section 310 of the Commercial Code. The consolidated statements of BSH Bosch und Siemens Hausgeräte GmbH, Munich, and ZF Lenksysteme GmbH, Schwäbisch Gmünd, continue to be included in consolidation on a pro-rata basis.

In accordance with Section 296, Paragraph 2 of the Commercial Code, companies lacking operations or having insignificant business volume, were not included with the consolidated financial statements.

The equity valuation of material interests in associated companies was applied in accordance with the book-value method. This valuation pertained to two domestic and nine foreign companies. Other interests in associated companies were of secondary importance for the portrayal of the net assets, financial position and results of operations of the Group; in accordance with Section 311, Paragraph 2 of the Commercial Code, equity valuation was, therefore, not applied.

Through changes in the companies consolidated, sales increased by 1.1 billion euros and balance sheet totals by approximately one billion euros.

Key data of Buderus AG, which was consolidated starting July 1, 2003:

Million euros	2003 ¹	2002
Sales	1,964	1,860
Income before extraordinary items	121	162
Net income for the year	121	238
Net income per share ²	1.92	1.86 ³

¹ Refers to calendar-year figures.

² Group net income after taxes divided by the number of shares outstanding.

³ Before extraordinary income of 1.91 euros per share.

(3) Principles of classification and valuation

The financial statements of Bosch Group Worldwide include the individual statements of our subsidiaries which conform to uniform principles of classification and valuation.

We adhered to the valuation at lower of cost or market and imparity of gain or loss recognition.

Financial statements of foreign associated companies were not modified to comply with the uniform accounting principles of the consolidated group.

Intangible assets including goodwill resulting from first-time consolidations as well as tangible and financial assets were valued at acquisition cost or cost of manufacture subject to depreciation and amortization. We applied straight-line as well as accelerated depreciation methods. Items of minor value were fully depreciated during the year of acquisition. Goodwill of BSH Bosch und Siemens Hausgeräte GmbH, Munich, and ZF Lenksysteme GmbH, Schwäbisch Gmünd, were amortized over a maximum life of ten years. Goodwill of Buderus AG, Wetzlar, is being amortized over a useful life of ten years.

Interest-free and low-interest loans were adjusted to reflect present values by application of a uniform discount rate domestically, and prevailing rates in foreign countries.

Additions to interests in associated companies include shares purchased as well as capital contributions and prorated profits. Retirements include prorated losses, dividends paid and shares sold.

We valued inventories at the lower of average purchase or manufacturing cost or market. Manufacturing costs include direct costs and reasonable overhead.

At domestic companies, the LIFO valuation method was used in principle. We used this method also at foreign subsidiaries when accepted by the tax authorities.

We provided for risks inherent in warehousing and distribution through appropriate deductions. Additional write-downs were taken in cases of unfavorable returns.

Accounts receivable and other current assets were stated at face values less write-downs for individual risks and for general credit risks. Interest-free or low-interest receivables with maturities of more than one year were discounted.

We valued marketable securities included in current assets at the lower of acquisition cost or market.

In determining the size of accruals we provided for all identifiable risks.

Pension accruals and similar liabilities were determined by the application of actuarial principles and were discounted to reflect present values. For domestic companies, we used a 6% discount rate in accordance with the 1998 guideline tables and in one case a 5.25% discount rate in accordance with the principles of IAS 19, while foreign subsidiaries used discount rates prevailing in their respective countries.

In determining the amounts accrued for pending transactions with expected losses, we basically took account of prices and costs expected at the time these transactions would close.

Liabilities were stated at the amounts owed.

(4) Change in classification and valuation principles

In prior years, fixed assets in the individual financial statements were included in consolidation after giving effect to extraordinary tax depreciation and carry-forwards in accordance with Section 6b of the Income Tax Law. The resulting tax-basis adjustments are no longer reflected in the 2003 consolidated financial statements pursuant to the deletion of Section 308, Paragraph 3 of the Commercial Code.

In the individual financial statements included in consolidation we had previously availed ourselves of the election provided by Section 274, Paragraph 2 of the Commercial Code not to recognize deferred tax assets. Starting with 2003 we have changed to recognizing both deferred tax assets and liabilities for all temporary tax and book differences. The deferred taxes were calculated using tax rates expected to be in effect at the time of their prospective reversal. These, in turn, are based on tax regulations enacted as of the balance sheet date. Pursuant to commercial code rules, we did not recognize deferred tax assets on tax-loss carry-forwards or on tax credits.

In prior years, we translated equity capital from foreign-currency financial statements, like all other balance sheet items, at average exchange rates at the balance-sheet date. Starting with 2003, equity capital is stated at historical exchange rates.

The changed valuation methods had the following effects on the opening balance sheet as of January 1, 2003:

Million euros

Fixed assets	+ 206
Current assets	+ 2,091
Accruals with valuation reserve portion	- 126
Accruals	+ 155

The adjustments were netted with equity capital without an effect on income. Prior years were not restated.

(5) Currency translation

Foreign-currency accounts receivable and accounts payable in the individual financial statements were translated to euro equivalents at the less favorable of the average exchange rate at the date of origin, or at the balance-sheet date.

For the translation to euro of the assets and liabilities in foreign currencies and the related profits and losses, we applied, in principle, average exchange rates at the balance-sheet date. Transactions pertaining to fixed assets were translated at average annual euro equivalents. Resulting differences were included with beginning balances of cost of acquisition or manufacture as well as in cumulative depreciation. Equity capital was stated at historical exchange rates, starting as of January 1, 2003.

Income and expenses were translated at average exchange rates. Differences resulting from the application of average exchange rates versus year-end exchange rates were included with other operating expenses.

(6) Consolidation principles

For capital consolidation of companies or for newly acquired capital shares, consolidated for the first time in 2003, we applied the purchase method. For acquisitions made in prior years, we continued to apply the book-value method at the date of acquisition or at the date of first-time consolidation. As far as possible, we allocated amounts subject to capitalization to the respective assets. Remaining amounts were included with goodwill. Credit differences resulting from capital consolidation in prior years were included in earned surplus. Negative differences from first-time consolidation in 2003 in the amount of 30 million euros were deducted from goodwill.

Receivables and payables, sales, expenses, and income, as well as results within the consolidated group were eliminated. Elimination of gains and losses pertaining to fixed assets within the consolidated group was omitted in accordance with Section 304, Paragraph 2 of the Commercial Code, because of the secondary importance with respect to the portrayal of net assets, financial position and results of operations.

Profits from sales to the consolidated group by associated companies were not eliminated since they were insignificant.

(7) Fixed assets

Extraordinary depreciation and amortization of 320 million euros pertained primarily to goodwill (of which 184 million euros for Buderus AG, Wetzlar, and 23 million euros for Robert Bosch Tool Corporation, Chicago, Illinois, USA) and to financial investments.

The development of fixed assets is presented on pages 62 and 63 of this report.

Goodwill of BSH Bosch und Siemens Hausgeräte GmbH, Munich, and ZF Lenksysteme GmbH, Schwäbisch Gmünd, developed as follows:

Million euros

Cost at January 1	335
Changes in the consolidated group	47
Retirements	218
Cost at December 31	164
Accumulated amortization, January 1	278
Additions	21
Retirements	218
Accumulated amortization, December 31	81

(8) Inventories

Included with the stated value of inventories, in the amount of 3,899 million euros, are our advance payments of 41 million euros (2002: 29 million euros). On the other hand, advance payments received in the amount of 93 million euros (2002: 95 million euros) were deducted.

Changes in the consolidated group resulted in an increase in inventories of 0.3 billion euros.

(9) Accounts receivable and other assets	Million euros	2003	2002
	Accounts receivable	5,687	5,285
	including maturities of more than one year	3	3
	Other receivables and assets		
	Receivables from affiliated companies	178	133
	including maturities of more than one year	15	
	Receivables from companies in which interests are held	142	92
	Other assets	3,112	979
	including maturities of more than one year	2,367	62
		3,432	1,204
	Receivables and other assets	9,119	6,489

Other assets include deferred tax assets of 2,342 million euros.

Changes in the consolidated group led to an increase in accounts receivable of 0.3 billion euros.

(10) Equity capital	Million euros	2003	2002
	Earned surplus of Robert Bosch GmbH	1,272	782
	Other earned surplus	4,190	1,935
		5,462	2,717

Unappropriated earnings of the consolidated group are identical to those of Robert Bosch GmbH, and are available for dividend pay-out to the shareholders.

The statement of changes in equity capital is presented on pages 60 and 61 of this report.

(11) Other accruals	Million euros	2003	2002
	Accrued taxes	865	267
	Other accruals	8,024	6,806
		8,889	7,073

Accrued taxes include deferred tax liabilities of 333 million euros.

Other accruals primarily cover risks in sales, personnel and social welfare areas. In addition, expected losses from pending transactions, deferred maintenance and other risks were taken into account.

Changes in the consolidated group resulted in increases in pension accruals and similar obligations of 0.2 billion euros and in other accruals of 0.5 billion euros.

(12) Liabilities	Million euros	2003	Including maturities up to one year	2002	Including maturities up to one year
Liabilities from financing					
	Bonds	1,620	80	1,728	95
	Liabilities with banks	1,037	298	1,341	543
	Other financing liabilities	11	11	13	13
		2,668	389	3,082	651
	Accounts payable	2,300	2,300	2,195	2,195
Other liabilities					
	Liabilities from acceptances and drafts	129	129	166	166
	Liabilities with affiliated companies	81	78	90	90
	Liabilities with companies in which interests are held	52	52	82	82
	Other liabilities	1,221	1,080	1,174	1,091
		1,483	1,339	1,512	1,429
	Total liabilities	6,451	4,028	6,789	4,275

Of the liabilities with banks, 112 million euros were secured by mortgages and another 12 million euros by other liens. Of other liabilities, 4 million euros were secured by mortgages.

Other liabilities contain tax liabilities in the amount of 285 million euros (2002: 267 million euros) and liabilities pertaining to social obligations in the amount of 243 million euros (2002: 235 million euros). Liabilities with shareholders in the amount of 64 million euros (2002: 45 million euros) pertain to Robert Bosch Stiftung GmbH.

Total liabilities with maturities of more than 5 years amounting to 35 million euros included 7 million euros of liabilities with banks and 28 million euros of other liabilities.

Changes in the consolidated group increased liabilities by 0.2 billion euros.

(13) Contingent liabilities	Million euros		
	Contingent liabilities from the issuance or transfer of notes		93
	Contingent liabilities from guarantees		44
	including on behalf of affiliated companies		15
	Contingent liabilities from warranties		22
	Contingent liabilities from collateral given for third-party liabilities		10
(14) Other financial obligations	Other financial obligations of significance for an opinion on the financial condition of the company did not exist.		
(15) Changes in finished goods and work-in-progress inventories and other capitalized costs	Million euros	2003	2002
	Change in finished goods and work-in-progress inventories	-108	-38
	Other capitalized costs	349	299
		241	261
(16) Cost of materials	Million euros	2003	2002
	Cost of raw materials, supplies and merchandise	14,968	14,917
	Purchased services	1,547	1,319
		16,515	16,236

(17) Personnel costs	Million euros	2003	2002
	Wages and salaries	8,757	8,611
	Social security, pension plans, and support payments	2,237	2,204
	including pension plans	639	686
		10,994	10,815

Average numbers of employees
during the year, by region:

	2003	Including	2002	Including
	Total	BSH, ZFLS (prorated) ¹	Total	BSH und ZFLS (prorated)
Countries of the European Union	144,540	14,963	140,667	15,422
Rest of Europe	17,825	2,802	17,427	2,708
Americas	35,559	2,603	35,923	2,566
Asia, Africa, Australia	31,515	2,112	31,880	2,104
	229,439	22,480	225,897	22,800

¹ Does not include employees of Zexel Valeo Climate Control Corporation, Shibuya-ku, Tokyo, as change to pro-rata consolidation did not take place until December 2003.

(18) Net income from investments	Million euros	2003	2002
	Income from investments	72	54
	including affiliated companies	19	13
	Result from associated companies	38	29
		110	83

(19) Interest income, net of expenses	Million euros	2003	2002
	Interest from other securities and from loans included		
	with financial investments	3	4
	including affiliated companies		1
	Other interest and similar income	320	292
	including affiliated companies	3	3
	Interest and similar expenses	- 217	- 292
	including affiliated companies	- 1	- 1
		106	4

(20) Tax expenses	Million euros	2003	2002
	Taxes on income	732	768
	Other taxes	140	149
		872	917

Other taxes are shown under other operating expenses.

Included in taxes on income are deferred tax credits of 312 million euros.

The total amount of deferred tax assets and liabilities as of December 31, 2003, can be allocated to the following balance sheet items:

Million euros	Deferred Tax	
	Assets	Liabilities
Intangible fixed assets	195	78
Tangible fixed assets	166	219
Financial investments	46	1
Inventories	221	6
Accounts receivable and other assets	117	23
Marketable securities	20	11
Other current assets	72	0
Accruals	1,567	9
Other liabilities	61	39
Gross amount	2,465	386
Valuation allowances	-70	
Offsets	-53	-53
Net book value	2,342	333

Consolidation measures resulted in deferred tax assets of 20 million euros.

Events in 2003 without income effect led to deferred tax liabilities of 275 million euros.

The difference between expected and reported tax expense, using a domestic tax rate of 40% results from the following:

Million euros	
Expected tax expense	733
Tax-rate differences	-137
Tax-basis differences	200
Others	-64
Reported tax expense	732

(21) Profit and loss of minority shareholders	Million euros	2003	2002
	Profits		130
Losses		-6	-9
		124	64

(22) Information with respect to joint ventures

The current and long-term assets and liabilities of BSH Bosch und Siemens Hausgeräte GmbH, Munich, ZF Lenksysteme GmbH, Schwäbisch Gmünd, and Zexel Valeo Climate Control Corporation, Shibuya-ku, Tokyo, were:

	Million euros	2003	2002
Current assets		1,504	1,397
Long-term assets		1,073	829
Current liabilities		397	758
Long-term liabilities		491	817

Contingent liabilities of these companies amounted to 134 million euros (2002: 198 million euros).

Expenses of 4,758 million euros and revenues of 4,810 million euros were attributable to BSH Bosch und Siemens Hausgeräte GmbH, Munich, ZF Lenksysteme GmbH, Schwäbisch Gmünd, and Zexel Valeo Climate Control Corporation, Shibuya-ku, Tokyo.

The 2002 figures do not include Zexel Valeo Climate Control Corporation, Shibuya-ku, Tokyo.

(23) Segment reporting

The division into segments follows the internal group organization, which realistically represents the company's opportunity and risk structure.

Transfer prices between segments are based on prices as they would have been agreed upon with third parties.

Segment reporting is presented on pages 58 and 59 of this report.

(24) Notes to capital flow statement

The liquidity presented in the capital flow statement consists of cash and cash equivalents of 2,604 million euros and marketable securities with a maturity of less than 90 days amounting to one million euros. These liquid assets are subject to a transfer restriction of 144 million euros.

Liquid assets include those of BSH Bosch und Siemens Hausgeräte GmbH, Munich, ZF Lenksysteme GmbH, Schwäbisch Gmünd, and Zexel Valeo Climate Control Corporation, Shibuya-ku, Tokyo, totalling 197 million euros.

In July, 2003, we acquired the majority of the shares of Buderus AG, Wetzlar. By year-end, this shareholding had increased to 97.16%. Cost of this acquisition amounted to 1,747 million euros in total. Assets and liabilities thus increased as follows:

Million euros

Fixed assets	1,980
of which goodwill	789
Current assets	700
of which liquid assets, marketable securities	63
Accruals	726
Other liabilities	182

(25) Disclosure of related parties

Robert Bosch Industrietreuhand KG exercises majority voting powers as a shareholder of Robert Bosch GmbH. In addition, Robert Bosch Industrietreuhand KG is in charge of the internal audit function of the Bosch Group. The applicable expenses are reimbursed by Robert Bosch GmbH.

(26) Compensation of the members of the Board of Management and of the Supervisory Council

During 2003, the aggregate compensation of the members of the Board of Management of Robert Bosch GmbH amounted to 11 million euros. Former members of the Board of Management and their dependents received 7 million euros, and the members of the Supervisory Council approximately one million euros.

Accruals at Robert Bosch GmbH for pension liabilities for former members of the Board of Management and their dependents amounted to 70 million euros.

The members of the Board of Management and the Supervisory Council of Robert Bosch GmbH are listed on pages 6, 7 and 8.

(27) Shareholdings of Bosch Group Worldwide

A listing of the shareholdings of the consolidated Bosch Group will be deposited with the commercial registry of the Stuttgart Court.

Stuttgart, March 9, 2004

Robert Bosch GmbH
The Board of Management

Auditors' report

We have audited the consolidated financial statements and the group management report prepared by Robert Bosch GmbH, Stuttgart, for the business year from January 1 to December 31, 2003. The preparation of the consolidated financial statements and group management report in accordance with German commercial law is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated annual financial statements in accordance with § 317 HGB (German Commercial Code) and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW), as well as the International Standards on Auditing. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system as it relates to accounting and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting. On the whole the group management report provides a suitable understanding of the Group's position and suitably presents the risks of future developments.

Stuttgart, March 9, 2004

PwC Deutsche Revision
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Wagner Kayser
Wirtschaftsprüfer Wirtschaftsprüfer

Major Companies of the Bosch Group Worldwide

(as per December 31, 2003)

(million euros)

Name	Location	Equity Capital % owned ¹	Equity Capital ²	Sales ²	Profit or loss ²
Germany					
Blaupunkt GmbH	Hildesheim	100	95	1,023	PLT ³
Bosch Rexroth AG ⁴	Stuttgart	100	692	3,700	15 ⁶
BSH Bosch und Siemens Hausgeräte GmbH ⁴	Munich	50	1,176	6,296	136 ⁶
Bosch Breitbandnetze GmbH	Stuttgart	100	125	162	14
Bosch Sicherheitssysteme GmbH	Stuttgart	100	188	465	23
BT Magnet-Technologie GmbH	Herne	50	35	80	4
Buderus AG ⁴	Wetzlar	97	787	1,964	121
ETAS Entwicklungs- und Applikationswerkzeuge für elektronische Systeme GmbH	Stuttgart	90	9	78	7
Hawera Probst GmbH	Ravensburg	100	12	77	PLT ³
Knorr-Bremse Systeme für Nutzfahrzeuge GmbH	Munich	20	123	611	33
Robert Bosch Fahrzeugelektrik Eisenach GmbH	Eisenach	100	31	484	PLT ³
VB Autobatterie GmbH ⁵	Hanover	20	99	197	-2
ZF Lenksysteme GmbH ⁴	Schwäbisch Gmünd	50	134	1,778	-76

Outside Germany

Europe

NV Robert Bosch SA	Anderlecht/Belgium	100	13	84	1
Robert Bosch Produktie NV	Tienen/Belgium	100	35	257	13
Robert Bosch A/S	Ballerup/Denmark	100	19	69	1
Robert Bosch (France) SAS ⁴	Saint-Ouen (Paris)/France	100	296	1,922	106
Atco-Qualcast Limited	Stowmarket, Suffolk/U.K.	100	14	84	6
Robert Bosch Ltd	Denham/U.K.	100	103	464	26
Worcester Group plc ⁴	Worcester/U.K.	100	35	233	34
Robert Bosch SpA ⁴	Milan/Italy	100	103	789	34
Professional Communication, Security & Imaging International Holding BV ⁴	Eindhoven/Netherlands	100	45	209	7
Robert Bosch BV	Hoofddorp/Netherlands	100	11	121	4
Skil Europe BV ⁴	Breda/Netherlands	100	18	113	-7
Van Doorne's Transmissie BV	Tilburg/Netherlands	100	36	130	3
Robert Bosch A/S	Trollaasen (Oslo)/Norway	100	5	37	
Robert Bosch AG	Vienna/Austria	100	43	241	13
Robert Bosch Sp. z o.o.	Warsaw/Poland	100	18	91	3
Blaupunkt Auto-Rádio Portugal Lda	Braga/Portugal	100	35	330	4
Vulcano Termo-Domésticos SA	Aveiro/Portugal	100	88	180	16
Robert Bosch AB	Kista (Stockholm)/Sweden	100	9	78	4
Robert Bosch Internationale Beteiligungen AG	Zurich/Switzerland	100	422		58
Robert Bosch AG	Zurich/Switzerland	100	16	60	5
Scintilla AG	Solothurn/Switzerland	94	603	482	64
Robert Bosch España Financiación Y Servicios, SL ⁴	Madrid/Spain	100	236	1,417	30
Robert Bosch spol. s r.o.	České Budějovice/Czech. Rep.	100	83	292	39
Bosch Diesel spol. s r.o.	Jihlava/Czech. Rep.	100	115	437	22
Bosch Isitma Ürünleri Sanayi ve Ticaret AS	Manisa/Turkey	100	26	104	13
Bosch Sanayi ve Ticaret AS	Bursa/Turkey	100	212	413	67
Robert Bosch Elektronika Gyártó Kft	Hatvan/Hungary	100	84	134	7

Name	Location	Equity Capital % owned ¹	Equity Capital ²	Sales ²	Profit or loss ²
Americas					
Robert Bosch Limitada	Campinas/Brazil	100	197	723	22
Associated Fuel Pump Systems Corporation	Anderson/USA	50	54	153	5
Bosch Security Systems Inc ⁴	Fairport/USA	100	36	357	12
Robert Bosch Corporation ⁴	Broadview (Chicago)/USA	100	725	4,455	60
Robert Bosch Tool Corporation ⁴	Chicago/USA	100	307	835	-6
Asia, Australia					
Bosch China (Investment) Ltd	Beijing/China	100	39	6	5
Bosch Power Tools (China) Ltd	Hangzhou/China	90	9	31	
Motor Industries Co Ltd	Bangalore/India	61	160	376	41
Bosch KK	Yokohama/Japan	100	56	249	11
Bosch Automotive Systems Corporation ⁴	Shibuya-ku (Tokyo)/Japan	55	652	2,556	150
Bosch Packaging Machinery KK	Tokyo/Japan	100	11	34	-1
Nippon Injector Corporation	Odawara-shi/Japan	50	53	78	5
KEFICO Corporation	Kunpo-Si/Korea	25	110	307	24
Korea Automotive Motor Corporation	Buyong/Korea	100	40	186	14
Robert Bosch Korea Mechanics & Electronics Ltd	Chonan/Korea	100	64	233	15
Robert Bosch (Malaysia) Sdn Bhd	Penang/Malaysia	100	24	107	8
Robert Bosch (South East Asia) Pte Ltd	Singapore/Singapore	100	18	83	1
Robert Bosch (Australia) Pty Ltd ⁴	Clayton (Melbourne)/Australia	100	98	534	20
Robert Bosch (Proprietary) Ltd	Johannesburg/South Africa	100	12	126	-12

¹ Shares held directly and indirectly
by Robert Bosch GmbH

² Translation of foreign currencies (except euro area)
pertaining to equity capital and profit
and loss stated at average
exchange rates at the balance-sheet date;
sales stated at average
exchange rates of the year

³ Profit and loss transfer agreement (PLT)

⁴ Represents a consolidated sub-group

⁵ Stub period from January 1 to September 30, 2003

⁶ Results after profit and loss transfer

Financial Statements of Robert Bosch GmbH

Balance Sheet as per December 31, 2003

(million euros)

Assets	December 31, 2003	December 31, 2002
Fixed assets		
Intangible fixed assets	-	-
Tangible fixed assets	1,762	1,702
Financial investments	9,277	7,711
	11,039	9,413
Current assets		
Inventories	1,073	1,110
Accounts receivable and other assets		
Accounts receivable	1,746	1,707
Other receivables and assets	1,037	1,222
Marketable securities	3,513	3,141
Liquid assets	1,676	1,400
	9,045	8,580
Deferred expenses	4	2
	20,088	17,995
Liabilities and Equity		
Equity capital		
Capital stock	1,200	1,200
Capital surplus	4,557	4,557
Earned surplus	1,272	782
Unappropriated earnings	60	60
	7,089	6,599
Accruals with valuation reserve portion	6	92
Accruals		
Accruals for pensions and similar obligations	2,573	2,490
Other accruals	4,866	3,929
	7,439	6,419
Liabilities		
Liabilities from financing	1,500	1,598
Accounts payable	441	494
Other liabilities	3,612	2,792
	5,553	4,884
Deferred income	1	1
	20,088	17,995

Financial Statements of Robert Bosch GmbH

Statement of Income

for the period from January 1 to December 31, 2003

(million euros)

	2003	2002
Sales	17,420	16,888
Changes in finished goods and work-in-progress inventories and other capitalized costs	66	-32
Total operating performance	17,486	16,856
Other operating income	1,769	1,303
Cost of materials	-10,463	-10,431
Personnel costs	-4,040	-3,842
Depreciation and amortization of tangible and intangible fixed assets	-663	-599
Other operating expenses	-3,373	-2,845
Net income from investments	813	690
Amortization of financial investments and securities included with current assets	-447	-298
Interest income, net of expenses	59	9
Income from ordinary business activities	1,141	843
Taxes on income	-591	-443
Net income for the year	550	400
Transfers from surplus accounts		
Additions to surplus accounts	-490	-340
Unappropriated earnings	60	60

Ten Year Statistics Bosch Group Worldwide

(million euros)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 ²
Sales	17,628	18,327	21,038	23,955	25,735	27,906	31,556	34,029	34,977	36,357
Foreign share as a percentage of sales	54	56	61	65	65	66	72	72	72	71
Research and development expense	1,153	1,265	1,476	1,665	1,778	1,921	2,030	2,274	2,487	2,650
as a percentage of sales	6.5	6.9	7.0	7.0	6.9	6.9	6.4	6.7	7.1	7.3
Investments in tangible fixed assets	807	1,051	1,236	1,486	1,929	1,946	2,111	2,368	2,006	2,028
including domestic	491	642	649	704	987	893	851	905	903	1,002
including foreign	316	409	587	782	942	1,053	1,260	1,463	1,103	1,026
as a percentage of sales	4.6	5.7	5.9	6.2	7.5	7.0	6.7	7.0	5.7	5.6
as a percentage of depreciation	90	117	117	125	148	128	118	123	108	118
Depreciation of tangible fixed assets	893	898	1,053	1,187	1,302	1,523	1,788	1,924	1,865	1,713
Associates – annual average – (000 omitted)	156	158	172	180	188	194	197	218	226	229
including domestic	95	92	91	91	94	97	91	99	103	105
including foreign	61	66	81	89	94	97	106	119	123	124
as of January 1 of following year	154	157	176	181	190	195	199	221	224	232
Personnel costs	5,849	5,868	6,655	7,342	7,963	8,298	8,950	9,959	10,815	10,994
Total assets	13,996	14,574	16,501	17,847	18,582	20,832	24,504	27,783	27,475	31,995
Fixed assets	3,400	3,557	5,514	6,142	6,495	7,211	8,408	9,341	10,660	11,871
as a percentage of total assets	24	24	33	34	35	35	34	34	39	37
Equity capital	4,378	4,621	4,871	5,817	6,069	6,646	8,288	9,014	8,885	11,760
as a percentage of total assets	31	32	30	33	33	32	34	32	32	37
Cash flow	1,925	1,659	1,809	2,669	2,507	3,258	3,729	3,681	3,352	3,795
as a percentage of sales	10.9	9.1	8.6	11.1	9.7	11.7	11.8	10.8	9.6	10.4
Net income for the year	262	281	256	848 ¹	435	460	1,380 ¹	650	650	1,100
Unappropriated earnings (Dividends of Robert Bosch GmbH)	31	35	35	1,129 ¹	41	41	2,603 ¹	50	60	60

¹ Special effect of “pay-out-and-reinvest” procedure at Robert Bosch GmbH.

² Including valuation changes due to tax-basis eliminations (deletion of Section 308, Paragraph 3 of the Commercial Code) and the expanded recognition of deferred taxes in the consolidated financial statements in accordance with DRS (German Accounting Standard) 10.

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