EXPERIENCE & RESULTS

Annual Report 2014

Unaudited translation for convenience purposes only

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The Group

Some facts about us

Globally active in over

70 countries

Worldwide

1600+ employees

thereof 500+ own techs

Stock listed

300 million TO €/year

profitable, debt free

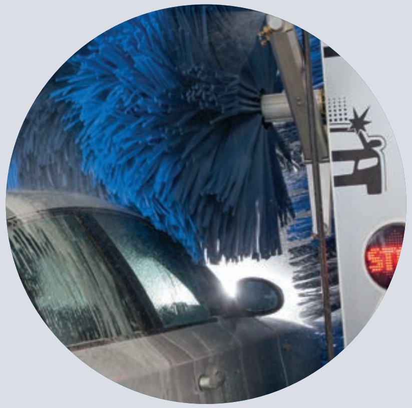
Experience

50 years innovation leadership

35,000 machines in operation washing

2.75 million cars/day

We offer everything around carwash



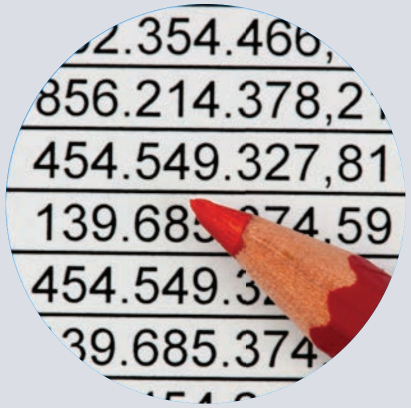
Roll over systems

Self service

Wash tunnels

Chemicals

Financial services



Services

Operations

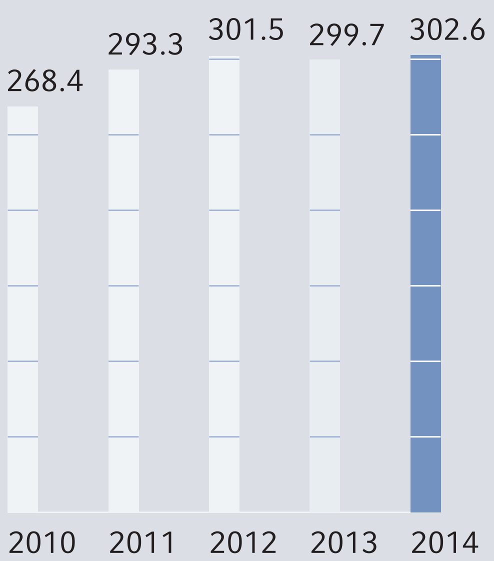
Group Level KPIs 2010 through 2014

		2014	2013	2012	2011	2010
Revenues	in €m	302.6	299.7	301.5	293.3	268.4
EBITDA	in €m	28.6	27.0	29.2	19.2	29.9
EBIT	in €m	18.4	17.1	19.2	–10.4	20.3
EBIT margin	in %	6.1	5.7	6.4	–3.5	7.6
EBT	in €m	17.7	15.8	16.5	–11.9	18.6
Consolidated net income	in €m	12.7	11.2	10.1	–14.6	10.8
Earnings per share[1]	in €	0.91	0.80	0.72	–1.04	0.77
Free cash flow	in €m	25.1	15.7	19.6	8.4	19.1
Balance sheet total	in €m	185.8	174.2	183.6	195.0	217.1
Equity	in €m	90.9	87.8	84.4	75.3	94.4
Employees[2]		1,676	1,670	1,650	1,660	1,596

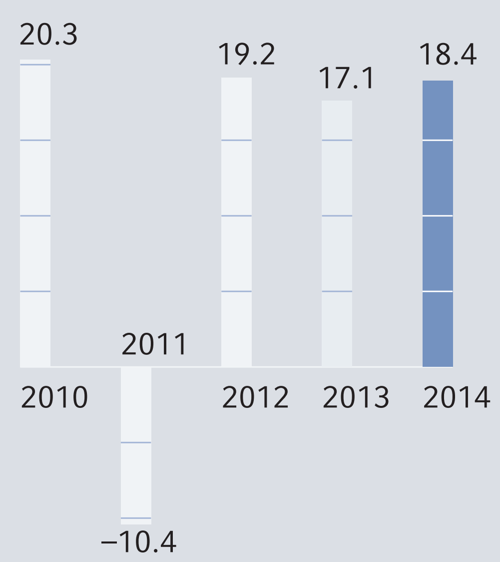
[1] Weighted average number of outstanding shares: since 31 Dec 2009: 14.0m, since 31 Dec 2013: 13.9m [2] Year average

Revenues, **earnings**, cash flow, **employees**

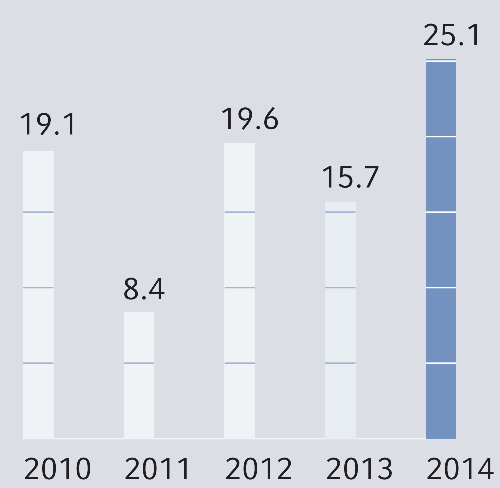
Revenues in €m



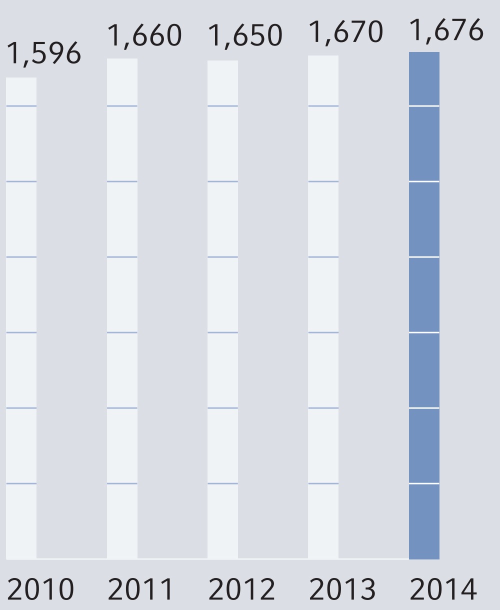
EBIT in €m



Free cash flow in €m



Average number of employees by year



Report of the Management Board

Dr. Volker Zimmermann
Chief Executive Officer

Dear Shareholders, Customers and Employees,

Our slogan for this year's annual report, "experience and results", is a reference to our exhibit at the world's largest industry trade fair, Automechanika 2014, where we presented a variety of innovations.

Our business is focused on customer needs. The enthusiastic feedback from our customers at Automechanika and other trade fairs around the world encouraged us to continue focusing on the customers' needs and thus to offer real added value. We offer motorists excellent wash results and a real wash experience. This approach allows us to set the foundation for a successful wash business of the operators.

This annual report will present you our portfolio of innovations in more detail. They include product innovations such as MultiFlex, the first flexible brush to handle an increasing number of hatchbacks and SUVs. Moreover, process innovations to optimize the wash process and operation were shown: the new payment procedure, Wash&Pay (under which cars can be washed first and payments can be made second), the customized car wash concept known as "iWash" which lets motorists configure their wash via touch screen, or WashTecPlus – a simple monitoring and reporting tool for car wash operators.

In addition to the innovations, we see ourselves as a learning organization working continously to improve our processes. Our employees and managers play a central role in this regard. Thus, we are investing more in employee development.

In the past year, our shareholders enjoyed above-average share performance and a high shareholder return.

In 2014, we generated revenues of € 302.6m and an EBIT of € 18.4m and thereby came closer to our target of 8% EBIT. This favorable trend was driven by Core Europe. The revenue increase was again also driven by Chemicals. Our efficiency program, which was launched in the first quarter of 2014, is beginning to have its first effects.

We would like to take this opportunity to thank our employees, who all contributed to this positive development. We would also like to thank our customers, shareholders and business partners for their support, trust and confidence.

Augsburg, March 2015

On behalf of the entire Management Board

Dr. Volker Zimmermann
Chief Executive Officer

Dr. Volker Zimmermann (1963)
Chief Executive Officer
Areas: Supply Chain, Research & Development, Service Support, Quality

Volker Zimmermann earned a doctorate in mechanical engineering and worked for Voith Turbo GmbH & Co. KG for many years, i.a. as a board member. Last, Mr. Zimmermann was chairman of the board of Knorr-Bremse, Systeme für Nutzfahrzeuge GmbH. Since February 2015, Mr. Zimmermann is chairman of the Board of Management of WashTec AG.

Karoline Kalb (1972)
Member of the Board
Areas: Legal & Compliance, Investor Relations, Human Ressources, Global Key Account Management, Special Projects

Karoline Kalb is a lawyer. Since 2001 she has been working for WashTec in various management functions, i.a. as director Key Account Management and Compliance. Since November 2013, Mrs. Kalb is a member of the Board of Management of WashTec AG.

Rainer Springs (1966)
Member of the Board
Areas: Finance and IT

Rainer Springs has a master in business administration (Dipl.-Kfm.) from the Universität der Bundeswehr Neubiberg. After having worked for management consulting firms for several years, he worked for ABB AG among others in the area Robotics. He joined WashTec in 2004 and was Chief Operating Officer of the US subsidiary from 2011 to 2014. Since February 2015, Mr. Springs is a member of the Board of Management of WashTec AG.

Stephan Weber (1963),
Member of the Board
Areas: Sales and Service, Product Management & Marketing

Stephan Weber is engineer (Dipl.-Ing.) in the field of wood engineering. After different management functions with well-known national and international machine and plant engineering companies, he became member of the board of Michael Weinig AG responsible for Sales and Marketing. Since January 2015, Mr. Weber is a member of the Board of Management of WashTec AG.

EXPERIENCE & RESULTS

As a **market and innovation leader**, we offer our customers the best equipment with state-of-the-art technology. Yet that is not enough: we want the carwash to be a positive experience. We offer new **solutions** and **processes.** Thereby we help to define the carwash of the future. Wash customers and operators shall benefit from this **result**.

iWASH

The customized wash

For the first time, motorists have the opportunity to configure their individual wash on an interactive, touch-screen terminal to match their specific needs. WashTec is the first supplier allowing carwashes to be customized to **customers' specific needs**.

CUSTOMIZED.

iWash gives me options.

WASH&PAY

First wash, then pay

Wash&Pay enables customers to drive directly into a car wash and pay just after the wash. Car wash customers can thereby **avoid waiting** and operators of the roll over systems can **increase their revenues** using this more efficient process.

PRACTICAL.
Wash&Pay makes car washing fun.

WASHTEC PLUS

The online operator tool

By using this online carwash management system, carwash operators have a state-of-the-art tool to **monitor** all of their equipment and systems from wherever they are. All relevant data such as **revenue, wash figures** or **chemical filling levels** can be viewed online at a glance. With a few clicks only, the operator can change prices, opening times or equipment settings for every location.

SMART.

WashTec Plus gets me to know all the facts.

MULTIFLEX

The revolutionary side-washer

MultiFlex is a brush that yields the best possible wash results when cleaning **hatchbacks** or **spoilers**. A pivoting mechanism ensures a **clean and radiant rear**.


PERFECT.
MultiFlex transforms the rear into an eye-catcher.

TWISTER

The diligent wheel washer

To ensure that the carwash of the future cleans every part of the vehicle, WashTec developed Twister, a wheel washing system consisting of five self-rotating brush rollers. This allows even the most complicated rims to be **thoroughly cleaned**.

THOROUGH.

Twister makes the "stars" shine

EXPERIENCE & RESULTS

AUTOMECHANIKA

2014

At the Automechanika 2014 trade fair in Frankfurt am Main, WashTec presented numerous innovations under its slogan "Experience and Results". Visitors from 170 countries gathered information about new features of the **future of car wash**. The feedback from our customers confirmed us being perceived as the innovation leader in the industry.


WashTec

MultiFlex Wasche
WashTec
WashTec

WashTec


WashTec




WashTe


WashTec


WashTec
WELCOME KIT
GO FOR IT!
BETTER EXPERIENCE.
BETTER RESULTS.


WashTec

Report of the **Supervisory Board**

Dr. Günter Blaschke Chairman of the Supervisory Board

Dear Ladies and Gentlemen,

2014 was a success for WashTec AG but also presented a number of challenges:

At the annual general meeting of shareholders held on June 6, 2014, Dr. Blaschke and Mr. Ulrich Bellgardt were elected to the supervisory board. Thereafter, Dr. Blaschke assumed the position as chairman and Mr. Bellgardt the position of deputy chairman of the supervisory board. Mr. Michael Busch and Mr. Massimo Pedrazzini resigned from the supervisory board. Sincere thanks for their longterm successful service for WashTec.

The corporate strategy adopted in 2013 was continously executed in the reporting year. Measures were taken to secure WashTec's market leadership. Focused innovations shall increase the benefits for motorists and support operators in running a profitable wash business.

In terms of sales, the year was highlighted by numerous international tenders, the continued implementation of our customer relationship management system and changes in management in North America and Australia. In the area of Service, the focus remained on increasing of equipment uptimes and improving service efficiency.

Work of the Supervisory Board

The supervisory board focused on a strategy to expand market shares and improve cost structures. The supervisory board also had a focus on current business performance.

During the reporting year, the supervisory board discharged the responsibilities imposed on it by law, the Company's articles of association and the board's own internal rules of procedure. The supervisory board was directly involved in all decisions of fundamental significance to the Company. In fiscal year 2014, the supervisory board, among other things, regularly obtained updates on the status of business and the condition of the Group.

In fiscal year 2014, the supervisory board regularly gathered information about the condition of the corporate group and monitored the managerial activities of the management board

It also supervised the managerial activities of the Company's management board. The basis for this work was, above all, timely written and oral reports issued to it by the management board. The management board provided the supervisory board with, among other things, monthly written reports on business development. When it was needed, the supervisory board also requested additional reports from the management board and inspected other relevant Company documentation. Discrepancies between actual business development and plans and targets were explained to the supervisory board in detail and then checked by the supervisory board based on the documents presented. The management board conferred and coordinated with the supervisory board above all on the strategic direction of the Company. The supervisory board extensively discussed any transactions, which were important to the Company, on the basis of the reports issued by the management board.

The supervisory board has voted on all reports and draft resolutions of the management board, whenever required by law or the Company's articles of association, after thorough examination and discussion. Beyond the extensive work conducted during the supervisory board meetings, the chairman of the supervisory board also discussed the Company's position and its further development and direction in various one-on-one talks with the management board outside the meetings. The other supervisory board members were also available to exchange views with the management board outside the meetings. All supervisory board members provided each other with comprehensive reports concerning their respective one-on-one talks with the management board.

In fiscal year 2014, the plenary supervisory board held a total of thirteen ordinary and extraordinary meetings, of which three were held in the form of conference calls ("CC"). At least one meeting was held each quarter. In addition, eleven committee meetings were held. The committee work report was presented to the supervisory board during the plenary meetings. This report separately addresses the work of the committees.

The topics at the regular conferences of the supervisory board were the development of revenues, earnings and staffing at the WashTec Group, the financial position and the major participation projects, as well as the risk management system. The management board submitted regular and comprehensive reports to the supervisory board about corporate planning, strategic development, the business status and the updated condition of the Group. Thus, the supervisory board had, at all times, a detailed understanding of all major business events and developments at the WashTec Group. Moreover, any transactions and courses of action, which required the consent of the supervisory board, were reviewed and then discussed and decided with the management board.

The current business and earnings situation relative to the budgeted figures was discussed at all of the meetings. Furthermore, the following individual topics were included on the agenda of the meetings:

- Business development and strategy related to regions and countries (1st quarter and 4th quarter),
- Discussion of the annual financial statements of WashTec AG and the consolidated financial statements for fiscal year 2013 (1st quarter),
- Resolutions about the agenda for the annual general meeting of shareholders (1st quarter),
- Supervisory board matters (ongoing), specifically election of Dr. Blaschke as supervisory board chairman and of Mr. Bellgardt as supervisory board deputy chairman following the resignation of Mr. Busch and Mr. Pedrazzini on June 4, 2014 and the composition of the committees,
- Discussion of the interim reports (2nd, 3rd and 4th quarter),
- Priorities in the product development (3rd quarter),
- Status efficiency program (quarterly),
- Management board affairs (ongoing), specifically expansion of the management board and the appointment of Mr. Weber to the management board (Sales and Marketing)
- Annual planning 2015 (budget), strategic and mid-term planning 2015–2017 (4th quarter).

The agenda items for the meeting, which was held on March 27, 2014, and at which the accounts were approved, included not only a discussion of the annual financial statements of WashTec AG and the consolidated financial statements for fiscal year 2013, but also the adoption and approval of the annual financial

Focus in 2014:

- *Current business and earnings situation*
- *Strategy and efficiency measures*
- *Annual budgeting 2015/ mid-term planning 2015–2017*
- *Supervisory board and management board matters*

statements and group management report in the presence of the annual accounts auditor, including above all the draft resolutions to be submitted to the annual general meeting of shareholders for 2014 as well as the initiation of the efficiency program.

Report on the work of the committees

In order to efficiently meet its duties and to comply with the requirements of the German Corporate Governance Code, the supervisory board formed an audit committee, a personnel committee and a nominating committee. The current constitution of the committees is printed on pages 127–128. The committees serve to prepare the topics and resolutions for the supervisory board meetings. At the same time, they execute some decision-making authority, which is delegated to them pursuant to mandatory laws and regulations. A brief overview of the committee work is provided below.

The audit committee convened four times in the recently completed fiscal year. In the presence of the annual accounts auditor, the committee focused mostly on the 2013 consolidated financial statements, management report, the 2013 management letter, the compliance and risk report, the results as of the 2014 half-year report, the report on the auditor's review, the review of the supervisory board priorities and the follow-up management letter from the annual accounts auditor. The quarterly reports were discussed at length and the audit parameters defined.

The personnel committee met six times during the reporting year. The subject matter involved primarily the preparation of recommendations for the supervisory board on decisions related to the composition of the management board and its distribution of work as well as management board remuneration.

The nominating committee met once during the reporting year in order to address the nomination of Dr. Blaschke and Mr. Bellgardt to the supervisory board.

Despite the changes on the supervisory board and its committees, good collaborative relationships were guaranteed at all times.

No conflicts of interest arose for the supervisory board members.

Corporate Governance

The management board and supervisory board jointly reviewed the corporate governance and issued a new declaration of conformity, which is printed on page 83.

Remuneration system for the management board

The management board remuneration system is based on the duties and performance of the management board members and on the condition of the Company. The overall remuneration of the members of the management board is made up of monetary and non-monetary as well as fixed and variable components, and in general, it is directed at the sustained development of the Company.

All of the components of remuneration are structured in such a way that each of them is reasonable both in itself and in aggregate, and that they do not encourage the directors to take unreasonable risks. The remuneration of the management board and the supervisory board members is described in the remuneration report found on pages 85–88. The supervisory board approved the annual resolution about the management board remuneration system at its meeting of December 11, 2014.

Audit of the annual and consolidated financial statement 2014

The management board prepared the annual financial statements of WashTec AG as well as the consolidated financial statements and the combined management report of WashTec AG and of the Group as of December 31, 2014. These financial statements and reports were audited by the annual account auditors and the Group auditors – PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Munich – who were selected by the annual general meeting of shareholders, and they were each issued an unqualified audit opinion.

PricewaterhouseCoopers also audited the annual financial statements of the key group companies of WashTec AG.

The audit committee initially defined the focus of the audit and thereupon engaged the auditor to perform the audit accordingly. Prior to and during the financial statements audit, the audit committee monitored the independence and qualification of the auditor.

The auditor was also engaged to review whether the monitoring system established by the management board was capable of identifying in a timely manner the potential risks that could jeopardize the Company's very existence. In this respect, the auditor stated that the management board had taken the measures required in accordance with § 91 (2) of the German Stock Corporation Act (AktG) and that these measures were suitable for identifying at an early stage any developments that could threaten the Company's continued existence. Moreover, the supervisory board itself regularly monitors the effectiveness of WashTec AG's internal control systems, risk management, internal auditing, compliance.

The audited annual financial statements of WashTec AG, the audited consolidated financial statements, the combined management report of WashTec AG and of the Group as of December 31, 2014, as well as the management board's proposal on the use of non-appropriated distributable profit [Bilanzgewinn] has been presented to all members of the supervisory board in a timely manner for their own review. Financial statements and reports were topics of the supervisory board meeting, held on March 27, 2015 in order to approve the accounts. As part of that supervisory board meeting, the management board also issued a report regarding the development of the Company's earnings.

The annual accounts auditor attended the meeting on March 27, 2015 and provided the supervisory board with a direct and extensive report on findings and the focus of the audit. All questions of the members of the supervisory board were answered in detail. The supervisory board noted the audit findings and reviewed the annual financial statements of WashTec AG, the consolidated financial statements and the combined management report as well as the management board's proposal on the use of unappropriated surplus. The supervisory board's review did not yield any objections. At its meeting held to approve the accounts, the supervisory board approved the annual financial statements of WashTec AG (as prepared by the management board) and the consolidated financial statements. The annual financial statements of WashTec AG are thereby formally adopted. The management board's proposal on the use of the non-appropriated distributable profit was approved by the supervisory board after it reviewed the proposal.

Changes on the Management Board

For the future, an expanded management board team consisting of existing and newly appointed members is undertaking the task of exploiting additional opportunities for sustained growth in revenues and increasing company value.

Effective February 1, 2015, Dr. Volker Zimmermann (51) was appointed to serve as Chief Technology Officer (CTO) and chief executive officer (CEO). In his career, Dr. Zimmermann has held executive positions with major engineering and automotive companies in his career. His outstanding innovation and integration capacity have been main drivers for the sustainable financial success of these companies under his leadership. The supervisory board wishes Dr. Zimmermann success and passion on WashTec's road to continuously increase the technological leadership.

Karoline Kalb (42) continues to bring her broad long-term experience of the global WashTec organization and especially her strong relationship with key accounts into the executive team. As chief human resources officer (CHRO) she will focus on leadership-excellence, talent management and employee development. She will establish a value oriented corporate culture at WashTec. Beside these assignments, she stays in charge for corporate communications, compliance and special strategic projects.

Effective January 1, 2015, Stephan Weber (51) has been appointed to the executive board as the Chief Sales Officer (CSO). He is a proven Sales and Marketing expert with a strong success record in international business development. He stands for WashTec's future internationalization.

Rainer Springs (48), already for some time fully authorized head of finance and IT, is appointed to the executive board as the Chief Financial Officer effective February 1, 2015. The successful turnaround of WashTec's US subsidiary has been one of his major achievements in the recent two years.

The supervisory board is convinced that with this new management board team, the Company will establish continuity and create new stimuli for a sustained, profitable growth of the company and is looking forward to good collaboration.

Dr. Jürgen Rautert, the Company's former Management Board Chairman, resigned from the Company as of January 30, 2015 by mutual consent. The supervisory board thanks Dr. Rautert for his positive contributions to strategy, product and business model development in the past two years and wishes him much success in his future career.

The supervisory board would like to thank the management board and all managers for their good and constructive cooperation. A very special thanks, however, goes out to all employees whose dedication and commitment helped make 2014 such a success.

Augsburg, in March 2015

On behalf of the supervisory board

Dr. Günter Blaschke
Chairman of the Supervisory Board

Sustainability Report

WashTec meets the highest standards not only in matters involving product and service quality, but also in matters of environmental protection. WashTec is committed to the principle of environmental sustainability, and therefore always manages its business affairs in a manner that uses resources and materials as efficiently as possible. Our environmentally-friendly products allow us to help preserve the globally scarce sources of energy and raw materials.

Below we would like to explain to you how sustainability is implemented at WashTec.

The WashTec environmental seal can be found on all products and product components which are environmentally friendly and protect our natural resources

Product responsibility

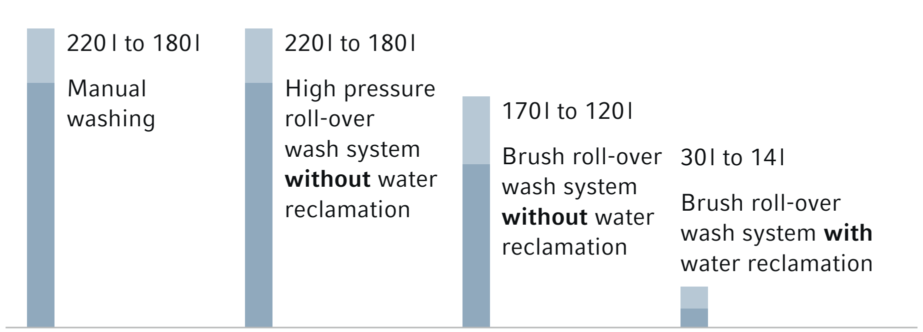
1. WashTec products

The WashTec Group's business model and its products actively contribute to protecting the environment. We fully expect that – as water becomes more and more scarce as a natural resource – the requirements for water recovery or water reclamation will continue to rise. By using automated carwash equipment in combination with water reclaim systems, water consumption can be reduced significantly and the environment protected.

WashTec equipment meets all of the environmental regulations currently in force and offers a fresh water-preserving alternative to the manual car washing approach that is prohibited in Germany and other countries. Even in markets with lower environmental standards or greater water scarcity, WashTec is expecting to see more and more regulation. This means greater potential for environmentally-friendly automated car washes with water reclaim systems. In Northern Europe, the environmental policy requirements are becoming increasingly strict, and even in other countries, a ban against manual car washing is under discussion. In Scandinavia, WashTec has for many years received the "Nordic Swan" environmental prize for particularly environmentally-sound water reclaim equipment and/or car wash facilities.

In automated car washing, water and other substances, such as shampoo and oil, remain in a closed cycle and cannot, as such, seep into the ground or the groundwater. Since clean water is a resource that is as indispensable as it is precious, WashTec offers water reclamation or recovery systems which, by treating the process water, reduce fresh water consumption during car washes by up to 90%. Thus, for example, a roll over wash system with water reclaim equipment uses only between 14 and a maximum of 30 liters of fresh water during a standard wash (compared to 44 liters of fresh water consumed during a standard wash with a modern washing machine). With the new AquaX2, it is possible to reduce energy consumption of the water reclaim equipment by further 70%.

Minimized consumption of fresh water



Source: WashTec Analysis

2. WashTec or AUWA chemical products

WashTec and AUWA stand for vehicle cleaning and care, which is both thorough and environmentally sound.

The range of products encompasses a line-up of cleaning and care products for car wash facilities and spans everything from special solutions for water reclamation to a comprehensive assortment for cleaning and care of car wash equipment. Environmental compatibility is a priority for all AUWA chemical products. Strict and seamless quality controls ensure that all products satisfy any statutory requirements and that, for example, the wastewater thresholds are always met. The need to comply with the highest environmental and health standards is just as obvious. Thus, for example, all used active washing substances are bio-degradable, environmentally friendly and non-abrasive.

A number of products satisfy the requirements of the Nordic Ecolabel (Nordic Swan), as well as the VDA. Moreover, special chemical wash products are inspected under the DHI-criteria (which classifies products according to various environmental categories) as well as under the ÖNORM B5106, which focuses on the wastewater response of the products.

The AUWA product program is harmonized with all WashTec water reclaim equipment and thus helps to retain a high level of water quality. The concentrated and highly efficient products assist reducing dosage quantities – and therefore, consumption – and in improving the quality of the process water and in thereby lowering fresh water needs. Specific dosage recommendations on the product packaging help to avoid excessive dosages.

Production

1. Equipment

The majority of the equipment production takes place at the headquarters in Augsburg and has been continually updated and reorganized. Moreover, the subsidiary located in Denver, Colorado (USA), assembles car wash equipment primarily for the North American market. The company in China serves as supplier of components and assembles the equipment for the Asian market. The subsidiary in the Czech Republic manufactures components for the final assembly in Augsburg. In Recklinghausen, control units are manufactured for the entire Group.

The added value at WashTec is carried out mostly as a result of sheet metal forming with modern machinery and is carried out in the form of a final assembly of components groups. Since exhaust fumes and exhaust air generated during production are filtered, the discharge or emission of harmful substances is kept to the lowest extent technically possible. Thereafter, products are installed and maintained at our customers' places of business by about 500 service technicians, sub-contractors and technical personnel of our sales partners. The service technicians are with specially equipped, modern service vehicles, in which suitable equipment and fittings are installed, from tools and spare parts to safety equipment such as, for example, special mobile scaffolding.

The average period of use for car wash equipment is between 5 and 10 years. At the end of its period of use, the equipment is professionally disassembled and either refurbished or professionally removed. All product specifications for the development of the equipment at WashTec include rules for a possible complete re-usage of the products. Virtually all existing peripheral components can be used again in the event of an equipment replacement – which now even extends to system control components. The sustainability of our products was examined as part of a project conducted by the Ecological Institute of Freiburg. The findings had an influence on the additional product development in terms of ecological aspects such as water and energy consumption over the period of use. This is where customer utility and sustainability come together.

2. Wash chemicals

The wash chemical products sold by AUWA are conceptualized and produced in our laboratory in Augsburg, Bollebygd (SE) and Grebenau in close cooperation with the WashTec R&D Department.

During the production of the AUWA products, the available resources are always handled conservatively. Accordingly, any raw materials such as dye, fragrances, emulsifying agents, or similar products, which are not required the product to work, will be avoided to the extent possible. All wash chemical products are concentrates that are automatically diluted and apportioned in the wash equipment. In addition to saving weight, this process also saves packaging materials, thereby reducing the transport costs to a minimum. The use of high-value ingredients in a highly concentrated and optimized mixture reduces chemical consumption per wash. By using the concentrated cleaning agents, use as well as related transport costs and exhaust fume emissions can be reduced by 30–70% per product.

WashTec environmental scorecard

The WashTec environmental scorecard may be divided primarily into the following two areas:

1. Energy

At WashTec, the vehicle fleet makes up the largest percentage of overall energy needs (68%). All vehicles acquired by WashTec are equipped with economical diesel motors with particle filters. These filters reduce the discharge of particles by up to 99% per vehicle. In addition, the fuel consumption is lowered to the furthest extent possible by equipping the service vehicles with GPS navigation systems, facilitating better route planning and thereby keeping travel times as low as possible. The company car policy provides for limits and penalty rules for CO_2 emissions.

Energy-efficient systems are used in heating buildings. Actions and measures such as energy reclamation, air recirculation, steering technology, insulation of buildings beyond the industrial standard or the use of locally available remote heating systems for heating buildings are the outcome of the responsibility for sustainability.

The electricity, which WashTec procures for the corporate headquarters and the main production site in Augsburg, is derived up to 32% (prior year: 34%) from renewable energy. This figure is significantly higher than the national average of 22% (prior year: 24%). WashTec thereby actively contributes to reducing radioactive waste and lowering its CO_2 emissions.

2. Waste

In 2014, WashTec generated 2,230 tons of waste material in Germany by having taken back old equipment and due to production waste. This waste is systematically sorted and recorded. Through the resolute separation of disposable waste (e.g., metal and sheets), the sale of these waste materials in 2014 yielded proceeds of € 270k (prior year: € 260k). Disassembled old systems are either refurbished or professionally removed by authorized service providers.

Certifications

Since 2000, WashTec is certified under ISO 9001:2008 and ISO 14001:2004, which are standards that set forth the globally recognized requirements in responsible quality management and environmental management systems. With the environmental management system set up pursuant to DIN EN ISO 14001 WashTec participates in the “Environmental Pact Bavaria – Sustainable Growth and Environmental and Climate Protection”, an agreement between the state government of bavaria and the Bavarian industry. This agreement provides for additional environmental protection measures, going beyond legal reqirements. In addition, WashTec is certified under SCC**:2011. “SCC” stands for “Safety Certificate Contractors”. The fulfillment of this standard by engaging in preventative measures serves to protect the safety and health of our employees and also covers other requirements of environmental protection. The certifications, which are routinely performed by DEKRA, also validate compliance with the statutory provisions and rules and establish legal certainty.

Ecological aspects form a permanent part of WashTec’s strategic planning: from product development to resource management in the production. At WashTec, group-wide environmental goals are routinely set and measures for their achievement adopted, which are realized and evaluated in projects. Goal realization and environmental management systems are regularly reviewed and are explained in an annual management review. A continuous improvement process serves as a means of achieving the goals defined by the Company.

Stakeholder Dialogue

WashTec as a sustainable Investment

Due to the Company’s sustainable business model, WashTec shares are included in investment funds that focus on sustainable investment. Since 2007, WashTec has received the “SRI Pass-Status” as a sustainable investment (Sustainable & Responsible Investment).

Customer satisfaction

Our goal is to offer our customers at all times the best possible products and processes as well as the best possible service for operating a successful car wash business.

In order to review the extent to which we can satisfy this goal, we constantly carry out customer satisfaction surveys in which we review the level of satisfaction with our products (e.g., regarding quality, price-performance ratio, introductory operational training) and our customer service (e.g., regarding quality, reaction time, friendliness). According to the most recent survey conducted in Germany, the customer satisfaction with WashTec services and products is very high. In this context, almost 1,200 service deployments and approximately 500 machine installations were analyzed in 2014. Over 500 of our chemicals customers were surveyed. Our customers are particularly satisfied with the quality of the product assembly (grade: 1.7) and the supply of replacement parts (grade: 1.2). The quality of work has also been given a very good grade of 1.3. None of the categories was graded worse than 2.0 (grading based to the German school grading system where 1 represents the highest grade and 6 the lowest grade).

Personnel and Compliance

1. WashTec Code of Ethics

Since 2005, a standard Code of Ethics applies to all companies of the WashTec Group, and its main tenet requires that all employees comply with all laws and directives (compliance). The Code includes the key directives on how employees ought to interact with one another and how to interact with customers, suppliers, advisors and government officials. The WashTec managers and the Company’s employees in Sales, Purchasing, Personnel and Finance routinely sign their commitment to the directive. Any violations will be pursued. The WashTec Code of Ethics can be downloaded from www.washtec.de.

2. Employee Handbooks

In all foreign subsidiaries of the WashTec Group, the most important provisions concerning the employment relationships are also governed in so-called “Employee Handbooks”. These contain, for example, rules on non-discrimination, handling of employee complaints, employee interaction as well as general rules on structuring employment relationships.

3. Internal Compliance Audits

All departments and companies within the WashTec Group are regularly audited on their compliance with all applicable internal and external directives and rules. These audits take the place as so-called "internal compliance audit". Thus, any inconsistencies or discrepancies should be identified as early as possible and corrected.

4. Training and human resource development

Human resource development plays an important role at WashTec. WashTec offers all its employees the opportunity to participate in internal and external continuing education and training programs. These programs range from foreign language and IT courses and specialized training to soft skills training (e.g., for managers). A separate budget is planned each year for employee training. Throughout the Group, 90% of the advanced training courses requested by the employees were carried out.

In North America, the Company has voluntarily launched a system to continue paying compensation during illness because the local laws and regulations have not required such benefits to date.

The Company's headquarters are in Augsburg. At this location, the Company offers formal training in the fields of information technology (IT), mechatronics, and qualification as an industry business person [Industrie-Kauffrau/-mann]. Moreover, five dual training positions were offered in cooperation with the DHBW for 2014 and, connections were established with the Mannheim University of Applied Sciences in the field of service technology.

5. Employee satisfaction

The employees of WashTec are a key to our business success. We are constantly working towards always improving in this area.

For example, based on the results of an employee survey conducted at the end of 2013, over 100 workshops were organized in 2014 in order to derive specific programs and measures. Many survey results, such as queries about more training, optimization of workflow and the working environment, have already been implemented.

6. Health and safety

Through regular training on work safety, ergonomic design of work stations and medical wellness checks (e.g., in connection with the "WashTec Health Days" program, which is regularly offered in Germany), WashTec has proven its commitment to the health of its employees. Since 2007, E-learning software has helped our managers train our employees.

Moreover, under the SCC certification, WashTec has a very well-developed employee safety system and health protection management system. WashTec service technicians are under a special obligation to learn and understand the issue of safety. The focus of regular training and certification programs are training sessions for conduct in and around gas stations in preparing and implementing work related to the commissioning, maintenance and servicing of our equipment and systems. All WashTec service technicians in Germany have participated in a WashTec-financed driver safety training program. The roll-out of new safety equipment is accompanied by extensive training sessions. Thus, for example, all service technicians were given special mobile scaffolding, which was developed in collaboration with a well-respected scaffolding manufacturer. In a training program, which was separately conceptualized for that purpose, our employees were introduced to the so-called "WashTec Tower" in order to be able to correctly and safely use the advantages of the scaffolding, which had been specially developed to meet the needs for working at greater heights in a car wash systems or facilities. In 2014 the "WashTec Tower" received an award for security "Schlauer Fuchs" by the employers' liability insurance associations (Berufsgenossenschaft) wood and metal. Compliance with these safety provisions is routinely monitored in internal and external audits. Likewise, the results from audits carried out at customers' locations are used to motivate our employees and to continually improve the working conditions.

In connection with the reorganization of the production routines and investments in the production sites, special emphasis has also been placed on ergonomic processes and tools. The number of occupational accidents at WashTec has also declined significantly in the past years according to the industry averages reported by the employers' liability insurance associations. Awards, which are handed out by major customers in the oil industry for successful safety work, validate the high standard of our culture of safety at WashTec.

7. Balancing family and career

Balancing family and career is a matter that lies close to every parent's heart. WashTec actively seeks to meet this need for a work-life balance among its employees. To this end, WashTec is offering a number of customized, flexible work models. Evidence of its success is the excellent way in which staff members, who return from parental leave, reintegrate into the challenging roles and responsibilities and the rising number of mothers and fathers concluding part-time agreements.

Social commitment – the Bunter Kreis

The birth of a handicapped child, a heart problem or the diagnosis of cancer, an accident or hereditary disease always affects the entire family and changes lives abruptly. With approximately 70 professionals, the registered association known as Bunter Kreis e.V., which was formed in Augsburg in 1991, supports handicapped and severely sick children as well as their families in terms of psychiatry, social services, medicine and finance. The work of the Bunter Kreis is absolutely critical for the local children's hospital in Augsburg, the Augsburger Kinderklinik. The Bunter Kreis is helpful particularly during the period following the release from the hospital when it assists families in dealing with their new challenges and burdens. The reliable follow-up care often also allows children to leave the hospital early. Since the frequently time-consuming care for sick children and their families is financed only partly through public healthcare insurance, WashTec has continually supported the Bunte Kreis since 1996 and has done so as one of the main sponsors by making both monetary and in-kind donations.

The WashTec **Share**

Karoline Kalb
Member of the Management Board

Stock exchange performance in 2014

A mixed star into the year due to weak reported data from US, Latin America and China was followed by moderate stock price increases in spring 2014. In the summer months, European listings, above all, came under pressure after the Ukraine crisis escalated.

In the second half of the year, stock prices rose – mostly as a result of continously low interest rate levels and falling oil prices. The situation in the European crisis areas stabilized; US economy and labor market situation showed signs of recovery. In October 2014, the market once again came under a brief period of pressure. This could not stop the slow but steady recovery of the global economy, therefore 2014 ended with small gains on the stock markets.

Compared to the rest of the world, the German stock market saw moderate growth in 2014. In June, the DAX exceeded 10,000 points for the first time in its history and hit its high for the year in December (10,093 points) before closing 2014 with 9,805.6 points on the last trading day. Thus, the DAX gained 2.2% during the year. The SDAX increased by 5.1% to 7,186 points, and the European benchmark stock exchange, Euro Stoxx 50, reported a 1.0% gain to 3,146 points.

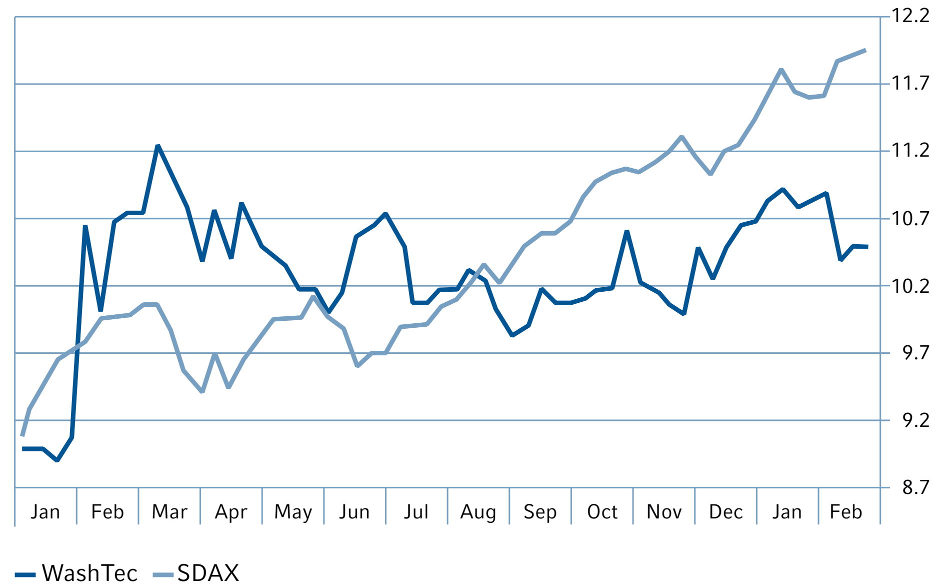
WashTec share price gains 27.2% during the course of the year

The WashTec share price started 2014 at € 10.30 and through the end of March, moved within a range of € 10.20 to € 10.80, the low for the year being (€ 10.11) on March 19, 2014. In connection with the changes in the shareholder structure, the renewed recommendation to pay a special dividend and the announcement of an efficiency program, the share price subsequently rose to an intermediate high of € 13.07 on April 10, 2014. Through mid-December, the share price moved between € 11.30 and € 12.80. After the earnings forecast was increased for 2014, there was another price increase in mid-December. The stock price reached € 13.44 on December 15, 2014 to peak for the year and finished the year at € 13.10. In 2014, the share price increased 27.2%.

Market capitalization of approximately € 183m

With a total number of shares remaining unchanged (13,932,312), the Company’s market capitalization at year’s end rose to € 182.5m. WashTec remains committed to its midterm goal of gaining inclusion in the SDAX. In the ranking which is published by Deutsche Börse AG and relates to prime standard companies that are not included in the DAX or TecDAX indexes, WashTec – as of the end of 2014 – achieved a ranking of 99 in terms of market capitalization (based on the shares held in free float) and 127 in terms of trading volume. In order to be included in the SDAX, WashTec must rank in the top 110 under both criteria.

Price development of WashTec shares 2014/2015 compared to the SDAX (index)



As of February 28, 2015, WashTec shares were trading at € 16.52.

Dividend policy is continued

Pursuant to a resolution adopted by the annual general meeting of shareholders on June 4, 2014, the Company paid its shareholders a dividend of € 0.64 per share for fiscal year 2013, which consisted of a dividend payment of € 0.32 per share as well as a special dividend payment of € 0.32 per share.

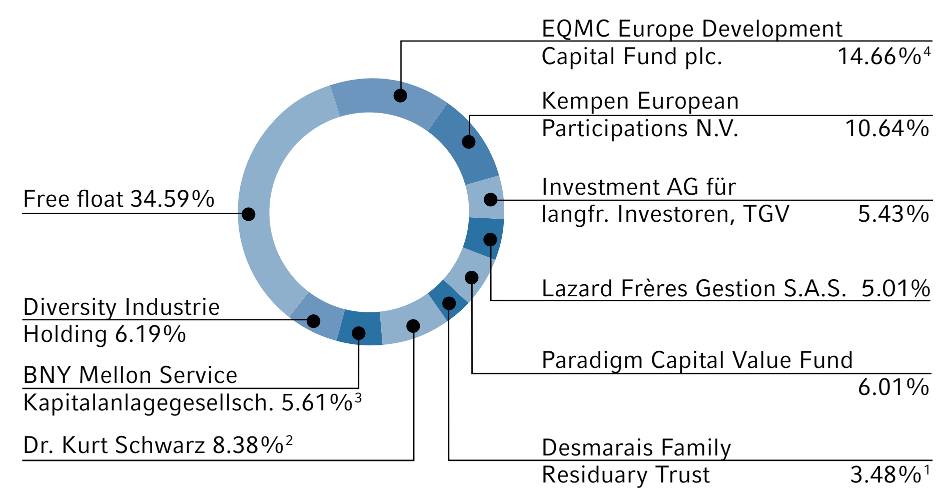
WashTec continues to aim at an attractive distribution policy ensuring a successful development of the Company. In addition, the Company will also check special dividends and use of share buybacks on a regular basis. Condition precedent are adequate resources to expand the market position.

Pursuant to a resolution by the annual general meeting on May 15, 2013, the Company has been authorized to buy back its own shares until May 14, 2016 up to an amount totalling 10% of the registered share capital as it existed at the time the resolution was adopted. This authorization has not been made use of yet. Depending on the development of business, the Company will check the opportunity of share buybacks also this year. Details about former share buybacks may be found in the investor relations section at www.washtec.de.

Changes in the shareholder structure

The WashTec AG shares are listed on the Prime Standard segment, and the majority of those shares are held by institutional investors. The strong focus of WashTec products on environmental protection and sustainability is also reflected in the stake held by shareholders, who select their investments on the basis of clearly defined sustainability criteria.

Shareholder structure as December 31, 2014



1 Sentana Asset Management
2 Leifina GmbH & Co. KG et al
3 Shareholder Value Management AG
4 Nmás1 Asset Management, SGII, S.A.

Source: Disclosure pursunt to the German Securities Trading Act (WpHG)

In fiscal year 2014, WashTec received numerous voting rights notifications pursuant to the German Securities Trading Act (WpHG):

STERLING STRATEGIC VALUE LIMITED, Road Town, Tortola, British Virgin Islands, informed us that its voting share on March 19, 2014 fell below the 10%, 5% and 3% thresholds, and equaled 1.44% on that day and 0% on March 21, 2014. Diversity Industrie Holding AG, Grünwald, Germany, informed us that its voting share on March 19, 2014 had exceeded the 5% threshold and equaled 6.19% on that day. Paradigm Capital Value Fund SICAVC, Luxemburg, Luxemburg, informed us that its voting shares on March 19, 2014 exceeded the 5% threshold and equaled 6.01% on that day. Kerkis GmbH, Munich, Germany, informed us that its voting right share on March 19, 2014 had exceeded the 5% threshold and reached 5.99% on that day. All voting rights were attributed to it by Leifina GmbH & Co. KG, Munich, Germany. N Más Uno IGB, S.A., Madrid, Spain, and Nmás1 Asset Management, SGIIC, S.A., Madrid Spain, informed us that its voting shares on October 14, 2014 fell below the 15% threshold and equaled 14.90% on that day. Both were attributed, inter alia, to the voting shares of EQMC Europe Development Capital Fund plc., Dublin, Ireland.

Thus, six investors held at least 5% of the voting shares; 34.59% of the voting shares were held in free float. According to the definition used by Deutsche Börse, free float is even at 100%.

Directors’ Dealings

The following directors’ dealings were reported to the Company pursuant to the Securities Trading Act (WPHG): purchase of a total of 50,000 shares by Dr. Blaschke, Supervisory Board Chairman, on October 13, 2014 and October 14, 2014, respectively, as well as the purchase of 25,000 shares by Mr. Bellgardt, Supervisory Board Deputy Chairman, on November 6, 2014.

Active investor relations work once again initiated

WashTec shares are covered by a number of independent analysts

In 2014, management once again cultivated an ongoing dialogue with shareholders, the financial community and journalists. On the occasion of publishing its results, the Company held financial press conferences as well as conference calls for analysts and investors. At the annual general meeting of shareholders on 4 June 2014, the management board shared its detail position on the current market situation, business development and strategy and discussed these matters with the shareholders. Moreover, the shareholders of WashTec AG were updated in a timely manner about all important events. On the occasion of the Automechanika trade fair, interested investors were shown numerous innovations. The Company also presented itself to institutional investors in a number of individual discussions and at the Equity Capital Forum.

WashTec shares are regularly analyzed and valued by analysts at reputable financial institutions (Hauck & Aufhäuser, HSBC Trinkaus & Burkhardt, MM Warburg).

Key data on WashTec shares

		2014	2013	2012
Annual closing price*	€	13.10	10.70	9.03
Annual high	€	13.44	11.40	9.45
Annual low	€	10.11	8.90	7.20
Annual opening price	€	10.30	9.00	7.16
Number of shares as of Dec 31	million	13.9	13.9	14.0
Free float on Dec 31	%	34.6	29.8	28.0
Market capitalization as of Dec 31	€ million	182.5	149.1	126.8
Development over the year	%	+27	+19	+26
(for comparison: SDAX)	%	*+5*	*+29*	*+17*
Earnings per share**	€	0.91	0.72	0.72
Dividends per share	€	1.65	0.64	0.58

* based on Xetra-closing prices
** weighted average number of outstanding shares until 2012: approx. 14.0m, since 2013: 13.9m

Additional information and contact:

Current data on WashTec shares as well as detailed information concerning the WashTec Group and its products can be found on the Company's website at www.washtec.de.

In addition, anyone interested in the Company or its shares may also contact the Investor Relations Department at WashTec AG:

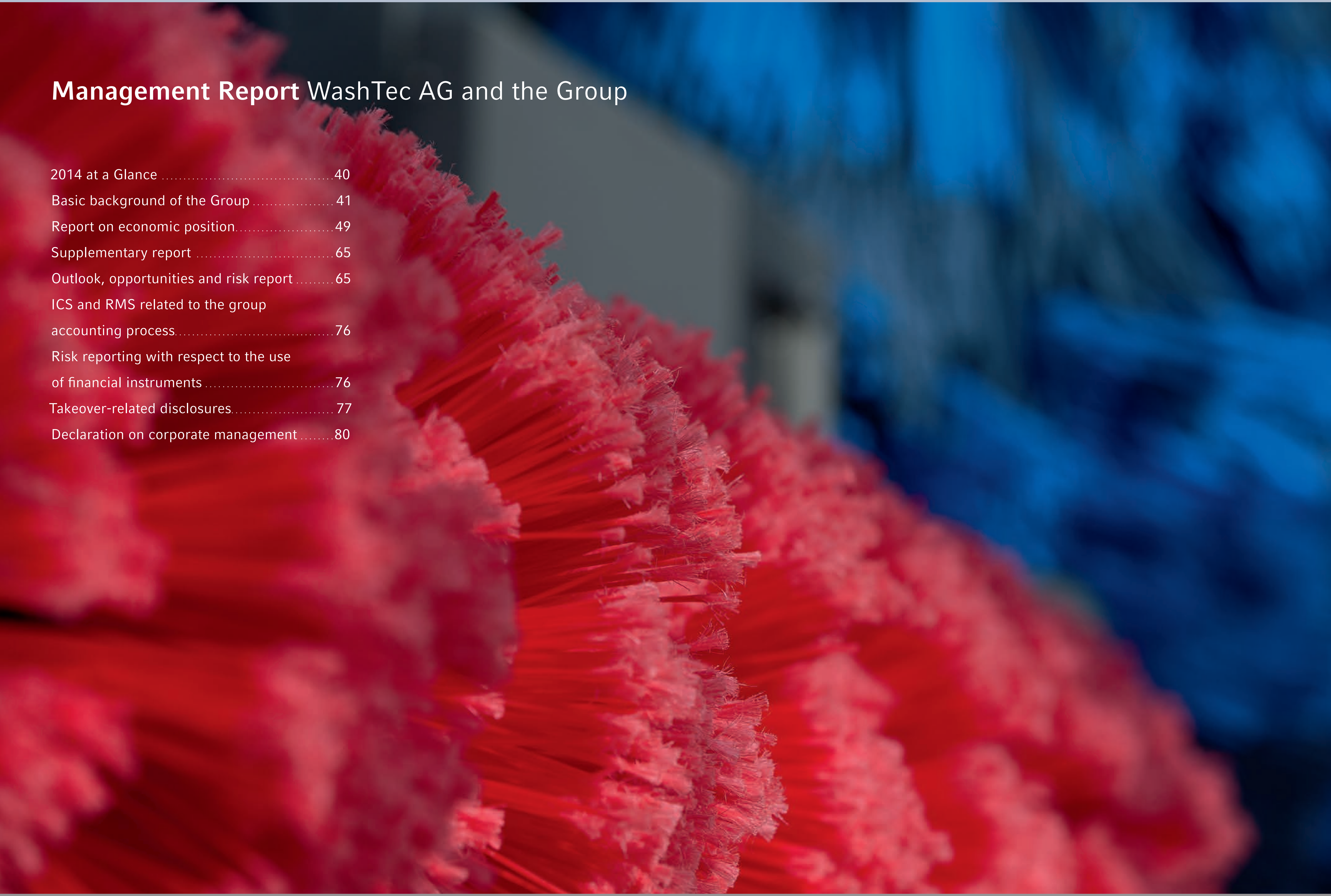
Telephone +49 821 5584-0

Fax +49 821 5584-1135

E-mail washtec@washtec.de

We look forward to getting in contact with you!

Management Report WashTec AG and the Group



2014 at a Glance

WashTec Group

- Core Europe drives positive earnings development
- Revenues of € 302.6m or one-percent higher than the prior year
- Revenues in Q4 6.3% above prior year
- Significant EBIT increase to € 18.4m with an EBIT margin of 6.1%
- EPS increases to € 0.91

Core Europe

- Increase in revenues and improved earnings
- Revenues: € 250.1m; EBIT: € 17.6m

Eastern Europe

- Decline in revenues at a break-even result
- Revenues: € 11.1m; EBIT: € 0.0m

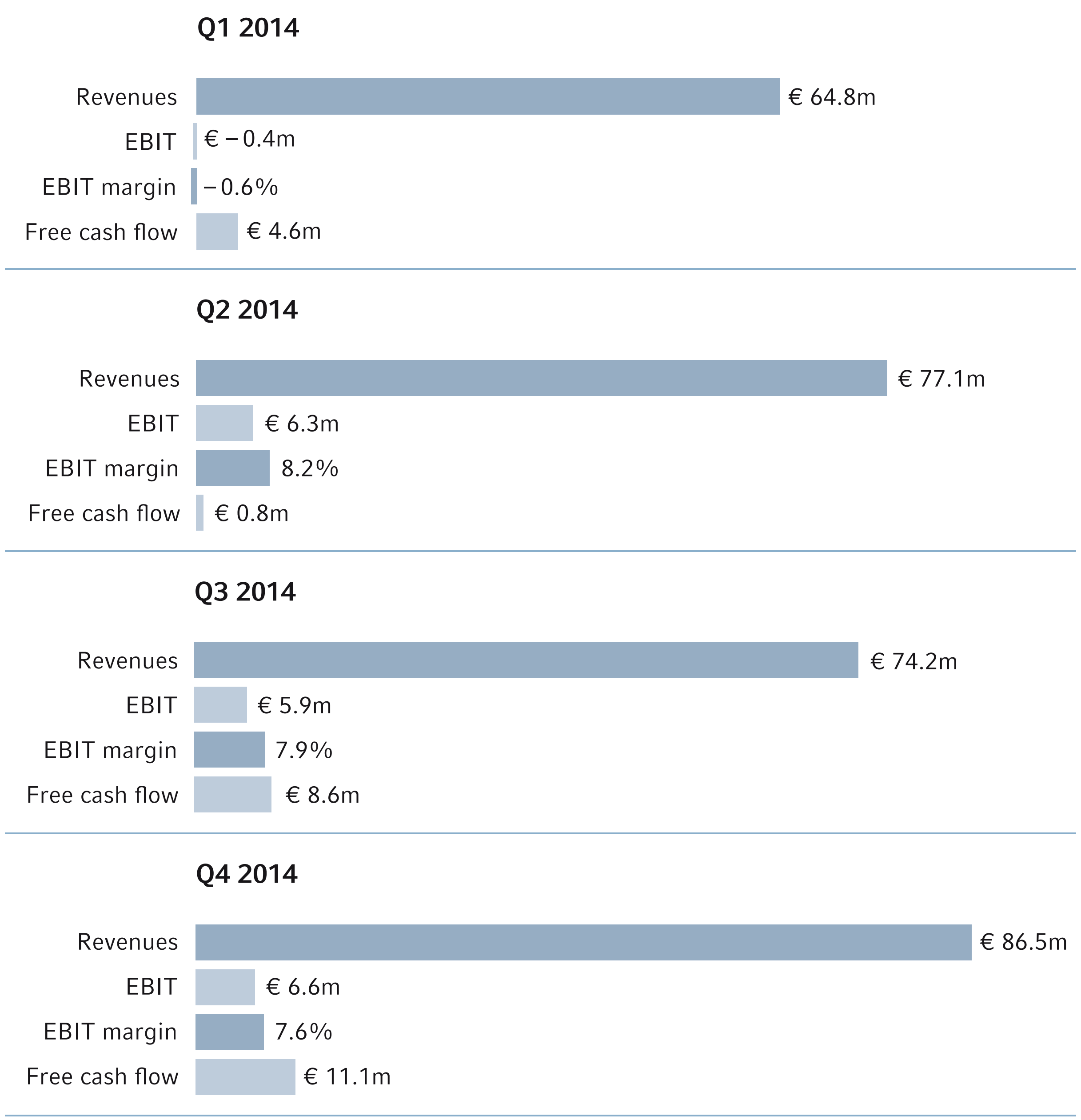
North America

- Revenue decline with continously positive result
- Revenue: € 43.2m; EBIT: € 0.7m

Asia/Pacific

- Slight revenue and significant earnings growth
- Revenues: € 12.5m; EBIT: € 0.2m

Revenues, EBIT, EBIT margin, Free cash flow



1

Basic background of the Group

1.1 Business model

WashTec is the leading provider of innovative solutions for car wash worlwide. The WashTec product range comprises all types of car wash equipment as well as associated peripheral devices, wash chemicals and water reclaim systems. WashTec also offers comprehensive servicing packages covering the entire lifecycle of the products sold, including the maintenance of the equipment, operation models and brokering the financing of equipment. Equipment and service are the Company's major revenue drivers.

Numerous offerings along the car wash value chain; most comprehensive product portfolio in the industry

Revenues by products in €m, 2014

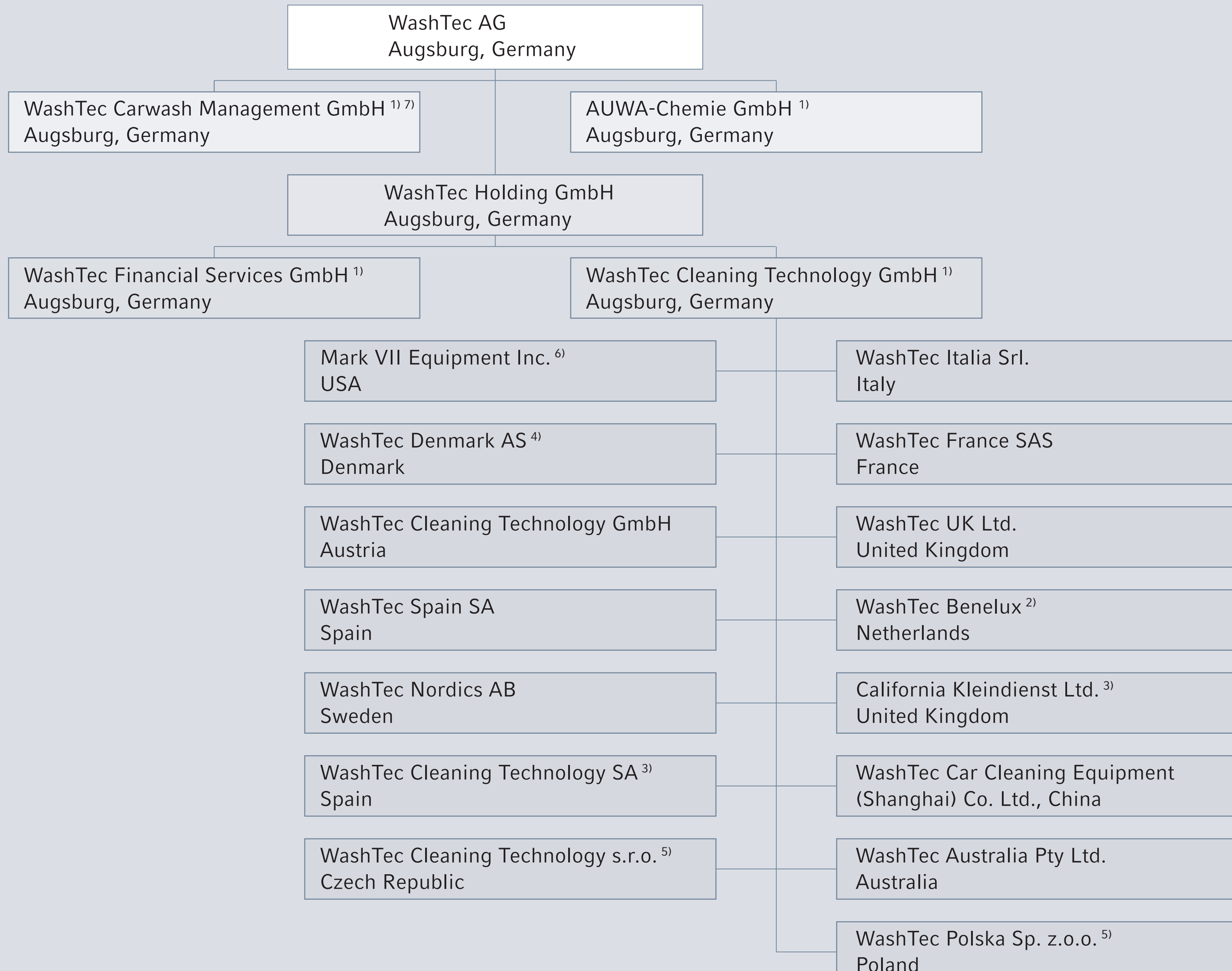
Equipment and service
- Roll over wash equipment
- Self-service wash equipment (Jet wash)
- Truck wash equipment
- Wash tunnels
- Water reclaim systems
- Full Service
- Call-out Service
- Spare parts

Chemicals
- Detergents
- Care products
- Special products

Operations business and others
- WashTec Carwash Management
- WashTec Financial Services

1.1.1 Group and organizational structure

The WashTec AG consolidated financial statements cover not only the parent company, but also the following group companies. WashTec AG directly or indirectly owns 100% of these companies.



[1] Control and profit (loss) transfer agreement
[2] Company constitutes a sub-group with Benelux Carwash Management B.V., Zoetermeer, Netherlands; WashTec Benelux Administrative B.V. Zoetermeer, Netherlands; and WashTec Benelux N.V., Brussels, Belgium, the profits and losses of which are booked to WashTec Benelux B.V. Zoetermeer, Netherlands.
[3] Company is currently inactive
[4] Includes operating sites in Norway
[5] WashTec Cleaning Technology GmbH 90%, WashTec Holding GmbH 10%
[6] Includes subsidiary WTMVII Cleaning Technologies Canada, Inc. in Canada
[7] Former WashTec Carwash Operations GmbH

As ultimate parent company, WashTec AG is responsible for the strategic management and control

WashTec AG

As the Group's ultimate parent company, WashTec AG is responsible for the strategic management and control of all its subsidiaries.

Since the company does not have any operations of its own, its results of operation, net assets, and financial position depend solely on the financial performance of its subsidiaries. As a result, the information set out below relates mainly to the Group. Information specific to WashTec AG is provided where required. The subsidiaries of WashTec AG are AUWA-Chemie GmbH, WashTec Holding GmbH and WashTec Carwash Management GmbH. Profit and loss transfer agreements are in place between WashTec AG and AUWA Chemie GmbH as well as WashTec Carwash Management GmbH.

WashTec Holding GmbH

With the exception of AUWA-Chemie GmbH and WashTec Carwash Management GmbH, WashTec Group's operational interests are held by WashTec Holding GmbH, based in Augsburg, Germany. Profit and loss transfer agreements are in place between WashTec Holding GmbH and WashTec Financial Services GmbH as well as WashTec Cleaning Technology GmbH.

WashTec Cleaning Technology GmbH

The bulk of operations is performed by WashTec Cleaning Technology GmbH, Augsburg, Germany. This is where the key products of the WashTec Group are developed, manufactured, sold and serviced. The Company's subsidiaries and independent foreign sales partners are supplied and supported by the operating company.

Foreign subsidiaries

WashTec Group has its own subsidiaries in all key Core European, Northern American and Asia/Pacific markets. Subsidiaries in the US, Canada, Australia, China, Spain, the UK, France, Belgium, Denmark/Norway, Poland, Austria, Italy and the Netherlands are responsible for selling and servicing WashTec products. For an overview of the production sites, see section 1.1.3.

WashTec Financial Services GmbH

WashTec Financial Services GmbH brokers customized instruments for financing the acquisition of WashTec products. It receives a brokerage commission from the lenders involved in the financing deals; most of those lenders are commercial leasing entities.

AUWA-Chemie GmbH

AUWA-Chemie GmbH develops, manufactures and sells chemical products for car wash equipment using its own distribution organization within Germany and distribution partners throughout Europe.

WashTec Carwash Management GmbH

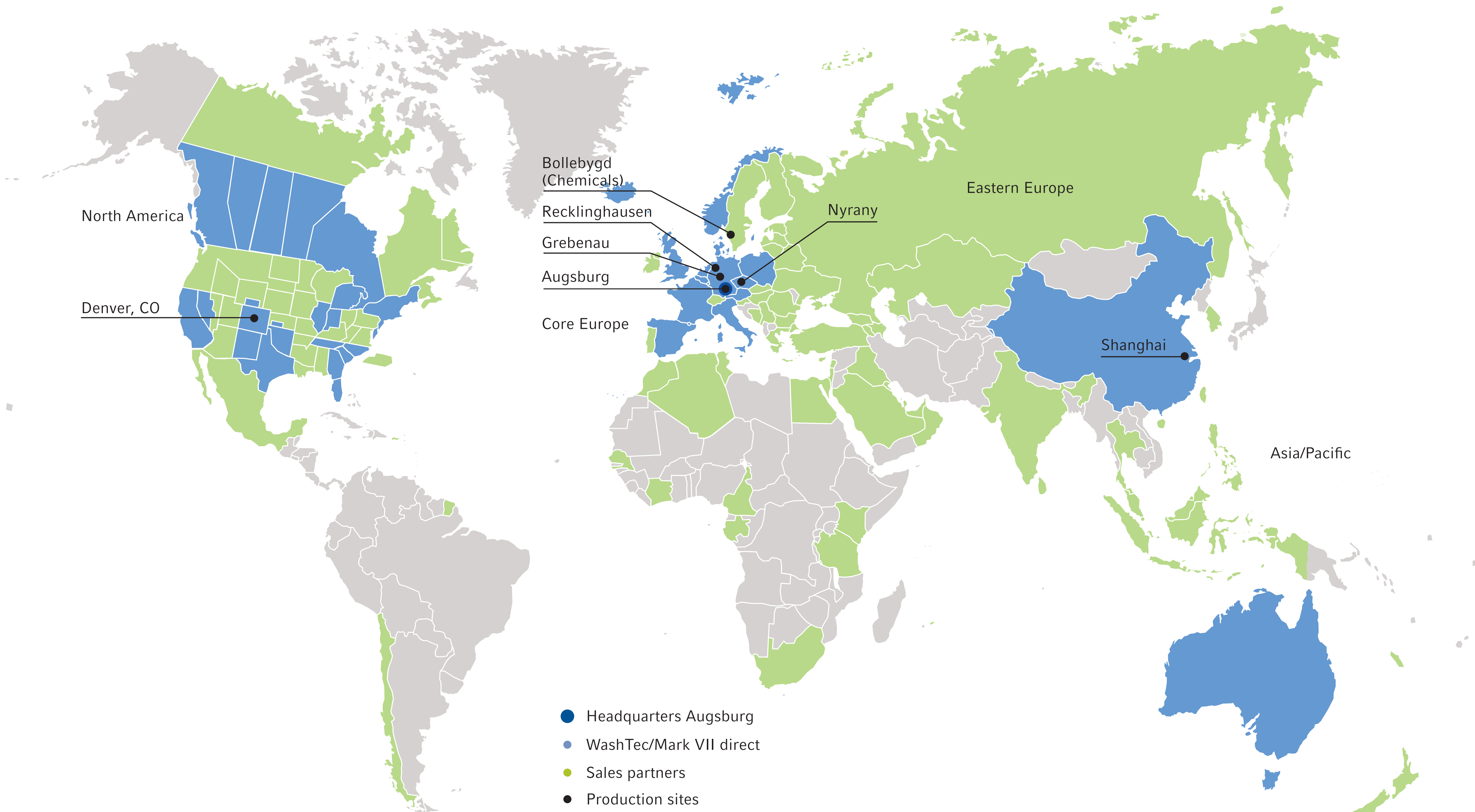
WashTec Carwash Management GmbH (formerly WashTec Carwash Operations GmbH) operates car wash equipment on behalf of and for the account of its customers. The company also offers numerous other services, such as profitability and site analyses.

1.1.2 Locations

WashTec has a global presence and employs over 1,600 staff members worldwide

The WashTec Group has a global presence with over 1,600 employees worldwide and subsidiaries in all major markets including Core Europe, Eastern Europe, North America, and Asia.

WashTec has a broad network of independent sales partners and thus is represented in over 60 countries throughout the world.



1.1.3 Production, sourcing and logistics

Component manufacturing in China and Czech Republic; Final assembly in Augsburg (Germany), Denver (USA) and Shanghai (China)

WashTec has an international procurement and production chain with production facilities in China, the Czech Republic, the US and Germany. Most of the equipment for Europe is assembled in Augsburg, Germany. The production of carwash equipment for the North American market is carried out in Denver (USA), and production for the markets in Asia is done in Shanghai (China). The Czech Republic handles most of the sheet metal production, and components are preassembled there. The Company has two other sites in Germany, where control units for the entire Group (Recklinghausen) and wash chemicals (Grebenau) are produced. WashTec uses modern and constantly evolving production methods to produce all of its products.

1.1.4 Reporting by segment

WashTec's global business is broken down into four geographical segments. In the "Core Europe" segment, the activities of the WashTec Group in and from Western Europe are consolidated. The "Eastern Europe" segment comprises the countries of Eastern Europe including Russia, whereas the segment in "North America" includes the activities in the United States and Canada. The "Asia/Pacific" segment primarily includes the business development of the Australian and Chinese subsidiaries.

1.1.5 Management and control

As required by the German Stock Corporations Act (Aktiengesetz or AktG), WashTec AG has a two-tiered managerial and supervisory structure, which is composed of a management board and the supervisory board. WashTec's management board consisted of two members in 2014. In early 2015, this board was expanded into four members. The management board, in its own authority, manages the Company, determines its strategic positioning and pursues the goal of effectively increasing the Company's value. The supervisory board, which consists of six members according to the articles of association, advises and supervises the management board.

As the ultimate parent managing the group, WashTec AG determines the corporate strategy and senior management decisions, resource allocation and communications between the company's important target groups, particularly the capital market and the shareholders. A high-priority goal of WashTec is to permanently increase shareholder value. The Company's internal controlling pursues this through a value-oriented management system. This system encompasses an integrated controlling strategy, target ratios for management as well as measures for ensuring a sustainable growth in profits, efficiency improvements and efficient capital management. The Company's management board and supervisory board define the corporate strategy and the targets resulting therefrom, which are implemented at all business units throughout all of the Group's levels of responsibility.

The monitoring is carried out through regular committee meetings held in all reporting units. These include extended monthly management board meetings with the division directors, regular international management meetings with heads of the operating companies, strategic and annual planning including investment, production and capacity planning, regular reporting and forecasting, ongoing market analyses, and regular unit revenue, sales, order backlog and market share analyses. In this connection, all investment projects are reviewed and monitored separately.

1.1.6 External factors influencing the business

Key market drivers

Economy: Increase in the number of registered cars and labor costs, rising per capita income

The factors promoting automated car washes are the increasing number of vehicles and the growing demands for technology and convenience

The number of registered vehicles is continuously rising in certain areas in the world, above all in Asia but also in North America (Source: IHS Automotive, Global Passenger Vehicle Market, January 2014). In addition to country-specific consumer behavior, a high density of vehicles requiring washing has a major impact on the volume of automatic car washing.

As labor costs increase, the rise in per capita income and the rapidly increasing vehicle density in the Emerging Markets will open the door to sustained market potential in these regions, which are currently about to transition from hand wash to various kinds of automated car wash.

Technology/Convenience: Increasing demands with respect to speed, convenience and wash quality

Compared to hand washing, automated car washing generally yields better wash quality and is less abrasive to car finish. Furthermore, the wash process in an automatic car wash is far less time-consuming than hand wash.

Environmental issues: More stringent requirements and implementation of environmental regulations – fresh water as a limited resource

Automatic car wash is environmentally friendly: shampoo and oils remain in a closed cycle and thus cannot end up in the soil or groundwater. In Asian countries in particular, the favorable environmental aspect of automated car washes is becoming more and more of a catalyst for installing modern equipment.

Additional trends and influences:

- Alternative vehicle drive: Until now, no clear favorite has emerged as to which drive concept will prevail in the future (e.g., hybrid/electric), which means that it remains unclear where "vehicle fuelling" will take place in the future. The Company is assuming, however, that the gas station will remain important in the mid-term.
- Alternative individual mobility concepts (e.g., car sharing models): Vehicles, which are set aside for this arrangement, also require refuelling and will necessitate more frequent washing by suppliers or users.

The Company is carefully monitoring these and other trends in order to react to changing circumstances as quickly as possible.

1.2 Goals and Strategies

Our goal is to further expand WashTec's positions as a high performance and profitable provider of solutions for the carwash industry and to grow profitably.

The starting point of our strategy is the consequent orientation on our customers' benefit and, related thereto, a very detailed and specific understanding of the car wash process. In this regard, we focus on both the end customer and the operator with the attempt to promote the attractiveness of car washing and improve profitability for the operators. The product and process innovations presented in 2014 will be rolled out on the market in 2015.

We believe that the foundation for profitable growth is innovation focused on customer benefit and constant improvement of our internal processes as well as a corresponding employee development on the basis of a learning organization. These steps allow us to create value for our customers, the Company and our shareholders.

1.3 Management report

1.3.1 Financial quantitative targets and performance indicators

The instruments used for the Company's planning and management system are the following financial and non-financial performance indicators:

Key financial performance indicators

- Revenue
- EBIT

In addition, the following figure is used at Group level:

- Free cash flow [cash inflow from operating business activities (net cash flow) – cash outflow from investing activities]

Key non-financial performance indicator

At Group level, the following non-financial performance indicator is also used:

- HSE (work injuries/million man hours)

1.3.2 Risk management

Dealing responsibly with commercial risk is one of the basic principles of good corporate governance. The management board has intra-group and company-specific reporting and management systems at its disposal, which permit it to identify, evaluate and manage these risks. These systems are continuously developed and adapted to changes in the business and legal environment. The management board regularly informs the supervisory board about existing risks and developments regarding such risks.

Details of risk management are found in the risk report, which is part of the Management Report. The Management Report contains the report required under §§ 289 (5) and 315 (2) no. 5 of the German Commercial Code (HGB) on the internal monitoring and risk management system relating to accounting matters.

1.4. Research and development

WashTec as an innovation leader

WashTec considers itself an innovation leader and is constantly pursuing projects to increase the attractiveness of the carwash business, to improve the return on investment for operators by increased convenience and improved wash results for motorists.

- Convenience
  The focus of our innovation process lies on speed and wash experience. The innovations, which have been introduced, focus on simplifying the wash process. New payment systems – e.g. using a smart phone or credit card at the wash facility – will ease the process of purchasing a carwash. The customer can customize his washes and decide individually whether he wants to stay in his vehicle. This promotes a quicker procedure and thereby increases capacity for the operators.

- Wash and drying quality
  In terms of wash and drying quality, the focus of development has been on critical problem spots on the vehicle. Key factors contributing to improved cleaning results have been the mechanical improvements made through the "MultiFlex" side washing system used in combination with the enhanced wash material "SoftecsPur" and a special procedure – known as "Wheelflash" – for applying chemicals to wheel rims during wheel cleaning.

- Equipment quality
  Only the highest equipment availability we will ensure a profitable wash business for the operators and a local customer base. WashTec is permanently working on improving the liability of equipment.

In total, more than 50 employees work at the WashTec head office in Augsburg in the area of research, development and testing. For WashTec, the protection of its innovations through the use of patents is a high priority. The WashTec Group holds more than 700 intellectual property rights.

The total expenditures in the area of research, development and testing remained almost unchanged compared to the prior year and were significantly higher than € 5.0m.

The Group's capitalized development costs equaled € 0.4m (prior year: € 0.4m) in 2014. In addition € 0.6m (prior year: € 0.6m) development cost were not activated.

2 Report on Economic Position

2.1 Overall economic and industry-specific environment and conditions

2.1.1 Overall economic development

Global economic growth in 2014

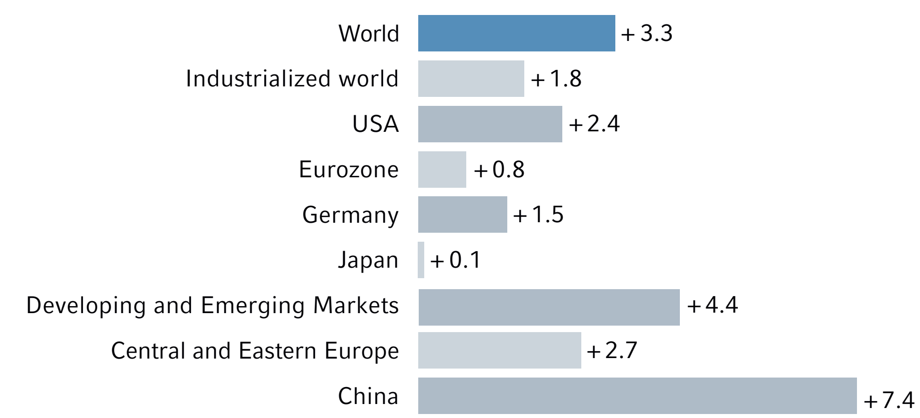
According to information provided by the International Monetary Fund (IMF), the global economy grew by 3.3% in 2014. This growth rate is slightly higher than last year's growth rate. In the eurozone, the economic growth increased by 0.8%, despite geopolitical tensions have posed new challenges for this region. Whereas the German growth rate with 1.5% developed positively, various other economies within the European area, notably France and Italy, remained in a difficult economic environment. Some of the economies of Eastern Europe were under pressure mainly because of the to the political developments in Ukraine.

The US economy grew during the course of 2014 and reported better labor market data. At 2.4%, the growth rate was slightly higher than the prior year.

The growth rate for emerging markets developed relatively stable at approximately 4.4% and significantly surpassed the growth rate of the industrialized world (+1.8%). However, due to declining domestic demand, it could not achieve greater dynamism. After a weaker first half of the year, the Asia/Pacific region reported stronger growth in the second half of the year. China leads the list of high-growth countries with a growth rate of 7.4%, even though a slowdown is anticipated in the future.

The industrial countries reported very low rates of inflation (approx. 0.4% in the euro area, and 1.7% in the USA), prime rates remained at historically low levels. The commodity prices for steel and oil trended downward significantly in the second half of 2014.

Economic growth 2014 in %



Source: International Monetary Fund (IMF) World Economic Outlook, Update January 2015

Impact on the operation of car wash equipment

Wash behavior of the end customers remains largely stable – 2014, "a good wash year"

The economic development in individual regions has an impact on the investment behavior of the carwash operators. The end customers, on the other hand, tend to react more by changing the wash frequency than by fundamentally changing their wash behavior. Weather-related fluctuations in the wash figures have a strong impact on business. For most regions in which WashTec has substantial presence, the wash business in 2014 was good to very good. For major customers, whose results are influenced by oil prices, the drastic reduction in the price of crude oil could lead to a change in investment behavior.

2.1.2 Market forecast wash equipment

Customer groups

WashTec's customers are predominately operators of petrol (gas) stations offering on-site car washing with which they generate an important part of their earnings. These customers include multinational oil companies, individual operators and operators of chains of petrol (gas) stations/car washes and supermarkets. The customer base also includes operators of stand-alone car washes. Other customer groups offer car washing as a complimentary service to their customers or wash their own vehicles in order to preserve the value of their vehicle pools. These customer groups include car dealerships and garages, trucking companies and transportation firms.

Competition

Key competitors in Europe:

- *Otto Christ AG, Germany*
- *Istobal SA, Spain*

In Europe, a consolidated market with very intense competition, WashTec is, according to its own research, the clear market leader with respect to market coverage and market share. The main European competitors are Otto Christ AG (Germany), and Istobal SA (Spain). Competitors with smaller market shares such as Alfred Kärcher GmbH (Germany) or Autoequip (Italy), as well some of local producers of self-service wash systems, are attempting to capture more market share.

The largest competitors in the North American market, which is more fragmented on the customer and supplier sides, are Ryko Solutions Inc., PDQ Manufacturing Inc., Belanger Inc. and SONNY'S Enterprises Inc.

The Asian market is dominated by Daifuku, a Japanese manufacturer, and China has an array of local providers.

Sales markets

Business in Core Europe (generating about 80% of the Group's revenues) still dominates the picture. Mid-term revenues in the regions of Asia/Pacific (to date under 5%), Eastern Europe (currently under 5%) and North America (currently approximately 14%) should gain significanctly.

2.2. Business performance

The following section examines the WashTec Group's business performance. WashTec AG is not itself an operating entity and earns income exclusively from dividends paid by WashTec Holding as well as from profit and loss agreements with WashTec Carwash Management GmbH and AUWA-Chemie GmbH. Thus, the following discussions relate primarily to the Group. WashTec AG will be discussed separately in section 2.6.

Differences possible due to rounding-off		2013	Goals 2014	2014	Change
Revenues (adjusted for exchange rate effects*)	€m	299.7	slight increase	303.9	1.4%
EBIT	€m	17.1	slight increase	18.4	7.6%
EBIT margin	in %	5.7	slight increase	6.1	7.0%
Equity ratio (in %)	in %	50.4	slight increase	48.9	−2.9%
Leverage (gearing) ratio		0.1	stable	−0.3	–
Free cash flow	€m	15.7	stable	25.1	59.9%
HSE (work accidents/ working hours in m)		1.3	0–2	1,3	–

*On the basis of the prior year exchange rate

Revenues in 2014 (adjusted for exchange rate effects) increased by 1.4% to € 303.9m (prior year: € 299.7m). Thus, the goal for revenue growth, which was set at 1 – 3% over the prior year, was achieved.

The increase in revenue results from the positive development in Core Europe, whereas the development in North America and Eastern Europe remained beyond expectations.

In 2014, EBIT rose to € 18.4m. This represents an increase of 7.6% (prior year: € 17.1m). The goal of attaining a slight increase was significantly exceeded. Main reasons for this development were the very positive business development in the Core European segment, the successful implementation of the initiatives as well as the product and region mix.

The EBIT margin (EBIT/revenue) rose to 6.1% (prior year: 5.7%) and was therefore higher than originally forecasted.

The equity ratio (equity/balance sheet total) equaled 48.9% as of December 31, 2014 (prior year: 50.4%). Despite a € 3.1m increase in equity capital, the equity ratio declined by 1.5% due to a higher balance sheet total. The higher balance sheet total can be attributed mostly to higher cash holdings and more working capital than the prior year, triggered by the positive business development in the final quarter of 2014.

The gearing ratio (net finance debt/EBITDA) as of December 31, 2014 was negative (–0.3; prior year: 0.1), as liquid funds exceeded financial debt. Thereby, the aim of a stable gearing ratio was outperformed.

Free cash flow [net cash flow – cash outflow from investing activities] equaled € 25.1m (prior year: € 15.7m). The reasons for the increase were improved earnings before taxes (EBT), higher advance payments from customers and lower cash outflow from investing activities. The goal of achieving stable cash flow was significantly surpassed.

In fiscal year 2014, the number of work accidents per one million man hours was 1,3. The goal of 0.0 to 2.0 was therefore met.

The business performance of the WashTec Group exceeded the original expectations – and the management board assesses the business development as generally positive. This applies to the business development in Core Europe, above all with regard to Chemicals. The development in Eastern Europe and North America, on the other hand, did not meet the goals set and must therefore be re-evaluated in 2015.

2.3 Position

Multiple year comparison of key planning and management figures

Differences possible due to rounding-off		2014	2013	2012
Revenue	€m	302.6	299.7	301.5
EBIT	€m	18.4	17.1	19.2
Equity ratio	in %	48.9	50.4	46.0
Free cash flow	€m	25.1	15.7	19.6

2.3.1 Order backlog

Order backlog as of December 2014 higher than prior year

The Company reported as of December 31, 2014 a significantly higher order backlog than at the end of the prior year. Compared to the prior year, it should be noted that the order backlog as of the end 2013 was below the long-term average. Since WashTec's orders generally cycle-through within six to ten weeks, the order backlog serves as an indicator for the upcoming months, but has only limited indicative value for the further development of the fiscal year 2015.

2.3.2 Results of operation

2.3.2.1 Income statement

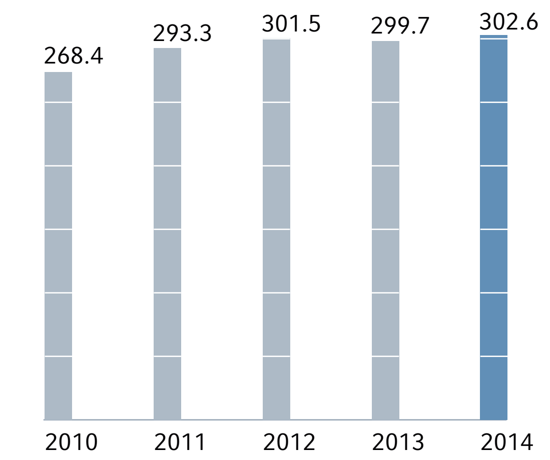
The following table shows the income statement of the WashTec Group:

in €m Differences possible due to rounding-off	2014	2013	Change (absolute)
Revenues	302.6	299.7	+2.9
Cost of materials	−120.2	−119.2	−1.0
Other operating income	4.2	4.0	+0.2
Personnel expenses	−111.1	−106.4	−5.3
Other operating expenses (incl. other taxes)	−47.5	−48.8	+1.3
EBITDA	28.6	27.0	+1.6
Depreciation and amortization	−10.3	−9.9	−0.4
Operating result (EBIT)	18.4	17.1	+1.3
EBIT margin	6.1	5.7	+0.4
Financial result	−0.7	−1.3	+0.6
Earnings before taxes	17.7	15.8	+1.9
Taxes	−5.0	−4.6	−0.4
Consolidated net income	12.7	11.2	+1.5

2.3.2.2 Revenue development

WashTec Group's revenues totaled € 302.6m and were therefore € 2.9m or 1.0% higher than the prior year figure of € 299.7m. At the same time, the revenue in the fourth quarter of 2014 increased by € 5.1 or 6.3% over the same period of the prior year (Revenues Q4 2014: € 86.5m; revenues Q4 2013: € 81.4m).

Revenue development in €m



After adjusting for exchange rate effects, revenues for the entire year equaled € 303.9 and were therefore 1.4% above the prior year level (€ 299.7m).

A detailed presentation of the development of the individual segments is located in the segment report under section 2.3.3.

Revenues by products

in €m Differences possible due to rounding-off	2014	2013	Change (absolute)
Equipment and service	255.7	255.2	+0.5
Chemicals	34.3	32.0	+2.3
Operations business and others	12.6	12.5	+0.1
Total	**302.6**	**299.7**	**+2.9**

Revenues from **equipment and service** with € 255.7m were slightly above prior year's level of € 255.2m. The **chemicals** business again developed favorably. Revenues rose by € 2.3m to € 34.3m (prior year: € 32.0m) – driven by the positive growth in wash figures but also by the continuous expansion of market share. Revenues generated by WashTec Carwash Management GmbH and WashTec Financial Services GmbH are reported under the **Operations and others** division. In the recently completed year, these revenues equaled € 12.6m and were slightly higher than prior year's level.

2.3.2.3 Expense items and results

2.3.2.3.1 Expense items

Cost of materials

The cost of materials includes, above all, purchased raw materials, consumables and supplies. The largest items relate to the purchase of, e.g., steel, plastics and other raw materials. The cost of materials increased slightly from the prior year, from € 119.2m to € 120.2m.

Based on the increase in revenues and an improved gross profit margin, gross profits rose from € 177.8m to € 182.6m (gross profit margin 59.3% vs. 60.3%). The main reason for this increase is a change in the product and regional mix, which included higher revenues from chemicals and continuous improvements in efficiency in the areas of materials and purchased services.

Personnel expenses

Personnel expenses rose from € 106.4m to € 111.1. The higher personnel expenses can be attributed primarily to wage scale increases under collective bargaining contracts in Core Europe as well as one-off expenses due to the implementation of the efficiency program announced at the beginning of the year. The personnel expense ratio (personnel expense as a percentage of revenues) rose from 35.5% to 36.7%, with an average number of employees at 1,676 (prior year: 1,670).

Other operating expenses (including other taxes)

Despite higher expenses for the Automechanika trade fair which takes place every two years, other operating expenses (including other taxes) fell from € 48.8m in 2013 to € 47.5m. The reduction in costs resulted from the implementation of cost saving measures and from lower consulting and car costs. The foreign exchange losses, which are reported under other operating expenses, declined to € –1.4m (prior year: € –2.1m).

Other operating income (including other capitalized development costs) rose slightly by € 0.2m from € 4.4m in the prior year to € 4.6m.

2.3.2.3.2 Foreign exchange effects

The exchange rate development of the US Dollar to the Euro does not generally have a major impact on the operating business because most of value creation and revenue recognition takes place in the respective regions themselves. The reporting date valuation of the balance sheet assets and liabilities that are held in a foreign currency had a positive impact on earnings of approx. € +0.2m (prior year: € –0.8m).

2.3.2.3.3 EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) equaled € 28.6m and were therefore € 1.6m higher than prior year (€ 27.0m).

2.3.2.3.4 Depreciation and amortization

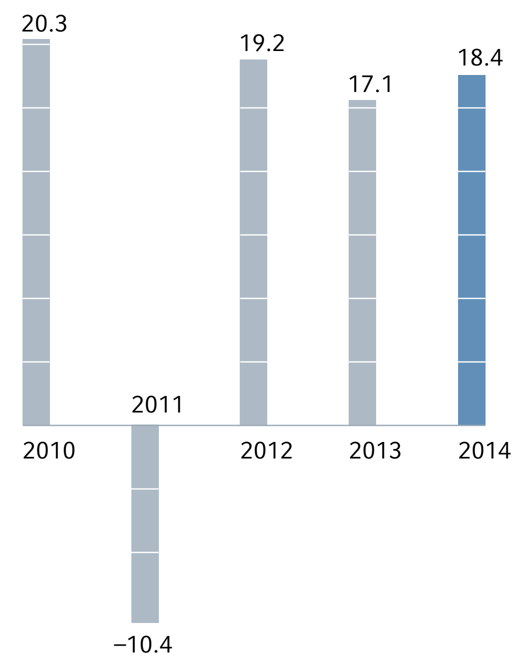
Depreciation and amortization amounted to € 10.3m (prior year: € 9.9m).

2.3.2.3.5 EBIT

EBIT increased by € 1.3m to 18.4; EBIT margin was 6.1 %

Earnings before interest and taxes (EBIT) rose to € 18.4m (prior year: € 17.1m).

EBIT over multiple years (in €m)



For an overview of EBIT by segment see section 2.3.3.

2.3.2.3.6 EBIT margin

The EBIT margin was 6.1% (prior year: 5.7%).

2.3.2.3.7 Financial result

Financial result fell to € 0.7m

Net financial result fell from € 1.3m to € 0.7m as a result of repaid bank liabilities and lower effects from interest rate swaps.

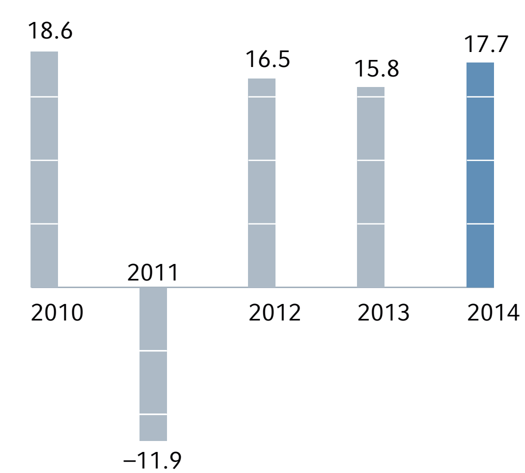
Breakdown of financial result

in €m, differences possible due to rounding-off	2014	2013
Income from the valuation of interest rate swaps	0.4	0.1
Income from bank interest and similar income	0.1	0.1
Financial income	0.5	0.2
Interest-bearing loans	−0.3	−0.4
Interest rate swaps	−0.5	−0.4
Expenses from finance leasing	−0.3	−0.3
Expenses from financing costs and similar expenses	−0.1	−0.4
Financial expense	−1.1	−1.5
Financial result (net financial expense)	**−0.7**	**−1.3**

2.3.2.3.8 EBT

Earnings before taxes (EBT) equaled € 17.7m (prior year: € 15.8m) due to the positive business performance and significantly reduced financial expense.

EBT over multiple years (in €m)



2.3.2.3.9 Taxes

Taxes equaling € 5.0m (prior year: € 4.6m) consist of the use of deferred tax credits and current tax expenses. The tax rate (relative to EBT) fell slightly from 29.0% to 28.1%. Main reason for this decline is the use of deferred tax assets, that had not been activated in prior years resulting from the positive results in North America.

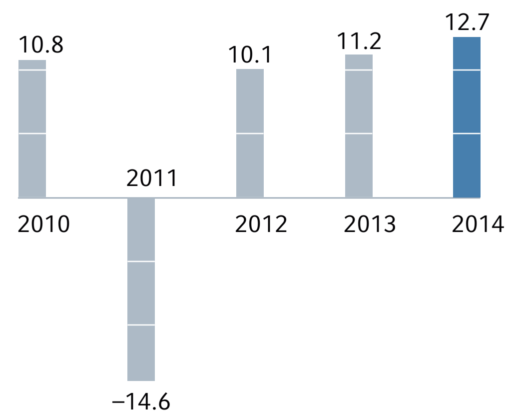
Loss carry-forwards are held mainly by international companies, while the loss carry-forwards in Germany have been completely exhausted.

2.3.2.3.10 Consolidated net income

Consolidated net income rose by € 1.5m to € 12.7m

Consolidated net income rose by € 1.5m to € 12.7m (prior year: € 11.2m). Earnings per share (diluted = undiluted) rose considerably to € 0.91 (prior year: € 0.80) based on an average number of shares of 13,932,312.

Consolidated net income over multiple years (in €m)

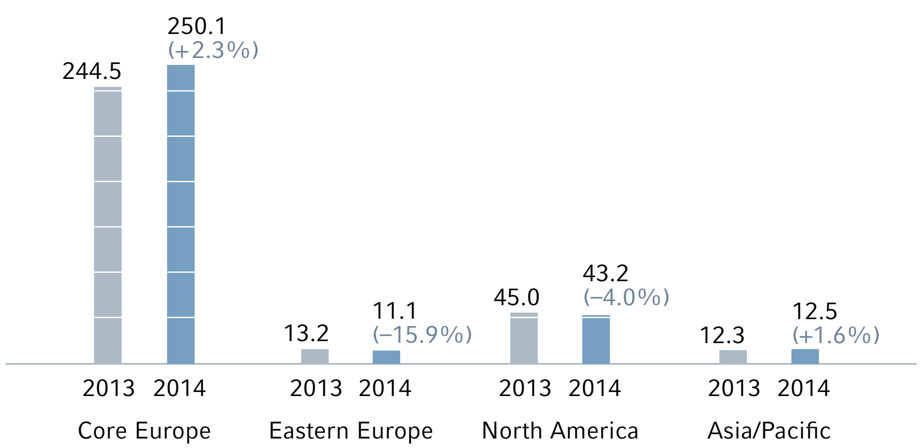


2.3.2.4 Use of funds/dividends

Beside investing in expanding the market position, WashTec wants to pursue an attractive distribution policy. Management board and supervisory board intend to recommend to the annual general meeting of shareholders, which is scheduled for May 13, 2015, to approporiate the distributable profit of € 24,415,905.24 for the fiscal year 2014 as follows: payment of a dividend in the amount of € 1.65 for each no-par value share which is entitled to dividends, thereby yielding an aggregate dividend payment of € 22,988,314.80, and carrying forward the remaining distributable profit of € 1,427,590.44. The recommendation to pay a dividend to the shareholders in the amount of € 1.65 per non-par value share entitled provides for a dividend of € 0.70 and, because of the positive development of the business in recent years, a special distribution in the amount of € 0.95. More than 60% of the distribution will be made from the so-called "capital contribution account for tax purposes" [steuerliches Einlagenkonto].

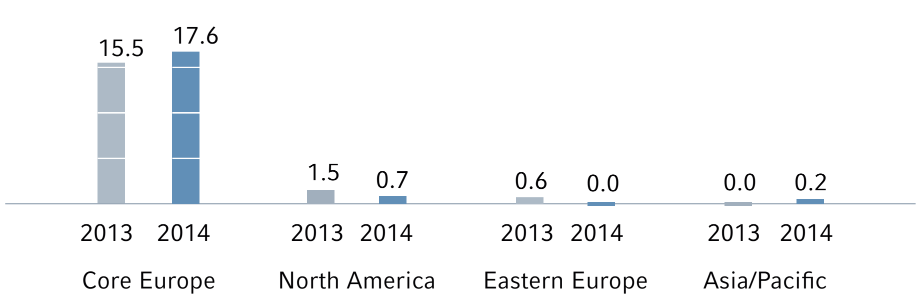
2.3.3 Segment report

Revenues by segments in €m; change in percentage versus 2013 *



* Consolidation effects disregarded.

EBIT by segments 2013/2014 (in €m)*



* Consolidation effects are disregarded.

2.3.3.1 Core Europe

Revenues in Core Europe rose by € 5.6m to € 250.1m

Key figures Core Europe

Differences possible due to rounding-off		2014	2013
Revenues	€m	250.1	244.5
EBIT	€m	17.6	15.5
EBIT margin	%	7.0	6.3
Employees (as of Dec 31)		1,316	1,340

Market environment

The wash equipment market in Core Europe is by far one of the most developed vehicle wash market in the world. It has the highest installed car wash equipment base, the most professional structures in terms of sales and service and the highest product quality. Major clients are multinational and local oil companies operating car wash facilities in their petrol (gas) station networks either themselves or through lessee-operators. Yet other clients include independent customers such as supermarket chains, individual operators, stand-alone car wash facilities, logistics companies or car dealerships. Based on the demographic trend and a series of other indicators, we are assuming that in the future there will not be a significant increase in the number of washes in Europe.

The competition in Core Europe is intense and is limited to only a few manufacturers. The current main competitors are Otto Christ AG (Germany) and Istobal SA (Spain). It is very important to have wide service structure coverage. Accordingly, the market entry barriers for new competitors are very high. According to its own research, WashTec is the clear market leader in terms of market coverage and market share and has by far the best established direct sales and service network as well as by far the largest installed base of over 20,000 roll over car wash systems.

Core Europe

Differences possible due to rounding-off		2013	Goals 2014	2014	Change
Revenues (adjusted for exchange rate effects)	€m	244.5	stable	250.1	2.3 %
EBIT	€m	15.5	slight increase	17.6	13.5 %
EBIT margin	%	6.3	slight increase	7.0	11.1 %

Revenue development

The revenue generated in Core Europe equaled € 250.1m and was therefore slightly higher than the prior year (€ 244.5m). Thus, the targets were exceeded. The positive development resulted primarily from chemicals.

Earnings development

EBIT in Core Europe rose from € 15.5m in the prior year to € 17.6m, mainly due to the positive revenue development. The EBIT margin equaled 7.0% (prior year: 6.3%). With respect to earnings development, the goals were therefore exceeded.

2.3.3.2 Eastern Europe

Key figures Eastern Europe

Differences possible due to rounding-off		2014	2013
Revenues	€m	11.1	13.2
EBIT	€m	0.0	0.6
EBIT margin	%	0.0	4.5
Employees (as of Dec 31)		15	16

Market environment

The number of vehicle registrations in the "Eastern Europe" segment has fallen slightly. Although, given the lower labor costs there, the automated car wash still has only a small market share, the market share continues to rise. The sales and service structure in Eastern Europe is based primarily on the development of the market by independent dealers, who are supported by WashTec's sales representatives. Only a few suppliers have subsidiaries representing them in certain regions. WashTec is active in Poland through a subsidiary.The competitor situation in Eastern Europe is largely similar to the structure in Core Europe. There are also local competitors, particularly in the areas of self-service and commercial vehicles.

Political situation influences investment behavior in parts of Eastern European

The uncertain political situation due to the Ukraine conflict combined with the reciprocal sanctions and impact on the currencies could continue to have an impact on investment behavior in some countries of Eastern Europe.

Any forecast for Eastern Europe is currently highly uncertain.

Eastern Europe

Differences possible due to rounding-off		2013	Goals 2014	2014	Change
Revenues (adjusted for exchange rate effects)	€m	13.2	slight increase	11.1	−15.9%
EBIT	€m	0.6	stable	0.0	–
EBIT margin	%	4.5	stable	0.0	–

Revenue development

Revenues in Eastern Europe fell by € −2.1 m to € 11.1m

Total revenues in Eastern Europe equaled € 11.1m compared to € 13.2m in the prior year. This figure was therefore lower than the budgeted goal.

Earnings development

In a year-over-year comparison, earnings fell to € 0.0m (prior year: € 0.6m). This is mostly attributable to the reduced revenues. The EBIT margin equaled 0.0% accordingly (prior year: 4.5%). The forecasted earnings growth could not be achieved.

2.3.3.3 North America

Key figures North America

Differences possible due to rounding-off		2014	2013
Revenues	€m	43.2	45.0
EBIT	€m	0.7	1.5
EBIT margin	%	1.6	3.4
Employees (as of Dec 31)		244	236

Market environment

Vehicle registrations for cars and light trucks have increased significantly in recent years. Slight population growth and an increase in the number of vehicles is expected in the future.

Unlike Europe, in North America, most customers are independent small or medium-size operators of gas stations and individual operators of car wash equipment. After a significant decline as a result of the financial crisis, the market has recovered since 2012 and the market outlook is positive.

North America

Differences possible due to rounding-off		2013	Goals 2014	2014	Change
Revenues (adjusted for exchange rate effects)	€m	45.0	slight increase	43.7	−2.9 %
EBIT	€m	1.5	stable	0.7	–53.3 %
EBIT margin	%	3.4	stable	1.6	–52.9 %

Revenue development

Revenues in North America decreased from € 45.0m in the prior year to € 43.2m. This is mainly attributable to the reduced investments made by certain major customers. Thus, the forecasted slight increase in revenue could not be achieved. The regional revenues in US dollar equaled USD 57.1m (prior year: USD 59.1m).

Earnings development

North America EBIT of € 0.7m

Earnings reported from North America were € 0.7m (prior year: € 1.5m). The main reasons for this decline were lower revenues and capital expenditures made in sales and service structures as well as cost increases for health insurance. The EBIT margin fell from 3.4% to 1.6%. Accordingly, the forecast of stable earnings could not be achieved.

2.3.3.4 Asia/Pacific

Key figures Asia/Pacific

Differences possible due to rounding-off		2014	2013
Revenues	€m	12.5	12.3
EBIT	€m	0.2	0.0
EBIT margin	%	1.2	0.0
Employees (as of Dec 31)		51	48

Market environment

China: Strong mid-term and long-term market growth expected; great growth potential for WashTec

On the Australian market, the major American and European manufacturers are in direct competition. The Chinese market for car wash is still dominated by hand wash due to the low labor costs. Since 2008, WashTec has its own production and procurement site near Shanghai. In mid-2011, the first direct sales structures were established. By continuing to expand the global supply chain and sourcing activities, the Company will also be leveraging the manufacturing and procurement advantages from this region for the entire product portfolio.

Asia/Pacific

Differences possible due to rounding-off		2013	Goals 2014	2014	Change
Revenues (adjusted for exchange rate effects)	€m	12.3	slight increase	13.0	+5.7 %
EBIT	€m	0.0	stable	0.2	–
EBIT margin	%	0.0	stable	1.2	–

Revenue development

Revenues in Asia/Pacific rose by € 0.2m to € 12.5m

Revenues equaled € 12.5m and were slightly higher than prior year's level (€ 12.3m). When drawing a comparison to the forecasted goals, it should be remembered that revenues were adversely affected by the development of the Australian dollar. Adjusting for these exchange rate effects, revenues increased by 5.7% to € 13.0m. The forecasted slight revenue growth was therefore exceeded.

Earnings development

EBIT equaled € 0.2m and was therefore significantly higher than the break-even result achieved in the prior year. The stable EBIT forecast was thereby exceeded. The same applies to the EBIT margin, which increased from 0.0% to 1.2%.

2.3.4 Net assets

2.3.4.1 Asset and capital structure

Condensed consolidated balance sheet

in €m, differences possible due to rounding-off	2014	2013	2012
Non-current assets	81.2	85.3	88.8
Receivables and other assets	49.4	46.7	48.5
Inventories	35.4	34.3	36.6
Deferred tax assets	4.1	4.3	5.9
Cash and cash equivalents	15.7	3.8	3.8
Equity	90.9	87.8	84.4
Provisions (including income taxes)	31.0	26.3	27.8
Liabilities	52.8	49.3	59.6
of which trade payables	5.9	8.8	6.7
Deferred revenues	8.2	7.7	8.8
Deferred tax liabilities	2.9	3.1	3.0
Balance sheet total	**185.8**	**174.2**	**183.6**

The **balance sheet** total of the WashTec Group increased from € 174.2m to € 185.8m.

Balance sheet total increased to € 185.8m

2.3.4.1.1 Assets

As in the prior year, the WashTec Group's **non-current assets** include goodwill totaling € 42.3m. Management subjects the capitalized goodwill to an annual impairment test. The test is based on a mid-term forecast for the period of three years at Group level. Non-current assets include the items "real properties and buildings" in the amount of € 14.3m, "technical equipment and machines" and "finance leasing" collectively totaling € 18.4m, and "intangible assets (excluding goodwill)" in the amount of € 6.2m

Receivables and other assets rose from € 46.7m to € 49.4m primarily to higher sales in the fourth quarter. Compared to last year, the term of receivables decreased to 45 days.

Inventories increased slightly from € 34.3m to € 35.4 due to the higher order backlog.

Deferred tax assets totaling € 4.1m resulted mostly from timing differences in the valuation of the balance sheet items.

As of the balance sheet date, **cash and cash equivalents** increased from € 3.8m in the prior year to € 15.7m. This increase can be attributed to stronger operating cash flow.

2.3.4.1.2 Liabilities and equity

Equity ratio at 48.9 %

Due to favorable earnings development, **equity** rose from € 87.8m to € 90.9m. Details concerning the income and expenses recognized directly in equity capital pursuant to IFRS may be found in the Statement of Changes in Equity (see page 95). Despite the increase, the equity ratio decreased to 48.9% (prior year: 50.4%). This decrease is attributable, above all, to the higher balance sheet total and the special dividend that was paid out in 2014. Thus, the forecast of a slightly higher equity ratio could not be achieved.

Bank debt declined significantly from € 1.0m on December 31, 2013 to € 0.3m.

By end of the year WashTec had bank deposits totalling € 15.7m compared to bank debts of € 0.3m. Despite the payment of a dividend and a special dividend of in total € 8.9m, net finacial liquidity (liquid funds minus short- and long-term financial debts) rose by € 12.7m to a positive figure of € 9.8m (prior year: debt of € 2.9m).

Trade payables declined from € 8.8m to € 5.9m.

The **deferred tax liabilities** declined slightly to € 2.9m (prior year: € 3.1m).

Provisions (incl. income tax liabilities) consist primarily of provisions made for personnel, phased retirement obligations, warranties and buy-back obligations. As of the balance sheet date, they equaled € 31.0m (prior year: € 26.3m). The increase can be attributed to the provisions made for the efficiency program, higher income tax liabilities and to an increase in the pension reserves triggered primarily by the lower discount rate.

2.3.4.2 Internally generated intangible assets and off-balance sheet financial instruments

The comprehensive know-how and the experience of WashTec employees as well as the knowledge-base, which has been built up and expanded over the years with respect to research and development. Another key factor of success has been the WashTec Group's own sales and service network, which has been developed and cultivated over many years.

There are no off-balance sheet financial instruments.

2.3.5 Financial position

2.3.5.1 Capital structure

As part of the centralized financial management, the companies of the WashTec Group are financed through WashTec Cleaning Technology GmbH. The Company's main liabilities are denominated in euro. The base interest rate of the loan is variable and linked to EURIBOR. To reduce the risk posed by a general increase in interest rates and to improve planning certainty, WashTec uses the customary instruments like interest rate swaps. For the swaps, interest rates ranging from 2.572% to 2.580% are set. As of December 31, 2014, the Group had a credit line totaling €51.3m. The credit line, which was not utilized but which could be deployed for future operations and for discharging obligations, equaled € 45.3m as of the balance sheet date.

The **gearing ratio** (net finance debt/EBITDA) as of December 31, 2014 was negative (–0.3; prior year: 0.1), as liquid funds exceeded financial debt. Thereby, the aim of a stable gearing ratio was outperformed.

Additional information concerning the financing of the WashTec Group can be found under the opportunities and risk report in the subsection entitled, “Financing risks”.

2.3.5.2 Capital expenditures and write-downs

The focus of the Company’s capital expenditures was on Core Europe (€ 5.3). In addition, investments were made in Eastern Europe (€ 0.3m), North America (€ 0.7m) and Asia/Pacific (€ 0.2m).

The scheduled write-down of assets was done on the basis of the statutory requirements and the accounting principles set by WashTec. As a rule, the assets are amortized or depreciated on a straight-line basis over their ordinary useful life. The assets are subject to an impairment test as of the end of each fiscal year.

To the extent goodwill was capitalized, it is not amortized on a scheduled basis. Management does, however, subject capitalized goodwill to an annual impairment test. The basis for this test is the mid-term budget for a three-year period at Group level.

2.3.5.3 Cash flow statement

in €m, differences possible due to rounding-off	2014	2013	Change (absolute)
Earnings before taxes (EBT)	17.7	15.8	+1.9
Change in cash from operating activities (net cash flow)	29.2	21.0	+8.2
Change in cash from investing activities	–4.1	–5.3	+1.2
Free cash flow	25.1	15.7	+9.4
Change in cash from investing activities	– 11.9	–17.2	+5.3
Net change in cash and cash equivalents	13.2	–1.5	+14.7
Cash and cash equivalents as of December 31	15.4	2.7	12.7

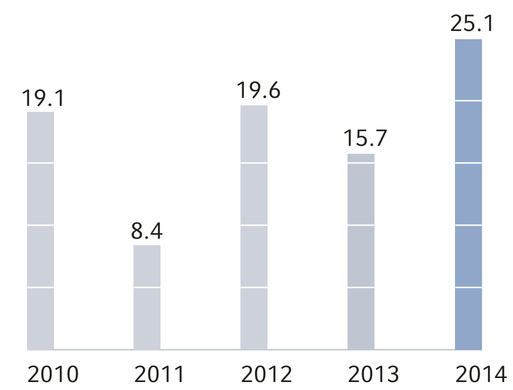
Net cash flow at € 29.2

Cash inflow from operating activities (net cash flow) rose to € 29.2m (prior year: € 21.0m). This increase was caused, above all, by higher earnings and by higher prepayments.

The Company is constantly taking measures to optimize and improve working capital. The **net current assets** (also referred to as “net working capital”) (current trade receivables + inventories – current trade payables) increased from € 65.2 to € 71.2 mostly due to the growth in receivables and inventories, which was triggered by revenues and order backlog. The ratio of net current assets to revenues increased slightly to 0.24 (prior year: 0.22).

Net cash outflow from investing activities equaled € 4.1m in fiscal year 2014 (prior year: € 5.3m).

Free cash flow (in €m)



Free cash flow at 25.1m

Free cash flow (net cash flow – cash outflow from investing activities) increased to € 25.1m (prior year: € 15.7m) specifically due to improved EBT, more customer prepayments and less payments for investing activity.

Cash outflow from financing activities equaled € 11.9m (prior year: € 17.1m). The cash outflow in 2014 included interest payments, dividend payments and the repayment of liabilities under finance leases.

Cash and cash equivalents, as of the balance sheet date, rose from € 2.7m to € 15.4m as of December 31, 2014. The Company was, at all times, in a position to meet its payment obligations.

2.4 Non-financial performance indicators

HSE

Differences possible due to rounding-off	2013	Goals 2014	2014	Change
Work accidents/working hours in million	1.3	0–2	1.3	–

The number of work or work-place accidents based on working hours (in millions) is a non-financial performance indicator for WashTec. In 2014, the figure equaled 1.3 and was therefore significantly lower than the industry average as reported by the employers' liability insurance associations [Berufsgenossenschaften]. The goal set for 2014 – a figure ranging from 0.0 to 2.0 – was therefore achieved. To us, the awards, which are bestowed by major customers in the oil industry in recognition of effective safety programs, represent a validation of WashTec's high safety standards and culture of safety. With respect to work-place accidents, the WashTec Group is pursuing a zero-accident strategy. The goal is to prevent all work-place accidents from occurring through appropriate measures and rules.

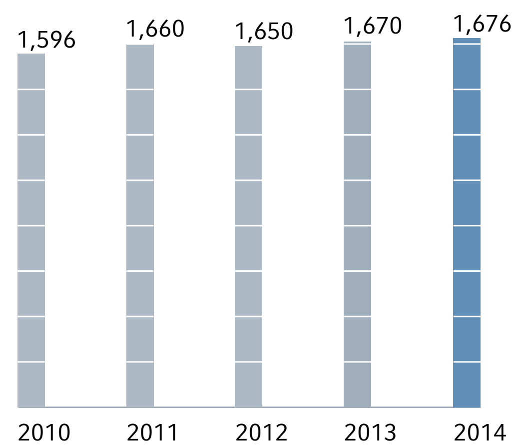
2.5 Employees

Compared to the employee figures as of December 31, 2013, the number of employees declined by 7 to 1,681. The average number of staff members employed by WashTec in 2014 was 1,676 (prior year: 1,670 employees). In 2014, indirect segments were consolidated pursuant to the efficiency program in Europe. The job cuts were executed socially acceptable as far as possible and no business-related terminations were issued.

In Germany, the WashTec Group is subject to the collective wage agreements in place with the trade union, IG Metall. AUWA-Chemie is governed by the collective wage agreements of the labor union, IG Chemie.

WashTec's employees are a cornerstone of the Group's commercial success.

Average number of employees by year



2.6 WashTec AG

WashTec AG has its registered place of business in Augsburg and is the Group's ultimate parent company. As such, it is responsible for the strategic management and control of all its downstream subsidiaries. Since the Company does not have any operations of its own, its results of operation, net assets, and financial position depend solely on the business performance of its subsidiaries.

The business performance of WashTec AG largely corresponds to that of the WashTec Group, which is more extensively described in the chapter entitled "Business performance".

2.6.1 Results of operation

Income Statement of WashTec AG (condensed)

in €m, differences possible due to rounding-off	2014	2013	Change (absolute)
Revenues	1.3	1.9	−0.6
Personell expenses	−2.4	−1.5	−0.9
Other operating expenses	−1.7	−1.8	+0.1
Investment result	27.0	10.7	+16.3
Result from ordinary activities	24.2	9.3	+14.9
Annual profit	23.7	9.0	+14.7
Profit carried forward	9.7	8.8	+0.9
Withdrawal from retained earnings	−8.9	−8.1	−0.8
Unappropriated surplus	**24.4**	9.7	+14.7

Revenues (as defined under the HGB) of WashTec AG declined by € −0.6m to € 1.3m (prior year: € 1.9m) and relate to the pass-through of management costs to its subsidiaries. Thus the goal of a stable revenue development has not been met.

The personnel expenses (as defined under the HGB) of WashTec AG equaled € 2.4m (prior year: € 1.5m) and resulted primarily from the remuneration (including severance payments) of the management board, as explained on pages 85 to 88 in the remuneration report. It also includes the personnel expense for the legal and investor relations departments. A provision was set aside for purposes of paying out a premium to employees for the better than expected business performance in 2014.

The other operating expenses (as defined under the HGB) decreased by € 0.1m to € 1.7m (prior year: € 1.8m).

The annual profit of WashTec AG (as defined under the HGB) rose from € 9.0m to € 23.7m. The goal of a stable operating result has been surpassed.

The investment result of WashTec AG (as defined under the HGB) is yielded from income under profit (loss) transfer agreements in the amount of € 4.9m (prior year: € 3.9m). In addition, WashTec Holding GmbH paid a dividend in the amount of € 22m (prior year: € 6.7m).

2.6.2 Net assets and financial position

Balance sheet of WashTec AG (condensed)

in €m, differences possible due to rounding-off	2014	2013	Change (absolute)
Non-current assets	128.1	128.1	±0
Receivables, other assets	32.5	14.3	+18.2
Cash and cash equivalents	0.0	0.0	±0
Equity	155.1	140.4	+14.7
Provisions	3.1	1.1	+2.0
Liabilities	2.4	0.9	+1.5
Balance sheet total	**160.7**	**142.4**	**+18.3**

Under the HGB accounting principles, non-current assets consist primarily of shares in affiliated enterprises in an amount of € 128.0m (prior year: € 128.0m). Management also subjects the shares held in affiliated enterprises to an annual impairment test. There is no need for further write-downs.

The receivables as defined under the HGB and totaling € 29.4m (prior year: € 13.1m) resulted primarily from general inter-company setoffs among affiliated enterprises and from profit (loss) transfer agreements.

The equity capital (as defined under the HGB) was € 155.1m (prior year: € 140.4m). This yields an equity ratio of 96.5% (prior year: 98.6%).

The provisions of WashTec AG, as defined under the HGB, equaled € 3.1m (prior year: € 1.1m) and consisted primarily of provisions made for employee premiums, legal and consulting expenses, accounting costs, management board remuneration and supervisory board remuneration

2.6.3 Report on opportunities and risks

As the group's ultimate parent company, WashTec AG derives its opportunities and risks from its operating subsidiaries. WashTec AG is integrated into the group-wide risk management system. Additional information is provided in the opportunity and risk report. That section also provides a description of the internal control system as required under § 289 (5) HGB.

2.6.4 Miscellaneous

The principles underlying the remuneration system for the management board members and the members of the supervisory board are explained on pages 85 through 88 in the remuneration report, which is part of the management report within the meaning of § 315 HGB.

The declaration on corporate management is set forth in the "Compliance" section und published on our website, www.washtec.de.

2.6.5 Outlook

The expectations described in the Outlook for the WashTec Group also apply to the business development of WashTec AG as the ultimate group parent company.

3

Supplementary Report

Significant events after the balance sheet date

No significant events impacting the condition of the Group and WashTec AG occurred after the balance sheet date.

4

Outlook, Opportunities and Risk Report

4.1 Outlook

This outlook report takes into account relevant facts and events, which were known at the time of the report's preparation and could impact the expected development and business performance of the WashTec Group.

4.1.1 Business policy and strategy

WashTec sticks to its strategy to expand its market and technology leadership in car wash for 2015 and the years to come.

4.1.2 Markets and products

WashTec so far generates approximately 80% of its revenues in established markets, above all in Europe.

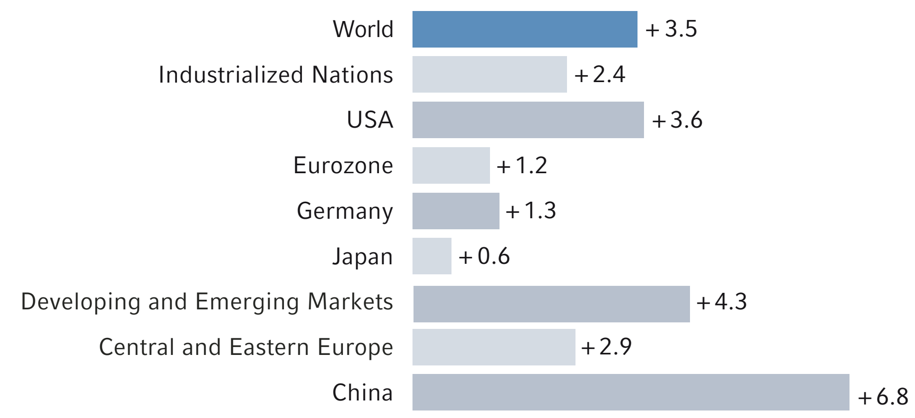
Large additional potential for the WashTec Group is in North America and Asia. It is anticipated that the economy and per capita income there will continue to grow. The number of vehicles, which has already risen very dynamically in the past years, will continue to increase accordingly. In connection with this, it is expected that the popularity of automated vehicle washing will rise significantly. Therefore, WashTec is planning the gradual expansion of activities there.

4.1.3 General economic conditions

Slow recovery of the global economy expected for 2015

In their most recent outlook dated January 2015, the experts at the International Monetary Fund (IMF) are projecting a 3.5% growth rate for the global economy in 2015. Growth for industrialized countries is forecasted at 2.4%. Despite the continous impact of the sovereign debt crisis facing various European countries – particularly regarding the upcoming new elections to be held in numerous countries in 2015 and the ongoing geopolitical tension in Europe – experts still expect, in combination with a planned normalization of the US monetary policy a slow but constant recovery of the European economy. The economy in the eurozone is expected to grow by 1.2%, although the inflation rate is forecasted to remain low in all of Europe. Germany is anticipating a growth rate of 1.3%. The US economy is expected to generate growth of 3.6% due to its recovering labor and residential real estate markets. According to the IMF forecast, developing and emerging countries should see slightly slowing expansion of 4.3% compared to 2014. China is expected to report the highest growth rate of +6.8%. The growth rate for Japan's aggregated output is projected to be 0.6%.

IMF growth forecast for 2015 in %



Source: International Monetary Fund (IMF) World Economic Outlook, update January 2015

4.1.4 WashTec business development

An outlook for 2015 is subject to uncertainties, which could have a material effect on the forecasted revenue and earnings development. A deciding factor will be the business development in Core Europe and the successful exploitation of the growth potential in the other markets. The management board's goal is to further develop the corporate strategy and to constantly improve the operating profitability.

Overall, a stable to slightly increased volume of capital expenditures among various customer segments is expected in 2015 compared to the prior year.

The terms used in the subsequent forecasts shall have the meanings set forth in the following table:

Revenue development

Term	Positive/negative deviation (in %)
Stable	≤ 1
Slight	≤ 3
Considerable	> 3

The terms used for the EBIT and free cash flow development shall have the meanings set forth in the following table:

EBIT and free cash flow development

Term	Positive/negative deviation (in %)
Stable	≤ 3
Slight	≤ 6
Considerable	> 6

The Company, as a whole, is projecting the following regional developments for 2015:

- **Core Europe:** From the Company's perspective, the market in Core Europe will not change much in 2015. Investment behavior in sub-regions is cautious, and competition for unit sales is increasing. There is margin pressure in many countries of Europe, and the only way to maintain the same result is by instituting additional efficiency measures (e.g. in service). Based on the foregoing, the Company is assuming that revenue and earnings will develop in a stable manner compared to 2014.

Core Europa	2015 forecast
Revenue	stable
EBIT	stable

- **Eastern Europe:** Despite high uncertainties the Company is projecting a significant increase in revenue with a slight increase in EBIT.

Eastern Europa	2015 forecast
Revenue	considerable increase
EBIT	slightly increasing

- **North America:** Despite declining revenues (contrary to last year's expectations), the Company reported a profit in 2014. For 2015, WashTec is expecting a significant increase in revenues and EBIT based on the lower starting point.

North America	2015 forecast
Revenue	considerable increase
EBIT	considerable increase

- **Asia/Pacific:** We expect an increase of business in 2015. For the entire segment, WashTec is expecting a significant increase in revenues and EBIT.

Asia/Pacific	2015 forecast
Revenue	considerable increase
EBIT	considerable increase

- **Group:** In fiscal year 2015, WashTec is seeking a slight increase in revenue and a considerable increase in EBIT for the entire group. Due to exceptional high customer prepayments in 2014 and higher investments in 2015, we project a slight decreasing free cash flow.

In summary and as part of its projection, the management board anticipates key figures developing as follows:

	achieved 2014	2015 forecast
Revenue	302.6	slight increase
EBIT	18.4	considerable increase
Free cash flow	25.1	slightly decline
HSE (work accidents/ working hours in millions)	1,3	0

Given the cost sharing arrangements, WashTec AG anticipates stable revenue growth and therefore stable operating results in 2015. Results in the future will also continue to depend on the profit distribution potential of the subsidiaries.

4.2. Opportunities and risk report

Risks are possible future developments or events, which could lead to projections or target variances that are negative for the Company. The risk is causally linked to a peril.

Opportunities are possible future developments or events, which could lead to projections or target variances that are favorable for the Company. A possible favorable effect of a risk is also referred to as opportunity.

4.2.1 Opportunities and risk report

The international business activities of the WashTec Group provide both opportunities and risks that are inextricably linked to its business. In order to manage these opportunities and risks in a controlled manner, the Company's main business processes are subject to an internal management and monitoring system that is designed to identify opportunities and risks at an early stage and to implement the necessary counter-measures in a timely manner.

Risk management

Multi-stage system instituted for identifying and monitoring risks

WashTec has instituted a multi-stage, group-wide standardized system for identifying and monitoring all relevant risks. The aim of this system is to identify risks, which are posed by future events, by using short-term and mid-term forecasts (24 months), and to take the appropriate steps for launching suitable counter-measures. According to the management board, all material risks, which threaten the Company's existance, can be reasonably identified using this early risk identification system. There have been no fundamental changes made in the management of opportunities and risks since last year.

Using databases, all identified risks are routinely reported by and queried from the divisional heads. These assessments focus on the maximum potential damage, the likelihood of occurrence and the effectiveness of any counter-measures. The evaluation of any risk is made using uniform criteria. The effects on the net income are shown in a so-called "gross-to-net accounting statement". The gross amount represents the value before the measures were taken. Measures can be provisions built or insurances. At the end of this review, the so-called "net risk" or actual risk potential is stated. This will be classified in accordance with the financial impact and the likelihood of occurrence:

- Financial effects on the consolidated net income and cash flow
  1 insignificant
  2 not significant, but not negligible
  3 material / significant
  4 serious, but not threatening the continued existence of the Group
  5 existential threat

- The likelihood of occurrence is indicated as follows:

1	very unlikely	1–15%
2	unlikely	15–40%
3	possible	40–60%
4	likely	60–85%
5	very likely	85–99%

Based on the combination of these two factors, the risks are classified as *negligible* (N), *relevant* (R), *major* (M) or a threat to *survival* (S), according to their threat potential. This forms the basis for the additional management of the risks.

- Risk matrix

	Likelihood of occurrence				
Effects	1–15%	15–40%	40–60%	60–85%	85–99%
Existential threat	R	M	M	S	S
Serious, but no threat to the continued existence of the group	R	R	M	M	M
Material/significant	R	R	M	M	M
Not significant but not negligible	N	R	R	R	M
Insignificant	N	N	R	R	R

The risk management is carried out through the definition, introduction and regular monitoring of suitable countermeasures.

Opportunity management

The goal of opportunity management is to identify, assess and manage at an early stage future performance potential and to engage in suitable measures for implementing new strategies and innovations. The identification and use of opportunities (opportunity management) is a continuing task of business activity in an effort to ensure the long-term success of the Company.

Opportunities are surveyed, evaluated and, to the extent possible, materialized for all Company divisions during regularly convened budget planning and update sessions as well as at management meetings.

4.2.2 Opportunities and Risks

Compared to the prior year, there have been no material changes in the opportunity and risk structure. As of December 31, 2014, the following described opportunities and risks exist, which could have a material effect on the continued development of WashTec. Risks classified as "*negligible*" will not be discussed in any more detail.

4.2.2.1 Uncertainties in the financial markets and overall economic development

Risks

The uncertainties and virtually unpredictable changes in the global economy and the financial markets could adversely affect the investment behavior of individual customer groups. This could impact, for example, oil companies whose earnings fluctuate significantly due to changes in the price of crude oil.

Forecasts for a number of sub-markets (e.g., in Southern Europe), which continue to suffer from the consequences of the financial crisis, are also marked by great uncertainty.

Current regional military conflicts and campaigns by extremists could spread and thereby trigger – beyond the sphere of small sales markets that are currently impacted – adverse consequences for economic development and hence the sale of carwash equipment.

Opportunities

The euro, which weakened compared to other currencies during the second half of the year, could have a favorable effect in export markets.

Certain regions, which WashTec also views as strategically important growth markets, are currently in a better economic position than in the prior year.

4.2.2.2 Climate and environmental influences

Risks

Climate changes, regional droughts and water shortages, increasing congestion on roads, highly volatile costs for fuel and bans on inner-city driving together with road tolls and greater environmental awareness could all result in fewer vehicles on the road in an effort to protect the environment or comply with laws and government regulations. Such a trend could diminish wash activity and, accordingly, reduce investments made in vehicle wash equipment.

Opportunities

The fact that fresh water as a resource is becoming scarcer and more costly could result in an increase in automated car washing which, if water reclaim systems are used, could reduce the consumption of fresh water by 90% or approximately 150 liters per wash in comparison to manual washing or to car wash equipment with no water reclaim systems. If the stricter legislation becomes more widespread, the demand for car wash systems with water reclaim equipment could rise. Likewise, laws and regulations, such as the prohibition of manual washing of vehicles, could have a positive effect on the demand for car wash equipment.

4.2.2.3 Customers, competition and market

Risks

A freeze on investments by multinational oil companies or the listing of other suppliers due to new tender agreements with multinational oil companies could lead to a decline in revenues for WashTec in virtually all regions.

In combination with the high competitive intensity of the industry, risks from aggressive price competition could increasingly depress prices and squeeze margins in certain markets or market segments.

WashTec has installed a systematic and extensive market tracking system. Risks to earnings from declining demand or risks from falling prices can be mitigated partially by using measures related to ongoing product enhancement, product range optimization, modifications to purchasing terms and conditions as well as capacity adjustments.

As a consequence of the shortage and increasing costs of fossil fuels over the mid-term and the technical advancement and proliferation of electric vehicles, the use of petrol stations in its current form could decline. Nevertheless, it is presently unclear, which utility concept for the electrical vehicles will emerge as the prevailing concept (e.g., electrical charging/battery swap at petrol stations; electrical charging at home). In the opinion of our major customers, this development will not, however, have a significant influence on the number and use of petrol stations in the next 5 to 10 years due to the volume of cars already in circulation.

Changes in the wash behavior of customers could have adverse consequences for the sale of the WashTec Group’s primary products. The market share of WashTec in the various wash types is differentiated particularly outside of Europe. A trend towards forms of car washing, which currently still have lower market shares, could hurt revenues.

A similar risk can arise if major customers sell some or all of their networks. If these stations or networks are acquired by more than one purchaser, then this could lead to an increase in the cost of sales and render existing long-term contacts with decision-makers obsolete.

Opportunities

The current business climate affords WashTec an opportunity to expand its leading market position. The trend towards qualitatively demanding and automated car washing will continue even in regions outside of the EU. The Company's solid structure allows investing in products and markets. The presence of its own production sites in the growth regions of North America and Asia could lead to a favorable development above the internal planning in the mid-term. The increasingly global purchasing activities could mean that further efficiency potential could be realized with respect to the procurement and production of individual components in the future.

By virtue of the strengthened collaboration with our independent sales partners in roughly 60 countries, higher sales could be generated in growth regions.

4.2.2.4 Investments

Decisions to make investments and capital expenditures are based, among other things, on assumptions and estimates about future development. The assessment of risks and opportunities plays a significant role when reviewing potential investments.

Risks

This entails the risk that the assumptions or estimates, which were made, will not materialize as planned or that wrong investments will be made. Wrong investments would encumber assets, liabilities, financial position and profit or loss of the WashTec Group due to interest owed on any committed capital, non-scheduled write-downs, etc. In order to reasonably manage such risk, the Company has a detailed policy for approving investments and other expenditures. The policy defines upper thresholds and identifies the groups of persons authorized to make certain expenditures. Larger investments or capital expenditures are summarized in the annual investment plan, submitted to the management board and then approved by the supervisory board. Strategic decisions are taken only after detailed discussions on the management board, within the extended management and supervisory board.

Opportunities

Investments offer numerous opportunities. These include, depending on the type of investment, the opportunity to strengthen WashTec's market and competitive position and/or to improve earnings.

New product developments could exceed customer expectations and attract new customer groups or cause shifts in market share in existing customer segments.

4.2.2.5 Innovations and Patents

Risks

WashTec has a large number of patents and various licenses that are very important to the Group's business.

Even if patents have a presumption of validity by operation of the law, the granting of patents does not necessarily mean that the patent will be valid or that any patent claims are enforceable. This applies above all to the Asian markets. Insufficient protection or the actual infringement of intellectual property rights could impair the WashTec Group's ability to exploit its technological advantage to generate profits and could thereby reduce its future earnings. Furthermore, it cannot be ruled out that WashTec will infringe third party patents because WashTec's competitors, just like WashTec itself, register numerous inventions as patents and receive patent protection. Competitor innovations, developments in the car industry and the development of new disruptive innovations in sectors outside of the car wash business could permanently impact the demand for WashTec products.

The ongoing technological improvement of the products could have an influence on the scope of future services.

Opportunities

WashTec Group's research and development activities are aimed at further developing the existing product range, developing new car wash equipment and quickly and efficiently meeting the individual requirements of customers. WashTec's innovations have already received numerous awards at industry trade fairs and were then successfully launched on the market.

The technological improvements could modify the current business model of the carwash industry and lead to additional market shares in the equipment sales segment.

4.2.2.6 Quality and process risks and opportunities

Risks

Quality and process risks can arise in connection with new product launches with changes to internal processes and the introduction of new IT systems. Moreover, WashTec continues to actively develop the very stringent HSE (Health, Safety, Environment) requirements with its customers. Unforeseeable violations or individual misconduct could lead to loss of major contracts or to delays in equipment installation and therefore adversely affect the Company's net assets, financial position and operative results.

Opportunities

The constant optimization of the main processes and the deployment of new technologies could have positive effects in terms of customer satisfaction and process efficiency, which were not factored into the normal planning.

4.2.2.7 Supplier risks and opportunities

Risks

With respect to the purchase of raw materials, components or services, there are supplier scheduling risks, product availability risks, quality risks and purchase price risks. A committed supplier and purchasing/procurement management system as well as the assessment of risk particularly with regard to strategic suppliers will limit any risks as far as possible.

It is conceivable that changes in the procurement volumes could produce significant changes in the procurement prices. This could adversely affect margins.

WashTec also purchases parts from competitors. The willingness to sell these parts at normal delivery times and prices, as agreed, can vary, for example, when there are changes in the management or ownership of such companies.

Opportunities

By virtue of the competition among suppliers and their innovation potential, it is possible to achieve both technical and price improvements for the procurement of products or services.

4.2.2.8 Capacity risks

Fluctuations in demand and different production utilization during the course of the year necessitate corresponding adjustments in capacity. With the help of internal sales quantity planning, capacity risks at the production sites are identified as far as possible and are accommodated through the deployment of temporary workers and flexible seasonal working systems or in the case of extreme fluctuations, through the hiring of part-time workers.

4.2.2.9 Takeover risks or changes in the shareholder structure

Risks

If its stock market valuation fails to sufficiently reflect the Company's long-term intrinsic value or the Group's good performance sparks the interests of new investors, then this could lead to takeover or to significant changes in the shareholder structure.

Such events could change the WashTec Group's existing strategy and previously communicated expectations. Some of WashTec Group's agreements (e.g., loan agreements) stipulate a termination option in the event of a change in control.

4.2.2.10 financial risks

Risks

A banking syndicate has made available – in major parts – loans and other local credit lines amounting to €51.3m until December 2018. The terms and conditions under the syndicated loans limit the financial and operating flexibility of the WashTec Group. Thus, for example, during the term of the loan, the WashTec Group must comply with certain financial covenants. If certain events described in the credit agreement should occur (such as a change of control or the loss of a key subsidiary) or a breach of a material contractual obligation (such as a breach of the financial covenants), the agreement may be terminated for good cause.

The base interest rate on the loans is variable and linked to EURIBOR as well as the Company's actual degree of indebtedness. Financial and economic crises could make it more difficult to satisfy certain financial ratios which, in turn, could have a direct adverse effect on the Company's financing situation.

Opportunities

Less utilization of the available credit lines and a generally lower interest rate level could have a favorable effect on the financial result and hence the earnings of the WashTec Group. Based on the very solid balance sheet structure, the WashTec Group is able to regularly invest for operational and strategic growth and keep its strategic options open.

4.2.2.11 Exchange rate risks

Risks

By virtue of the increasing number of USD transactions with the subsidiary in the United States, any changes in the USD/EUR exchange rate could impact the financial statements. In order to avoid high risks, WashTec relies on derivatives that were executed in June 2011. Operational risks resulting from other individual transactions in foreign currencies are immaterial for the Group due to their low volume or are already described under the section "Financial Risks".

Opportunities

From the sales generated from the North American or Asia/Pacific regions, the continous weakening of the euro could yield positive currency effects.

4.2.2.12 Liquidity risks

One of the key business objectives is to ensure that WashTec companies are solvent at all times. Using the implemented cash management system – for example, an annualized rolling group liquidity plan executed each month – the Company is able to identify potential bottlenecks in a timely manner and to ensure that appropriate steps are taken. Un-utilized credit lines ensure the supply of liquidity.

A liquidity risk could arise from an insufficient amount of cash to discharge financial obligations due, for example due to disbursements that were not factored into the cash planning

4.2.2.13 Credit and default risks

The Group enters into transactions with creditworthy third parties only. In order to keep the delcredere risk as low as possible, order acceptances are limited to a certain amount, if the customer does not have a first-rate credit rating. For new regional customers, the Company requests evidence of credit standing or financing. It is assumed that the bad debt allowances are sufficient to cover the actual risk. There are no material credit risk concentrations within the Group.

4.2.2.14 Tax risks

The WashTec Group has recognized deferred tax assets, mainly based on the timing differences. Changes in tax legislation, which relate to the useable tax rate, could result in expenses arising from the valuation of capitalized deferred tax assets and have an adverse effect on consolidated equity and/or earnings per share.

4.2.2.15 Employee risks

WashTec depends to a large extent on qualified employees and specialists in all areas and specifically in the areas of development, customer support, and wash equipment programming and operation. The unexpected loss of employees or difficulties in the search for qualified employees could have an adverse effect on WashTec's net assets, financial position and results of operation.

In countries where WashTec does business through its own subsidiaries, the existing collective pay scale models vary. Agreements between employers and employee representatives, such as pay scale increases, exceeding the expectations of the Group or generally being to high, could undermine WashTec Group's competitive position internationally. In addition, labor strikes could ultimately lead to a production stop and delay the realization of revenue. WashTec attempts to minimize this risk through active communication with the employees.

A change in the conditions for employing temporary employees or in the social security obligations required of companies (e.g., in the United States) could lead to cost increases for the Group.

4.2.3 Overview of corporate risks

The table sets forth below describes the aforementioned risks in case they are major and relavant according to the overall evaluation:

	Likelihood of occurrence	Possible financial impact	Overall evaluation
Customer, competition and market	possible	material/ significant	major
Quality and process risks	possible	material/ significant	major
Capacity risks	possible	material/ significant	major
Takeover risks	possible	material/ significant	major
Innovations	unlikely	material/ significant	relevant
Financial risks	unlikely	material/ significant	relevant
Employee risks	unlikely	not significant, but also not negligible	relevant
Climate and environmental risks	unlikely	not significant, but also not negligible	relevant
Tax risks	unlikely	not significant, but also not negligible	relevant
Exchange rate risks	possible	not significant, but also not negligible	relevant
Investment risks	possible	not significant, but also not negligible	relevant
Supplier risks	unlikely	not significant, but also not negligible	relevant
Liquidity risks	unlikely	not significant, but also not negligible	relevant

4.2.4 Total risk assessment

An aggregation of the most important individual risks in all corporate divisions and functions is not appropriate because it is unlikely that the individual risks will occur simultaneously. Based on the previously described individual risks, the following total assessment can be made:

In terms of the overall number of risks, which could have a material effect on the WashTec Group, there were only marginal changes. No fundamental change in the overall risk situation has occured. The consequences of the financial and economic crises in Europe and the uncertainties in the financial sector continue to make up the bulk of the risks. There has been no fundamental change in the total risk assessment. No existential risks are apparent.

There were no changes between the balance sheet date and the date on which the management report was prepared.

In accordance with § 317 (4) HGB, the annual accounts auditor shall perform an audit of the early risk identification system set up in accordance with § 91 (2) AktG during the course of the annual financial statement audit. A risk report will also be supplied to the Supervisory Board.

5

ICS and RMS related to the Group Accounting Process

The internal control system for accounting (ICSA) encompasses principles, procedures and measures for ensuring the effectiveness and efficiency of the accounting, the propriety of the accounting and compliance with the applicable laws and regulations. The ICSA of WashTec is intended to ensure the requisite reliability of the financial reporting and the externally published annual financial statements. The Group-wide rules on accounting and valuation ensure the uniformity of the WashTec Group's accounting practices. The effects that any new accounting provisions and changes in existing accounting provisions will have on the WashTec Group are examined in a timely manner. The WashTec Group has a sufficiently uniform structure for weekly, monthly and quarterly reporting, which reflects the set of policies in a timely and updated manner. The financial statements of the group companies are analyzed each month within the Group on the basis of a group-wide planning and reporting tool.

All processes and companies are assessed according to potential and previously identified risks, and corresponding internal audits are set. Within the business divisions themselves, regular control functions are also performed primarily through the controlling and internal audit department. The mechanisms used for these purposes are described below.

There have been no changes to the internal control system between the balance sheet date and the date on which the management report was prepared.

6

Risk Reporting with respect to the Use of Financial Instruments

The key risks for the Group arising from derivative financial instruments include cash flow risks, as well as liquidity risks, exchange rate risks, credit risks and default risks. The Company policy is to avoid or limit these risks as much as possible. A detailed discussion about how the liquidity risks, exchange rate risks, credit risks and default risks was already addressed in the risk report. The Company also uses derivative financial instruments for the purpose of hedging interest rate and market risks. In accordance with a Group policy, there is no trading in derivatives. At the outset of the hedging process, the hedges and the risk management goals of the Group are formally established and documented. A more comprehensive discussion about these measures is set forth in the notes to the consolidated financial statements.

7 Takeover-related Disclosures

Disclosures in accordance with §§ 289 (4), 315 (4) HGB – Explanatory report by the management board

The following text includes the disclosures required under §§ 289 (4) and 315 (4) HGB.

§ 315 (4) no. 1 HGB "Subscribed capital"

The Company's subscribed capital totals € 40,000,000 and is divided into 13,976,970 no-par value bearer shares, with each share granting the same rights, in particular the same voting rights. There are no different classes of shares. The management board is not aware of any restrictions affecting the voting rights or the transfer of shares. There are no shares carrying special rights granting their holders a power of control.

§ 315 (4) no. 2 HGB "Restrictions regarding voting rights or transfer"

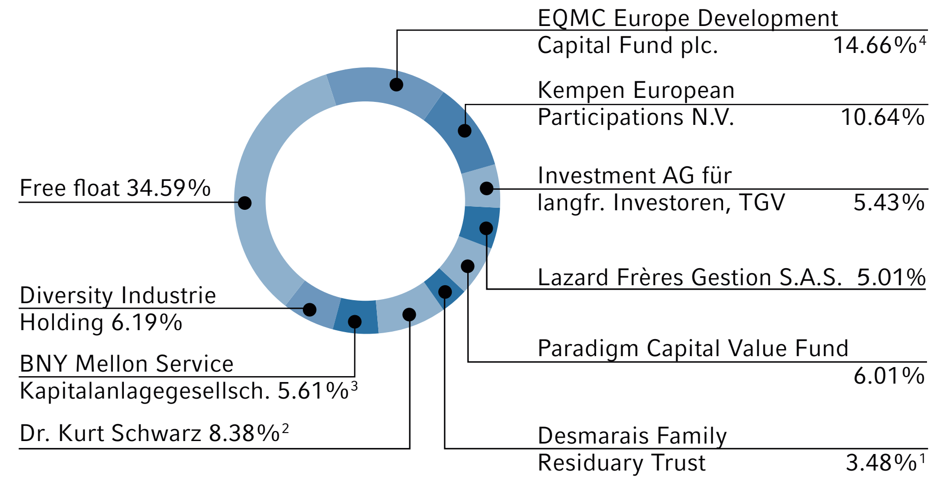
In accordance with § 71 b of the German Stock Corporation Act (AktG), the Company has no rights pertaining to any treasury shares it acquires. In all other respects, each share has one vote. To the management board's knowledge, there are no restrictions on voting rights or restrictions pertaining to the transfer of shares.

§ 315 (4) no. 3 HGB "Direct and indirect capital participations"

To the knowledge of the management board, approx. 34.59% of the Company's shares are in free float. According to the filings made under the German Securities Trading Act (WpHG), persons holding either direct or indirect equity stakes exceeding 10% of the voting rights are EQMC Europe Development Capital Fund plc, Dublin, Ireland (14.66 %) and Kempen Capital Management N.V., Amsterdam, The Netherlands (10.64 %).

The Company's voting rights are currently distributed as follows (§ 315 (4) no. 3 HGB):

Shareholder structure as December 31, 2014



1 Sentana Asset Management
2 Leifina GmbH & Co. KG et al
3 Shareholder Value Management AG
4 Nmás1 Asset Management, SGII, S.A.

Source: Disclosure pursuant to the German Securities Trading Act (WpHG)

§ 315 (4) no. 4 HGB "Holders of shares with special rights"

There are no holders or bearers of shares with special rights granting powers of control.

§ 315 (4) no. 5 HGB "Control of voting rights, where employees hold a share in the company's capital"

No employees hold a share in the Company's capital.

§ 315 (4) no. 6 HGB "Appointment and removal of management board members and amendments to the articles of association "

The appointment and removal of members of the management board is based on §§. 84 and 85 AktG as well as on sec. 7 of the Company's articles of association. Pursuant to sec. 7.1 of the articles of association, the management board consists of one or more members. The number of members of the management board is determined by the supervisory board.

In accordance with the articles of association and with the valid internal rules of procedure of the management board, the management board currently comprises four members, one of whom has been appointed by the supervisory board to serve as chief executive officer. The articles of association do not set out any special requirements with respect to the appointment and removal of one or all of the members of the management board. The supervisory board is responsible for appointments and removals. Members may be reappointed to the management board or have their term of office extended.

Amendments to the articles of association are made pursuant to §§ 179 and 133 AktG and to secs. 9.9 and 9.10 of the articles of association. The Company has not made use of the option to set out further requirements for amendments to the articles of association.

Section 9.9 of the articles of association reduces the statutory majority requirement to the extent allowed by law. The supervisory board is authorized to make only non-editorial amendments [formalen Änderungen] to the articles of association.

§ 315 (4) no. 7 HGB "Powers of the management board to issue and buy back shares "

Authorized capital (sec. 5.1 of the articles of association of WashTec AG)

Pursuant to the resolution adopted by the annual general meeting of shareholders on May 15, 2013, the management board was authorized, subject to the consent of the supervisory board, to increase the registered share capital one or more times on or before May 14, 2016 by up to an amount totaling € 8,000,000 (authorized capital) through the issuance of new no-par value shares in exchange for cash and/or non-cash (in kind) capital contributions. At the time the new shares are issued, this amount will be credited against the pro rata amount of the registered share capital, which is attributable to those no-par value bearer shares, for which conversion rights or duties or option rights or duties exist, which were granted or issued during the term of such authorization based on the authority granted by the annual general meeting of shareholders on May 15, 2013 and relating to agenda item 9. If the aforementioned conversion rights or duties or option rights or duties no longer exist because they had been exercised on the date the new shares were issued, then any such issued shares must be taken into account. In this respect, the shareholders must generally be granted preemptive rights, unless otherwise provided. The new shares may also be underwritten by one or more banks, which are commissioned by the management board and then subject to an obligation to offer these shares to the shareholders for subscription (indirect preemptive right). However, the management board is also authorized (subject to the approval of the supervisory board) to exclude shareholders' preemptive rights in certain cases as set out in sec. 5.1 of the articles of association of WashTec AG. The management board has not made use of these authorizations to date. The authorized capital is intended to enable the Company, if necessary, to react rapidly and flexibly in order to raise equity capital on favorable terms and conditions.

Contingent capital (sec. 5.2 of the articles of association of WashTec AG)

Pursuant to a resolution adopted by the annual general meeting of shareholders held on May 15, 2013, the Company's registered share capital was conditionally increased by up to € 8,000,000, divided into up to 2,794,394 no-par bearer shares (contingent capital I), although credited against this pro rata amount of the registered share capital will be the amount by which the registered share capital is increased on the basis of sec. 5.1 of the articles of association (authorized capital); any such credit will be made when the applicable resolution for increasing capital is adopted. This contingent capital increase will be carried out only to the extent that the holders of options (or creditors) or conversion rights or persons obligated to exercise the conversions or options under warrant-linked or convertible bonds, participation rights or participating bonds (or a combination of such instruments), which are issued in exchange for cash capital contributions and are issued or guaranteed on or before May 14, 2016 by the Company or by a downstream group enterprise of the Company based on the authorization granted to the management board by the annual general meeting on May 15, 2013, make use of their option or conversion rights or, to the extent they are obligated to exercise the option or conversion rights, satisfy their obligation to exercise their conversion or option rights, or to the extent that the Company exercises an elective right – in complete or partial lieu of payment of the cash amount due – grants its Company shares, provided that no cash compensation is granted or treasury shares or the shares of another publicly listed company are used to satisfy those obligations. The new shares will be issued in each case at the option or conversion price determined in accordance with the aforementioned authorization resolution. The new shares will have dividend rights beginning in the fiscal year in which they are created. The management board is authorized, with the consent of the supervisory board, to prescribe additional details regarding the implementation of the contingent capital increase.

Share buy-back
Pursuant to a resolution adopted by the annual general meeting of shareholders on May 15, 2013, the management board was authorized to acquire, on or before May 14, 2016, the Company's own shares for purposes other than to deal in treasury shares, up to a total of 10% of the Company's current € 40,000,000 of registered share capital. The total treasury shares, which are acquired under this authorization and the other treasury shares, which are held by the Company or attributable to the Company in accordance with §§ 71d et seq. of the German Stock Corporation Act (AktG), may at no time exceed 10% of the respective registered share capital. The management board can opt to acquire these shares on the stock exchange, by means of a public purchase offer to all shareholders or by means of a public invitation directed at all shareholders to submit sales offers. The exact terms and conditions for the purchase are set forth in the invitation to WashTec AG's ordinary annual general meeting of the shareholders in 2013. To date, the Company has not exercised this authority.

§ 315 IV nos. 8 + 9 HGB "Material contracts which are subject to a change of control provision in connection with a takeover offer"

Individual contracts concluded by the WashTec Group (e.g., loan agreements) provide for the option of extraordinary termination in the event of a change of control. Furthermore, the management staff itself may change in the event of a takeover.

8 Declaration on Corporate Management (§ 289a HGB)

(including corporate governance-report)

The principles of responsible and good management dictate the actions taken by the management and supervisory board of WashTec AG. This declaration represents the management board's report pursuant to § 289a (1) of the German Commercial Code (Handelsgesetzbuch or HGB) on its management of the Company. The management and supervisory boards hereby simultaneously file their report pursuant to sec. 3.10 of the German Corporate Governance Code (the "Code") concerning the corporate governance of the Company.

The management and supervisory board of WashTec AG identify with the objectives of the Code, which encourage responsible, transparent corporate management and supervision aimed at achieving a sustainable increase in shareholder value.

WashTec AG is fully implementing the recommendations of the Code

WashTec AG's management and supervisory boards regularly direct their attention to satisfying the requirements of the Code. The recommendations and suggestions of the Code, as amended on June 24, 2014, have been fully implemented. Thus, no deviations needed to be disclosed in the declaration of conformity issued by the management and supervisory board on December 11, 2014.

8.1 Corporate and managerial structure

Supervisory board

Supervisory board has six members and committees

The supervisory board is composed of six members. In order to perform its duties efficiently and in accordance with the requirements of the Code, the supervisory board established an audit committee, a personnel committee and a nomination committee. The committees are charged with the task of preparing the topics and draft resolutions for the supervisory board meetings. The committees also exercise some decision-making powers which have been delegated to them by the supervisory board as required by statute. Within the scope of the overall responsibility of the supervisory board, each member performs certain duties on the committees based on the member's expertise. Dr. Liebler (Chairman), Mr. Große-Allermann and Dr. Blaschke serve in the audit committee, whereas Dr. Liebler, based on his special expertise and experience, also handles the role of the "Financial Expert". Dr. Blaschke acts as chairman of the personnel committee and Messrs. Lacher and Bellgardt also serve as additional members. The nominating committee consists of Messrs. Große-Allermann (Chairman), Dr. Liebler and Dr. Hein.

The composition of the supervisory board is based on the Company's corporate purpose, the size of the Company, the composition of the staff and on the international business activity of WashTec. In accordance with its recommendation under sec. 5.4.1 of the Code, the supervisory board resolved to set specific objectives with respect to its composition.

The supervisory board already largely satisfies these goals in its current composition and intends to factor in the approved goals during the next supervisory board election or in the event a supervisory board member resigns before his or her term has ended. The same rule applies to proposals made in the event of a court-ordered appointment.

When proposing candidates to the competent election bodies [Wahlgremien], no persons will be considered who would turn 75 years of age during the regular term of office as a member of the supervisory board of the Company (see sec. 1.3 of the Company's internal rules of procedure for the supervisory board).

The supervisory board oversees and advises the management board in its management of the Company's business. At regular intervals, the supervisory board holds discussions with respect to the Company's business development and planning as well as its strategy and the implementation thereof. The supervisory board reviews the Company's quarterly and semi-annual reports and approves WashTec AG's annual financial statements, as well as those of the Group. The annual financial statements of WashTec AG are adopted upon their approval by the supervisory board, inasmuch as there is no resolution of the annual general meeting pursuant to § 172 AktG. The supervisory board monitors the Company's compliance with legal norms, regulations and internal corporate guidelines (compliance). Its scope of responsibilities also includes appointing the members of the management board as well as defining their areas of responsibilities. In addition, the supervisory board adopts resolutions on, and regularly reviews, among other things, the system of compensation/remuneration for the management board, including the main contractual elements of that system (sec. 4.2.2 of the Code). Management board decisions of major significance – for example, acquisitions, divestitures and financing measures – are subject to supervisory board approval.

The work of the supervisory board is governed under internal rules of procedure, in particular pertaining to the notice and conduct of meetings, the adoption of resolutions and the manner in which conflicts of interest should be handled.

The supervisory board has adopted internal rules of procedure governing the work of the management board; in particular, these rules define the areas of responsibility for the members of the management board, prescribe the matters that are reserved for decision by the full (plenary) management board, establish the matters needing the approval of the supervisory board and set the majority vote requirements for management board resolutions.

The management and supervisory boards cooperate closely in the best interests of the Company. No conflicts of interest arose on the part of members of the management or supervisory board requiring disclosure to the supervisory board. The supervisory board's provision of independent advice to, and oversight over, the management board has been and continues to be assured at all times.

Management board

The management board of WashTec AG is a corporate managerial body of the Company and is therefore required to act in the Company's best interests and seek a sustained increase in shareholder value. It is responsible for specifying the principles of the Company's corporate policies in cooperation with the supervisory board, and bears responsibility for the Company's strategic focus, for planning and setting the Company's budget, for allocating resources and performing oversight over department heads. In addition, the management board is responsible for ensuring compliance with legal and regulatory requirements and with internal corporate guidelines or directives. It works toward securing compliance with these rules by all corporate group affiliates. It reports to the supervisory board at regular intervals and in a timely and comprehensive manner with respect to all questions of strategy and strategic implementation, planning, the Company's financial position and results of operations, compliance, as well as risk and risk management situation, which are of relevance to the Company and the Group.

During the reporting period, the management board consisted of two persons: Dr. Rauter, as the Management Board Chairman, and Ms. Kalb. Dr. Rautert was responsible for managing the areas of Supply Chain, Product Management & Marketing, Quality, Finances and IT. Ms Kalb was responsible for the areas of Sales and Service, Legal & Compliance, Investor Relations and Personnel. Following the changes that occurred on the management board at the beginning of 2015, the board's composition is as shown on pages 127 and 128.

Reported securities transactions (“Directors’ Dealings”)

Pursuant to § 15a of the German Securities Trading Act (Wertpapierhandelsgesetz or WpHG), members of the management and supervisory board have an obligation to disclose their purchase or sale of the securities in WashTec AG or any financial instruments based thereon, to the extent the value of the purchase and sale transactions executed by that board member and persons closely related to him or her reaches or exceeds the sum of € 5,000 during a single calendar year. The Company was notified of the following transactions undertaken in the recently completed fiscal year:

Date of the Transaction in €k, differences possible due to rounding-off	First and last name	Position/ Status	Type and Location of the Transaction	Financial instrument and ISIN	Unit number	Rate/Price	Total volume price
Oct 13, 2014	Dr. Günter Blaschke	Member Supervisory Board	Purchase via Xetra	Washtec share DE0007507501	7,108	12.30	87,428.40
Oct 13, 2014	Dr. Günter Blaschke	Member Supervisory Board	Purchase via Xetra	Washtec share DE0007507501	42,892	12.30	527,571.60
Nov 4, 2014	Ulrich Bellgardt	Member Supervisory Board	Purchase via Xetra	Washtec share DE0007507501	25,000	12.30	307,500.00

All directors' dealings are published in the Investor Relations section of the Company's website at www.washtec.de.

Shareholdings of the management and supervisory boards

Until his resignation on June 4, 2014, the former supervisory board member Massimo Pedrazzini held 2,251 shares of WashTec AG, which he had previously acquired before his election to the supervisory board. Mr. Pedrazzini is president of the board of directors of Sterling Strategic Value Limited, which, according to a notification dated August 27, 2013 held 2,095,150 voting shares (14.99%) of WashTec AG and reduced that share to 0 voting shares on March 19 and 21.

The supervisory board member Jens Große-Allermann sits on the management board of Investmentaktiengesellschaft für langfristige Investoren TGV, which according to a notification dated July 31, 2009, held 758,358 voting shares (5.43%) of WashTec AG.

As of December 31, 2014, Dr. Günter Blaschke, as the Supervisory Board Chairman, held 50,000 shares of WashTec AG and Mr. Ulrich Bellgardt, as Supervisory Board Deputy Chairman, held 25,000 shares of WashTec AG. As of December 31, 2014, the other management board and supervisory board members held no shares in WashTec AG.

Shareholders and the annual general meeting

All documents relevant to the annual general meeting of shareholders are available for downloading from the Internet

WashTec AG regularly provides detailed information on the Company's business developments, financial situation and results of operations of to its shareholders in the form of financial reports, in individual discussions and at investor conferences.

The annual general meeting of shareholders of WashTec AG takes place in the first half of a given fiscal year, usually in May. The annual general meeting adopts resolutions regarding, inter alia, the appropriation of distributable profit, the ratification of the acts taken by the management and supervisory boards, and the selection of the Company's auditors. Amendments to the Company's articles of association and the granting of authority to engage in measures effecting changes to the Company's capital are resolved exclusively by the annual general meeting of shareholders and are implemented by the management board. WashTec AG offers its shareholders, prior to the annual general meeting, the option of authorizing a proxy, who is appointed by the Company but bound by the instructions issued by the shareholder in question.

In 2014, as in past years, WashTec AG placed all of the documents, which were relevant to its annual general meeting, on the Internet in German and in English. This means that WashTec AG's homepage offers a comprehensive platform of information for both national and international investors with respect to its annual general meeting. WashTec AG does not broadcast its annual general meeting on the Internet and does not electronically transmit notices of such meetings.

8.2 Compliance

Detailed quarterly financial reporting and active investor relations work

Providing comprehensive and timely information to shareholders and stakeholders is a high priority for WashTec. WashTec reports on its business situation and its results of operation through financial reporting and by holding press conferences on its financial statements as well as through conference calls. WashTec also publishes press releases and ad-hoc disclosures. All notices and disclosures, the articles of association of WashTec AG, all of its Declarations of Conformity, its corporate governance report (as a part of the Annual Report) and further documents concerning corporate governance (e.g., the WashTec Code of Ethics) are available for download from the Investor Relations section of the Company's website, www.washtec.de.

Compliance-Organization is constantly refined

WashTec has established a compliance organization, which is intended to ensure that all of the legal and regulatory requirements are observed. The compliance organization is therefore continuously refined and improved. The management board and supervisory board regard the compliance organization as a major element of the structure of management and control at WashTec. The detailed report on internal compliance within the Group is thus a regular part of the meetings of the supervisory board. Moreover, a detailed compliance report is prepared each year.

All of the executives and officers have acknowledged the WashTec Code of Ethics by their signature

The strategic guidelines and the WashTec Code of Ethics form the basis of the Company's compliance program. The Code of Ethics contains binding rules on legally compliant conduct as well as precise directions dealing with such matters as compliance with competition law and anti-corruption law, handling donations, avoiding conflicts of interests, complying with the prohibition on insider trading, and protecting the Company's assets. The Code of Ethics is binding on all employees of the WashTec Group throughout the world, as well as the members of the management board. The members of the supervisory board observe these rules to the extent they are applicable to them. All of the executives and officers [Führungskräfte] throughout the Group have acknowledged the Code of Ethics by their signature. This acknowledgement of the Code of Ethics is renewed regularly.

The insiders list mandated under § 15b WpHG is maintained and updated on a regular basis. The individuals recorded in the insiders list are informed of their resulting duties.

Any transactions by directors, [Führungspersonen] (so-called "Directors' Dealings"), which must be reported, are published. The individuals at WashTec, who are affected thereby, are also informed about their duties with respect to directors' dealings.

The shareholdings of management and supervisory board members are published both in the Company's Annual Report and in the Investor Relations section of the Company's website at www.washtec.de, provided that the requirements of sec. 6.3 of the Code have been met.

The text below is the wording of the declaration of conformity, which is required under § 161 of the German Stock Corporation Act (AktG), as such wording was adopted by the management board and supervisory board on December 11, 2014 and published in the Investor Relations section of the Company's website at www.washtec.de.

"WashTec AG, Augsburg
Declaration of Conformity under § 161 AktG

The management board and supervisory board declare that WashTec AG has complied with the recommendations in the German Corporate Governance Code of the "Government Commission of the German Corporate Governance Code" (version dated May 13, 2013) from the date on which these bodies issued their last Declaration of Conformity on December 11, 2013 and that they have complied and will in the future comply with the June 24, 2014 version of the Code. No exceptions herefrom have applied and will apply.

Augsburg, December 11, 2014
WashTec AG

Management Board and Supervisory Board"

Additional information about corporate governance can be found in the WashTec AG annual reports under the corporate governance report or the declaration of corporate management and on the Internet at www.washtec.de. Disclosures about corporate governance, which are no longer current, will remain accessible on the website for a period of at least five years.

8.3 Remuneration report

Remuneration of the management board

The supervisory board shall determine and regularly review the remuneration and remuneration system of the WashTec AG management board. In conformity with the Code, the remuneration system is, as a whole, structured in such a way as to take account of the duties of the respective management board member, his personal performance, and the performance of the management board as a whole, as well as the Company's economic situation, success and prospects for the future as well as the conventionality of the remuneration when comparing it with peer groups and the remuneration structure which otherwise prevails in the Company. In this regard, the supervisory board takes into account, even over time, the management board remuneration relative to the compensation of senior management and of the staff members as whole.

The remuneration of the members of the management board comports with the statutory requirements of the German Stock Corporation Act and with the recommendations and suggestions contained in the Code. The remuneration system was last discussed by the supervisory board at its meeting of December 11, 2014 and adopted by resolution, including the major elements of remuneration (sec. 4.2.2 para. 1 of the Code). The overall remuneration of the members of the management board is made up of monetary and non-monetary as well as fixed and variable components, and in general, is directly tied to the sustained development of the Company. All of the components of remuneration are structured in such a way that each of them is reasonable both by itself and in the aggregate, and that they do not encourage the taking of unreasonable risks.

Fixed salary

Both acting members of the management board were paid a fixed non-performance related salary totaling € 611,955 (prior year: [four acting members of the management board]: € 627,447) for the year 2014. The fixed remuneration also includes benefits in-kind consisting, in particular, of the provision of company cars and insurance coverage. The fixed elements of remuneration ensure that the management board members receive basic compensation permitting them, as they go about discharging their duties, to act both in accordance with the well-understood best interests of the Company and with the due diligence of a prudent businessman, without becoming dependent on purely short-term objectives for success. On the other hand, the variable components – which, among other things, are tied to the Company's financial results – ensure that the interests of the management board are aligned with the other stakeholders.

Short-term variable remuneration – performance related components

The existing management board contracts provide for a management board remuneration which fully accords with the recommendations of the Code. The variable remuneration components here include short-term components linked to the achievement of various targets to be determined by the supervisory board. They should serve as an incentive mechanism for the management board which is tied to the business performance of WashTec AG. The short-term, variable annual remuneration tracks the strategic and/or operational and/or financial targets which are set each year by the supervisory board.

Components with long-term incentive

The existing management board contracts provide for management board remuneration, which fully satisfies the recommendations of the Code. The long-term variable remuneration is based on a strategic and/or financial target, which is independently set by the supervisory board and has a multi-year assessment foundation. Ms. Kalb will receive long-term variable remuneration for the first time for fiscal year 2015.

By setting challenging targets, management board members were and are being granted a variable component of remuneration which takes into account both favorable and unfavorable developments (sec. 4.2.3, para. 2 of the Code).

The total remuneration of the management board members is set forth below:

Granted remuneration in €	Jürgen Rautert Management Board Chairman as of Jan 1, 2013			
	2013	2014	2014 Min	2014 Max
Fixed salary	400,000	400,000	400,000	400,000
Incidental benefits	28,596	15,629	15,629	15,629
Total	**428,596**	**415,629**	**415,629**	**415,629**
One-year variable compensation (performance-related components)	150,000 [1]	150,000 [2]	0	150,000
Multi-year variable compensation (long-term components)	150,000	150,000 [2]	0	150,000
Total	**728,596**	**715,629**	**415,629**	**715,629**
Pension expense	0	0	0	0
Total remuneration	**728,596**	**715,629**	**415,629**	**715,629**

[1] Guaranteed annual bonus

[2] Based on achieving 100% of the goals.

Granted remuneration in €	Karoline Kalb Management Board member as of Nov 1, 2013			
	2013	2014	2014 Min	2014 Max
Fixed salary	30,000,00	180,000	180,000	180,000
Incidental benefits	1,600	16,326	0	0
Total	**31,600**	**196,326**	**180,000**	**180,000**
One-year variable compensation (performance-related components)	50,000 [1]	100,000 [2]	60,000	100,000
Multi-year variable compensation (long-term components)	0	0	0	0
Total	**81,600**	**296,326**	**240,000**	**280,000**
Pension expense	0	0	0	0
Total remuneration	**81,600**	**296,326**	**240,000**	**280,000**

[1] Guaranteed annual bonus

[2] Based on achieving 100% of the goals.

Proceeds in €	Jürgen Rautert Management Board Chairman as of Jan 1, 2013		Karoline Kalb Management Board member as of Nov 1, 2013	
	2013	2014	2013	2014
Fixed salary	400,000	400,000	30,000	180,000
Incidental benefits	28,596	15,620	1,600	16,326
Total	**428,596**	**415,629**	**31,600**	**196,326**
One-year variable compensation (performance-related components)	150,000 [1]	– [2]	50,000 [1]	100,000
Multi-year variable compensation (long-term components)	– [2]	– [2]	0	0
Total	**578,596**	**415,629**	**81,600**	**296,326**
Pension expense	0	0	0	0
Total remuneration	**578,596**	**415,629**	**81,600**	**296,326**

[1] Guaranteed annual bonus

[2] Paid for with a flat severance payment in the amount of € 660,000 upon resignation.

The remuneration of the management board members who worked in 2013 were as follows:

Remuneration 2013 **in €k, differences possible due to rounding off**	Fixed	Variable
Michael Busch (until February 28, 2013)	60	–
Jürgen Rautert	429	150 [1]
Stefan Vieweg (until May 31, 2013)	107	–
Karoline Kalb	32	50
Total	**628**	**200**

[1] Additional multi-year compensation paid for with a flat severance payment in the amount of € 660,000 upon resignation.

Benefits following termination of employment

The existing management board contracts provide for compensation equal to 50% of the prorated monthly portion of the annual salary as consideration for the enforcement of a contractually-prescribed, non-compete covenant after the employment ends.

The current management board contracts contain a provision, pursuant to which if there is an early termination of the management board activity and such termination was not triggered by good cause justifying termination of the management board contract, then severance payments are agreed but should be limited to a maximum of two years' worth of compensation including reimbursables (severance cap).

New management board contracts

The management board contracts concluded with Dr. Zimmermann, Mr. Springs and Mr. Weber provide for remuneration which adheres to the aforementioned principles and recommendations of the Code to the fullest extent

Miscellaneous

The members of the management board do not receive any loans or other indemnities from the Company.

Supervisory board remuneration

The remuneration of the supervisory board is specified in sec. 8.16 of the articles of association of WashTec AG. It comprises fixed and variable remuneration components. Pursuant to the shareholder resolution dated May 15, 2013, the supervisory board remuneration was reconfigured starting in fiscal year 2013. The basic fixed remuneration for an ordinary member of the supervisory board is € 20,000 for a full fiscal year of membership on the supervisory board. Members of the supervisory board also receive a fee of € 1,500 for each meeting of the supervisory board and its committees, which they attend. In addition, every supervisory board member will receive € 500 for each cent by which the consolidated earnings per share (as determined in accordance with IFRS) exceeds the comparable amount of the prior fiscal year.

The supervisory board chairman receives twice the amount of the fixed remuneration and performance-based remuneration, while the deputy chairman receives one-and-one-half that amount.

Each member of a committee (with the exception of the audit committee) will receive an additional fixed remuneration of € 2,500. The chairman of the committee with the exception of the audit committee) will receive an additional fixed remuneration of € 5,000. Each member of the audit committee will receive an additional fixed remuneration of € 5,000, and the chairman will receive remuneration of € 10,000.

The fixed and performance-based total remuneration as well as the meeting fee are limited to a total of € 50,000 for each regular supervisory board member, while the remuneration for the chairman of the audit committee will be limited to € 75,000 and the remuneration for the chairman of the supervisory board will be limited to a total of € 100,000.

Any supervisory board members, who were on the supervisory board for only part of the fiscal year, will be paid a proportionately lower fixed and performance-based remuneration.

The Company has not paid any remuneration or granted any benefits to the members of the supervisory board during the 2014 fiscal year for services rendered personally by them (sec. 5.4.6 of the Code).

2014 in €k, differences possible due to rounding-off	Fixed	Variable	Meeting-fee	Total	Cap[5]	Amount disbursed
Günter Blaschke[1]	29	6	39	74	58	58
Ulrich Bellgardt[2]	13	3	18	34	29	29
Jens Große-Allermann	30	6	17	52	50	50
Sören Hein	23	6	18	46	50	46
Roland Lacher	23	6	20	48	50	48
Hans Liebler	33	6	17	55	75	55
Michael Busch[3]	22	5	15	41	42	41
Massimo Pedrazzini[4]	10	2	5	16	21	16
Total	**183**	**40**	**149**	**366**	**375**	**343**

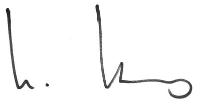
[1] Chairman since June 4, 2014
[2] Deputy Chairman since June 4, 2014
[3] Chairman until until June 4, 2014
[4] Deputy Chairman until June 4, 2014
[5] Payments limited by cap (according to membership/function)

2013 in €k, differences possible due to rounding-off	Fixed	Variable	Meeting-fee	Total	Cap[4]	Amount disbursed
Michael Busch[1]	42	7	24	73	84	73
Massimo Pedrazzini[2]	27	5	15	47	58	47
Jens Große-Allemann[3]	30	4	14	48	50	48
Sören Hein	23	4	11	38	50	38
Roland Lacher	23	4	12	39	50	39
Hans Liebler	33	4	12	49	75	49
Total	**178**	**28**	**88**	**294**	**367**	**294**

[1] Chairman; mandate suspended during the posting to the management board (through February 28, 2013)
[2] Deputy Chairman until February 28, 2013/Deputy Chairman since March 1, 2013
[3] Deputy Chairman until February 28, 2013
[4] Payments limited by cap (according to membership/function)

Augsburg, March 26, 2015


Dr. Volker Zimmermann
Chief Executive Officer


Karoline Kalb
Management Board Member


Rainer Springs
Management Board Member


Stephan Weber
Management Board Member

Consolidated Financial Statements of WashTec AG

Consolidated Income Statement

See notes for further explanations to the Consolidated Income Statement.

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2014.

Rounding differences may occur.

in €	Notes	Jan 1 to Dec 31, 2014	Jan 1 to Dec 31, 2013
Revenue	6	302,646,851	299,709,034
Other operating income	7	4,187,847	4,016,125
Capitalized development costs		426,428	387,561
Change in inventories of work in progress		135,972	–2,706,947
Total		**307,397,098**	**301,405,773**
Cost of materials			
Cost of raw materials, consumables and supplies and of purchased material		96,410,787	95,483,312
Cost of purchased services		23,772,149	23,698,287
		120,182,936	**119,181,599**
Personnel expenses	8	**111,105,127**	**106,381,656**
Amortization, deprecation and impairment of tangible and intangible assets		10,253,039	9,937,962
Other operating expenses	9	46,602,520	48,268,006
Other taxes		891,583	529,633
Total operating expenses		**289,035,205**	**284,298,856**
EBIT		**18,361,893**	**17,106,917**
Interest and similar income (financial income)		455,057	198,938
Interest and similar expenses (financial expenses)		1,125,066	1,533,995
Financial result	10	**–670,009**	–1,335,057
EBT		**17,691,884**	**15,771,860**
Income taxes	11	–4,971,619	–4,573,170
Consolidated net income		**12,720,265**	**11,198,690**
Retained earnings (loss)		**14,472,898**	**11,354,949**
Dividends paid		–8,916,680	–8,080,741
Unaporopriated surplus for the Group *(Konzernbilanzgewinn)*		**18,276,483**	**14,472,898**
Weighted average number of outstanding shares		**13,932,312**	**13,934,113**
Earnings per share (basic = diluted)	12	0.91	0.80

Statement of Comprehensive Income

See notes for further explanations to the Statement of Comprehensive Income.

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2014.

Rounding differences may occur.

in €k	Jan 1 to Dec 31, 2014	Jan 1 to Dec 31, 2013
Profit (loss) after tax	**12,720**	11,199
Actuarial gains/losses from defined benefit obligations and similar obligations	–1,651	504
Deferred taxes	405	–158
Items, which cannot be reclassified subsequently to profit and loss	**–1,246**	346
Changes in the fair value of financial instruments used for hedging purposes recognized under equity	0	356
Adjustment item for the currency translation of foreign subsidiaries and currency changes	630	121
Exchange differences on net investments in subsidiaries	–81	–504
Deferred taxes	–14	–70
Items, which could be subsequently classified to profit and loss	**535**	–97
Valuation gains/losses recognized directly in equity	**–711**	249
Total income and expense and valuation in gains/losses recognized directly in equity	**12,009**	11,448

Consolidated Balance Sheet – Assets

See notes for further explanations to the Consolidated Balance Sheet.

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2014.

Rounding differences may occur.

in €	Notes	Dec 31, 2014	Dec 31, 2013
Non-current assets			
Property, plant and equipment	14	32,689,697	35,211,085
Goodwill	15	42,312,286	42,311,998
Intangible assets	15	6,193,695	7,745,811
Trade receivables	19	1,363,492	1,846,066
Tax receivables	18	90,367	133,136
Other assets	20	422,421	343,984
Deferred tax assets	16	4,075,514	4,265,351
Total non-current assets		**87,147,472**	**91,857,431**
Current assets			
Inventories	17	35,437,207	34,268,213
Trade receivables	19	41,712,070	39,651,577
Tax receivables	18	2,955,793	1,305,868
Other assets	20	2,895,573	3,374,816
Cash and cash equivalents	21	15,674,189	3,762,699
Total current assets		**98,674,832**	**82,363,173**
Total assets		**185,822,304**	**174,220,604**

Consolidated Balance Sheet – Equity and Liabilities

See notes for further explanations to the Consolidated Balance Sheet.

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2014.

Rounding differences may occur.

in €	Notes	Dec 31, 2014	Dec 31, 2013
Equity			
Subscribed capital	22	40,000,000	40,000,000
Contingent capital	22	*8,000,000*	*8,000,000*
Capital reserves	23	36,463,441	36,463,441
Treasury shares	24	−417,067	−417,067
Other reserves and exchange rate effects	25	−3,405,442	−2,694,456
Profit carryforward		5,556,220	3,274,210
Consolidated net income (for the period)		12,720,265	11,198,690
		90,917,417	**87,824,818**
Non-current liabilities			
Interest-bearing loans	29	3,761,876	3,512,258
Provisions for pensions	26	9,893,416	8,328,412
Finance leasing liabilities	30	0	36,695
Other non-current provisions	27	3,470,468	4,072,937
Other non-current liabilities	30	2,032,933	1,886,325
Deferred Income	31	957,627	728,398
Deferred tax liabilities	16	2,878,579	3,127,569
Total non-current liabilities		**22,994,899**	**21,692,594**
Current liabilities			
Interest-bearing loans	28	252,130	1,020,049
Finance leasing liabilities	29	1,902,614	2,119,851
Prepayments on orders	30	4,607,920	3,449,572
Trade payables	30	5,949,828	8,735,923
Taxes and levies	30	5,771,858	4,600,688
Liabilities for social security	30	950,926	1,014,434
Tax provisions		2,791,402	1,284,271
Other current liabilities	30	27,545,418	22,946,565
Other current provisions	27	14,856,710	12,606,005
Deferred Income	31	7,281,182	6,925,834
Total current liabilities		**71,909,988**	**64,703,192**
Total equity and liabilities		**185,822,304**	**174,220,604**

Consolidated Cash Flow Statement

See notes for further explanations to the Consolidated Cash Flow Statement.

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2014.

Rounding differences may occur.

in €k	Notes	2014	2013
EBT		**17,692**	**15,772**
Adjustments to reconcile profit before tax to net cash flows:			
Amortization, depreciation and impairment of non-current assets		10,253	9,938
Gain/loss from disposals of non-current assets		34	–49
Other gains/losses		1,287	–848
Financial (interest) income		–455	–198
Financial (interest) expense		1,125	1,534
Movements in provisions		1,411	108
Changes in net working capital:			
Increase/decrease in trade receivables		–1,525	1,656
Increase/decrease in inventories		–77	1,506
Increase/decrease in trade payables		–2,958	2,279
Changes in other net working capital		8,161	–5,484
Income tax paid		–5,746	–5,202
Net cash flows from operating activities		**29,202**	**21,012**
Purchase of property, plant and equipment (without finance leasing)		–4,314	–5,567
Proceeds from sale of property, plant and equipment		244	232
Net cash flows from investing activities		**–4,070**	**–5,335**
Repayment of non-current liabilities to banks		0	–5,222
Dividend payout		–8,917	–8,081
Share buy-back		0	–171
Interest received		79	108
Interest paid		–1,012	–1,256
Repayment of non-current liabilities from finance leases		–2,068	–2,527
Net cash flows used in financing activities		**–11,918**	**–17,149**
Net increase/decrease in cash and cash equivalents		**13,214**	**–1,473**
Net foreign exchange difference		**–535**	**687**
Cash and cash equivalents at January 1		**2,743**	**3,529**
Cash and cash equivalents at December 31	21	**15,422**	**2,743**
Composition of cash and cash equivalents for cash flow purposes:			
Cash and cash equivalents		**15,674**	**3,763**
Current bank liabilities		**–252**	**–1,020**
Cash and cash equivalents at December 31		**15,422**	**2,743**

Statement of Changes in Consolidated Equity

See notes for further explanations to the Statement of Changes in Consolidated Equity.

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2014.

Rounding differences may occur.

in €k	Number of shares (in units)	Subscribed Capital	Capital reserve	Treasury shares	Other reserves	Exchange effects	Profit carried forward	Total
As of January 1, 2013	**13,944,736**	**40,000**	**36,464**	**–431**	**–3,004**	**61**	**11,354**	**84,444**
Income and expenses recognized directly in equity					356	121		477
Taxes on transactions recognized directly in equity					–228			–228
Acquisitions of own shares	–12,424			14				14
Dividend							–8,081	–8,081
Consolidated net income for the period							11,199	11,199
As of December 31, 2013	**13,932,312**	**40,000**	**36,464**	**–417**	**–2,876**	**182**	**14,474**	**87,825**
As of January 1, 2014	**13,932,312**	**40,000**	**36,464**	**–417**	**–2,876**	**182**	**14,474**	**87,825**
Income and expenses recognized directly in equity					–1,732	630		–1,102
Taxes on transactions recognized directly in equity					391			391
Dividend							–8,917	–8,917
Consolidated net income for the period							12,720	12,720
As of December 31, 2014	**13,932,312**	**40,000**	**36,464**	**–417**	**–4,217**	**812**	**18,277**	**90,917**

Notes to the Consolidated Financial Statements of WashTec AG (IFRS) for Fiscal Year 2014

General

1. General information on the Group

The consolidated financial statements of the WashTec Group for the fiscal year from January 1 through December 31, 2014 were prepared on March 26, 2015 and made available to the supervisory board for review. They are expected to be approved at the supervisory board meeting on March 27, 2015 and thereafter released for publication by the management board. The consolidated financial statements and Group management report may be accessed through the Bundesanzeiger [German Federal Gazette] and the company register and may be downloaded from our website, www.washtec.de.

The ultimate parent company of the WashTec Group is WashTec AG, which is entered in the commercial register in Augsburg under registration no. HRB 81.

The Company's registered office is located at Argonstrasse 7, 86153 Augsburg, Germany.

The Company's shares are publicly traded.

The purpose of the WashTec Group comprises the development, manufacture, sale and servicing of car wash products, as well as leasing, and all services and financing solutions, which are related thereto and are required in order to operate car wash equipment.

2. Accounting principles underlying the consolidated financial statements

The consolidated financial statements of WashTec AG have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) in force as of the balance sheet date and with the applicable interpretations (IFRIC). They comply with the accounting standards applicable in the European Union for fiscal year 2014 and are also supplemented by additional information required by section (§) 315a HGB ["Handelsgesetzbuch" or German Commercial Code] and the Group management report.

The requirements under § 315a HGB for exempting the Company from having to prepare consolidated financial statements in accordance with German commercial law have been met.

The consolidated financial statements are generally prepared on a historical cost basis, except with respect to derivative financial instruments, which are measured at fair value. The consolidated financial statements are presented in euro and, unless otherwise indicated, all figures are rounded to the nearest thousand (€k).

3. Basis of consolidation

The consolidated financial statements include the financial statements of WashTec AG and its subsidiaries as of December 31 of each fiscal year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies.

Subsidiaries are fully consolidated as of the date of acquisition; i.e. from the date on which the Group acquires control. Control will be deemed to exist from the date on which WashTec AG has the possibility of directly or indirectly determining business and financial policy. Subsidiaries will no longer be consolidated once the parent no longer has the control.

All intra-group balances, transactions, income, expenses as well as unrealized gains and losses resulting from intra-group transactions are eliminated in full.

In addition to the parent company, the consolidated financial statements of WashTec AG also contain the following group entities as of December 31, 2014:

Consolidated entities	Share in capital in %	Holding company	Business activity	Equity capital at Dec 31, 2014 in €k	Profit/loss for 2014 in €k
German entities					
WashTec Cleaning Technology GmbH, Augsburg [1]	100	A	I	29,846	0
WashTec Holding GmbH, Augsburg	100	B	II	103,713	8,878
WashTec Carwash Management GmbH, Augsburg [2]	100	B	III	51	0
WashTec Financial Services GmbH, Augsburg [1]	100	A	IV	62	0
AUWA-Chemie GmbH, Augsburg [2]	100	B	V	537	0
Foreign entities					
WashTec France S.A.S., St. Jean de Braye, France	100	C	VI	1,076	200
Mark VII Equipment Inc., Arvada, USA	100	C	I	7,399	383
WashTec S.r.l., Casale, Italy	100	C	VI	1,817	–139
WashTec UK Ltd., Great Dunmow, United Kingdom	100	C	VI	2,579	316
California Kleindienst Limited, Wokingham, United Kingdom [5]	100	A		0	0
WashTec A/S, Hedehusene, Denmark [4]	100	C	VI	2,517	925
WashTec Cleaning Technology GmbH, Vienna, Austria	100	C	VI	1,194	204
WashTec Spain S.A., Madrid, Spain	100	C	VI	510	73
WashTec Car Cleaning Equipment (Shanghai) Co. Ltd., Shanghai, China	100	C	VII	845	–117
WashTec Cleaning Technology s.r.o., Nyrany, Czech Republic	100	D	VIII	2,002	341
WTMVII Cleaning Technologies Canada Inc., Grimsby, Ontario, Canada [6]	100	E	VI	–6,322	428
WashTec Australia Pty Ltd., Sydney, Australia	100	C	VI	851	426
WashTec Cleaning Technology España S.A., Bilbao, Spain [5]	100	C		1	0
WashTec Benelux B.V., Zoetermeer, Netherlands [3]	100	C	VI	3,028	403
WashTec Nordics AB, Bollebygd, Sweden	100	C	VI	129	400
WashTec Polska Sp. z o.o., Warsaw, Poland	100	D	VI	–26	5

1) Profit/loss assumption by WashTec Holding GmbH
2) Profit/loss assumption by WashTec AG
3) Subgroup with Benelux Carwash Management B.V., Zoetermeer, NL, WashTec Benelux Administratie B.V., Zoetermeer, NL und WashTec Benelux N.V., Brussels, Belgium,
4) including permanent establishments in Norway
5) Company is currently inactive
6) Indirect ownership interest through Mark VII Equipment Inc., Arvada, USA

A) WashTec Holding GmbH
B) WashTec AG
C) WashTec Cleaning Technology GmbH
D) 90% of the share is held by WashTec Cleaning Technology GmbH, 10% is held by WashTec Holding GmbH
E) Mark VII Equipment Inc., Arvada, USA

I) Production-, Sales-, and Service-Entity
II) Holding Company
III) Rent of Car wash
IV) Acquisition and arrangement of Leasing contracts and financing
V) Development, production and sale of chemical products
VI) Sales- and Service-Entity
VII) Production-Entity
VIII) Subcontracting

4. Significant accounting judgments, estimates and assumptions

In certain cases, estimates and accounting assumptions may be required. These estimates and assumptions include complex and subjective assessments and estimates that are based on the current knowledge of facts which, by their very nature, are marked by uncertainty and could be subject to change. Estimates and accounting assumptions can change over time and could affect the presentation of the net assets, financial position and results of operation. The estimates relate primarily to the definition of economic useful lives, the measurement of provisions and the potential use of deferred tax assets as well as assumptions about future cash flows and discount rates. The uncertainty connected with these assumptions and estimates could result in outcomes that may require material future adjustments to the carrying value of the affected asset or liability.

4.1 Significant estimates and assumptions

Impairment of non-financial assets

The Group evaluates non-financial assets on each reporting date to determine whether there are any indications of impairment. Goodwill and other intangible assets with indefinite useful lives are tested for impairment at least once annually and when certain indications exist. Other non-financial assets are tested for impairment when there are indications that the carrying values may not be recoverable.

The discounted cash flow method is used to value the sales price of non-financial assets (less the applicable selling costs). To this end, the future cash flows and interest rate trends are estimated using business and market information, and a suitable discount rate is selected in order to calculate the present value of those cash flows. For further details, please see Note 5.2.

Deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available. Management judgment is required to determine the amount of the taxable income and the anticipated timing of its receipt. For further details, please see Note 16 related to deferred taxes.

Pension and other post-employment benefits as well as phased retirement benefits

The costs under the pension and phased retirement commitments are determined using actuarial calculations. The actuarial valuation involves making assumptions about discount rates, future wage and salary hikes, mortality rates and future yield increases. Due to the long term nature of these plans, such estimates are subject to considerable uncertainty. Further details are provided in the sections on pension provisions and other provisions for phased retirement.

Provisions

Special restructuring provisions and provisions for onerous contracts have been created on the basis of expectations and the planned courses of action. The costs, which are actually incurred, are subject to uncertainties because they depend on the occurrence of underlying premises.

4.2 Significant accounting judgments

Development costs

Development costs are capitalized in accordance with the accounting policies presented in Note 5.2. The first capitalization of costs is based on management's conviction that there is technological and economic feasibility, usually when a product development project has reached a defined milestone under an established project management model.

Buy-back obligations (buy-back contracts)

At the moment, the WashTec Group sells some of its wash systems to major customers through leasing companies. Under these arrangements, the WashTec Group guarantees that, if necessary, it will repurchase wash systems at the end of the lease term for a residual purchase price, to which the parties agreed in advance.

In order to calculate the provision, an estimate is made about the likelihood of whether the system will need to be repurchased at the end of the lease term.

The WashTec Group realizes income at the time that the sale is closed with the leasing company since the economic use and the applicable opportunities and risks pass to the purchaser at that time.

5. General accounting policies

The accounting policies adopted are generally consistent with those adopted in prior years, except as provided below.

5.1 Amendments to the accounting policies

In fiscal year 2014, the Group applied the following new and revised IFRS Standards and Interpretations.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements – New Version
- IAS 28 Investments in Associates and Joint Ventures – New Version
- IAS 32 Financial Instruments
- IAS 36 Impairment of Assets
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
- IFRS Annual Improvements of IFRSs (2010 – 2012 cycle)
- IFRIC 21 Levies

The facts addressed by IFRS 10 and 12 are of fundamental importance to the WashTec Group. Since there were no changes in the percentage ownership interest in the subsidiaries, IFRS 10 has no effect on the duties of disclosure. The facts addressed by IFRS 12 lead to more extensive duties of disclosures with respect to consolidation principles.

The facts addressed by the Standards – IFRS 11, IAS 27, IAS 28, IAS 32, IAS 36, IAS 39 – are currently not relevant or have no material effect on the net assets, financial position and results of operation of the WashTec Group.

Moreover, IASB and the IFRS Interpretations Committee have enacted additional Standards, Interpretations and Amendments listed below, but these did not yet have to be applied in fiscal year 2014 or they have not yet been recognized by the European Union.

As of December 31, 2014, the WashTec Group had not adopted or applied these Standards earlier than required. The first-time adoption of the Standards is planned for the date on which they are recognized and endorsed by the EU.

- IAS 1 — Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative
- IAS 16 and IAS 38 — Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
- IAS 16 und IAS 41 — Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants
- IAS 27 — Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements
- IFRS 9 — Financial Instruments
- IFRS 10 and IAS 28 — Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 10, 12 and IAS 27 — Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities
- IFRS 11 — Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- IFRS 14 — Regulatory Deferral Accounts
- IFRS 15 — Revenue from Contracts with Customers
- IFRS — Annual Improvements of IFRSs (2010 – 2012 cycle)

The facts addressed by IFRS 9 and 15 are currently relevant to the WashTec Group, and the Company is currently reviewing what effect an application will have on the consolidated financial statements.

The other Standards are currently not relevant for the WashTec Group or have no material effect on the net assets, financial position and results of operation or do not lead to more information having to be disclosed.

5.2 Accounting policies in the Group

Foreign currency translation

The consolidated financial statements are presented in euro, which is the Group's functional and reporting currency. Each entity within the Group determines its own functional currency, and the items included in the separate financial statements of each entity are measured using that functional currency. Monetary assets and liabilities denominated in foreign currencies are converted at the functional currency exchange rate on the balance sheet date. All exchange differences are recognized in the income statement.

Excepted therefrom are exchange differences from net investments in a foreign operation and from foreign currency loans that provide a hedge against a net investment in a foreign operation. These are recognized directly in equity until the disposal of the net investment, at which time they are recognized as income or an expense in the relevant period. Deferred taxes charges and credits attributable to exchange differences on those borrowings are also recorded directly under equity. Non-monetary items, which are measured at historical cost in a foreign currency, are translated using the exchange rates applicable on the dates of the initial transactions. Non-monetary items, which are measured at fair value in a foreign currency, are translated using the exchange rates on the date when the fair value is appraised. Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are recognized as assets and liabilities of the foreign operation and translated as of the closing rate.

The functional currency of the foreign operations is the respective local currency.

The assets and liabilities of foreign operations are translated into euro at the rate of exchange applicable on the balance sheet date and their income statements are translated at the weighted average exchange rates for the year.

The exchange differences from the currency translation are recognized directly as a separate item under equity. On disposal of a foreign operation, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized as a gain or loss.

Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated scheduled depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. The costs of manufacturing internally generated equipment will include not only directly attributable costs but also prorated costs of materials and overhead as well as depreciation (IAS 16). Interest will be collected only to the extent a qualifying asset exists. All other repair and maintenance costs are recognized on the income statement as they are incurred. These assets are depreciated on a straight-line basis over their estimate useful life pro rata temporis.

The following assets will generally be depreciated on the basis of the useful lives set forth in the schedule below:

Property, plant and equipment	Useful Life
Buildings	20 to 50 years
Technical plant and machinery	5 to 14 years
Finance leasing	6 to 10 years
Other plant, fixtures and fittings	3 to 8 years

An item of property, plant and equipment will be derecognized upon its disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) will be included in the income statement for the period in which the asset is derecognized. At the end of each fiscal year, an asset's residual value, useful life and method of depreciation shall be reviewed and, if necessary, adjusted.

Business combinations and goodwill

The acquisition method is used to account for business combinations.

For this purpose, the acquisition costs must be determined. The acquisition costs include the fair value of the transferred assets, the issued equity instruments and the assumed liabilities on the date of the acquisition. All acquisition-related costs are expensed.

Goodwill is initially measured at the cost of acquisition being the excess of the acquisition cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After first-time recognition, goodwill is measured as the acquisition cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in connection with a business combination is, beginning on the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Intangible assets

Intangible assets include acquired patents, technologies, capitalized development costs, licenses and software.

The following intangible assets will generally be amortized on the basis of the useful lives set forth in the schedule below:

Intangible assets	Useful Life
Acquired patents and technologies	8 years
Licences and software	3 to 8 years
Capitalised development costs	6 to 8 years

Acquired intangible assets

Intangible assets, which are not acquired in connection with a business combination, are measured at cost when first recognized. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

A distinction is made between intangible assets with finite useful lives and those with indefinite useful lives. During the reporting period, the Group held assets with only finite useful lives.

Intangible assets with finite useful lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each fiscal year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss in the period when the asset is derecognized.

Internally generated intangible assets (research and development costs)

Research costs are expensed in the period in which they are incurred. Development expenditures on any given project include directly attributable costs (mostly personnel expenses) as well as a share of the overhead costs. These costs will be recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditures incurred during the asset's development.

Following initial recognition of the development expenditures as an asset, the cost model will be applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of the expected future benefits. During the development phase in which the period of use is indefinite, the asset is tested for impairment annually.

Impairment of non-financial assets

The Group assesses on each reporting date whether there is any indication that an asset could be impaired. If any such indication exists or if annual impairment testing for an asset is required, then the Group will estimate the asset's recoverable value. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market expectations of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Except for goodwill, an assessment is made on assets as of each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group will estimate the recoverable value. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, then the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss for the period in question.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

The Group assesses, as of each reporting date, whether there are any indications that goodwill is impaired. Goodwill is tested for impairment at least once annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating units, to which the goodwill relates. The cash generating units at the WashTec Group correspond with the segments defined pursuant to IFRS. The cash generating units at the WashTec Group correspond with the operating segments as defined under IFRS. They are divided between the regions of "Core Europe", "Eastern Europe", "North America" and "Asia/Pacific".

Where the recoverable amount of the cash generating units is less than their carrying value, then an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill after completing the budgeting process.

Financial assets

In general, financial assets within the meaning of IAS 39 are classified as financial assets at fair value through profit or loss, as loans and receivables, as held-to-maturity investments, or as available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value. In the case of investments as such, which are not classified at fair value through profit or loss, transaction costs, which are directly attributable to the acquisition of the asset, will also be taken into account.

Financial assets will be classified in the measurement categories when they are first recognized.

All purchases and sales of financial assets made at arm's length are recognized on the trade date, which is the date that the Group commits to the purchase or sale of the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. In the fiscal year, the Group held financial assets only from the category "loans and receivables" in the form of receivables and "assets measured at fair value through profit or loss".

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. After initial recognition, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss in the period in which the loans and receivables are derecognized or impaired.

Fair value

The fair value of investments, which are actively traded in organized financial markets, is determined by reference to quoted market bid prices at the close of business on the balance sheet date. On investments, for which there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions between willing and informed independent business partners, referencing the current market value of another instrument which is substantially the same, conducting a discounted cash flow analysis or deploying other valuation models.

Amortized costs

Held-to-maturity investments and loans and receivables are measured at amortized cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets

The Group assesses as of each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, then the amount of the loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted by the financial asset's original effective interest rate (i.e., the effective yield computed at initial recognition). The carrying value of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in profit or loss. The Group takes all recognizable risks into account in order to be able to assess objective impairment factors.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss shall be reversed, to the extent that the carrying value of the asset does not exceed its amortized cost as of the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Financial liabilities

Financial liabilities within the meaning of IAS 39 are either “financial liabilities at fair value through profit or loss”, or “financial liabilities measured at their amortized cost”.

In the fiscal year, the Group had merely financial liabilities attributable to the category “measured at amortized cost”.

Interest-bearing loans

Interest-bearing loans are initially recognized at cost. They are not recognized at fair value. After initial recognition, interest-bearing loans are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or a part of a financial asset or a part of a group of similar financial assets) will be derecognized, if contractual rights to receive cash flows from a financial asset expire.

Financial liabilities

A financial liability will be derecognized, if the obligation, which forms the basis of the liability, is discharged, cancelled or expired.

If an existing financial liability is replaced by another financial liability issued by the same lender with substantively different contractual terms and conditions or if the terms and conditions of an existing liability are materially changed, then any such replacement or such change will be treated as a derecognition of the original liability and a recognition of a new liability. The difference between the respective carrying values will be recorded as income or an expense.

Financial instruments and hedging

Original financial instruments

The primary financial instruments used by the Group – with the exception of derivative instruments – include cash and cash equivalents, trade receivables, bank loans, trade payables and financial lease contracts. The main purpose for using these financial instruments is to finance the Group's business activities.

Cash and cash equivalents

Cash and short term deposits shown in the balance sheet comprise cash at banks and on hand and short term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above and of outstanding bank overdrafts.

Derivative financial instruments and hedging

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is concluded and are later re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives during the year that do not qualify for hedge accounting are taken directly to profit or loss.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, as well as the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow Hedges

The effective portion of the gain or loss on a hedging instrument is recognized directly under equity capital, while the ineffective portion is recognized immediately in profit or loss. Amounts recorded under equity capital are transferred to profit or loss in the period in which the hedged transaction affects profit or loss, such as when the hedged financial income or financial expenses are recognized or when a forecasted sale occurs. If the forecasted transaction or firm commitment is no longer expected to occur, then any amounts previously recognized in equity capital are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, then the amounts previously recognized in equity capital will remain recorded under equity capital until the forecasted transaction or firm commitment occurs.

Net Investment Hedge

Hedges of a net investment in a foreign operation are accounted for similarly to a cash flow hedge.

The effective portion of the gain or loss on a hedging instrument used – together with any results from a foreign currency translation of a hedged investment – is recognized directly under equity capital, while the gain or loss attributable to the ineffective portion is recognized immediately in profit or loss.

Only after the disposal (sale or liquidation) of the foreign operation will the changes in the hedging instrument's value as accumulated in the equity capital account together with the conversion results on the underlying transaction be recycled into profit or loss.

Inventories

Inventories are valued at the lower of cost and net realizable value. The net realizable value is the estimated proceeds from a sale in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale.

Inventories are accounted for as follows:

- Raw materials, consumables and supplies: cost of acquisition based on the weighted average cost method,
- Finished goods and work in progress: costs of materials and production as well as a reasonable portion of the overhead costs based on the normal capacity of the production facilities, but excluding borrowing costs.

Treasury shares

WashTec AG has been acquiring its own shares (treasury shares). The acquisition costs of such shares are removed directly from the equity capital account. The purchase, sale or redemption/cancellation of the Company's own shares is not recognized in profit or loss.

Provisions

A provision is recognized only when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset if the reimbursement is virtually certain. If the time value of money from discounting is material, provisions are discounted using a current pre-tax rate that reflects, where required, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense. The reversal of provisions is generally recognized under the items of the income statement in which the provisions were created.

Provisions for pensions

Provisions for pensions are determined according to the projected unit credit method (IAS 19). This method takes into account the pensions known and expectancies earned as of the balance sheet date as well as the increases in salaries and pensions expected in the future.

In accordance with IAS 19, the actuarial gains and losses were recognized outside of profit or loss immediately and in full. For further details, please see Note 26.

The provisions relate mainly to WashTec Cleaning Technology GmbH and WashTec Holding GmbH, Augsburg, Germany, and have been recognized in order to reflect obligations arising from future and current benefit entitlements to current and former employees and their survivors. The pension plan provides for retirement benefits (upon reaching the age of 63), early retirement and disability benefits. Employees must have served the Company for at least 10 years in order to be entitled to the benefits, with years of service taken into account only after the employee has reached the age of 30. The monthly retirement benefit is derived from a fixed amount multiplied by the number of pension-qualifying years of service. In addition, individual contractual terms and conditions apply.

Risks under the pension obligations arise mostly from an increase in the life expectancies of the pension beneficiaries, which has led to an increase in the pension provision.

Provisions for phased retirement agreements

Phased retirement agreements [Altersteilzeitvereinbarungen] are based primarily on the so-called "block model". Under these arrangements, there are two types of obligations which, using actuarial principles, are measured at their cash value and then recognized separately from one another: the first type of obligation relates to the accumulated outstanding performance amount, which is recognized pro rata temporis over the term of any active/work phase. The accumulated outstanding performance amount is based on the difference between the compensation earned by the employee prior to the phased retirement agreement (including the employer's share of the social security contributions) and the compensation for the part-time employment (including the employer's share of the social security contributions, but not including the top-up contributions).

The second type of obligation relates to the employer's obligation to pay the top-up contributions plus an additional amount towards the statutory pension insurance. In accordance with IAS 19 (revised), this is set aside as a provision in installments during the work phase. In prior years, the so-called "top-up contributions" were recognized directly and in full once the obligation arises.

Deferred income

The deferred income item serves to ensure that income from servicing agreements and guaranty extensions is recognized in the relevant accounting period.

Leases

Equipment (machines) produced by WashTec is sold to a leasing company and then leased back by the WashTec Group in order to make it available to its own customers, above all large operator groups or oil companies, as part of the operator model, in return for usage-based fees. The agreements between the leasing company and WashTec are treated as finance leases pursuant to IAS 17 because WashTec bears substantially all the economic risks incidental to ownership.

As a rule, lease-back contracts have a term of approximately 5–7 years, whereas the contracts that WashTec Group has with its customers have terms of up to 10 years. The gains from the sale are amortized over the life of the lease.

The sale-and-lease-back contracts that are related to machines/equipment generally include a purchase option at the end of the term as well as an option to extend the contract. Price adjustments during the term of the lease are prohibited.

If the WashTec Group is the finance lessee, then the leased property is capitalized at the inception of the lease. The lease is recognized at the fair value of the leased property or, if lower, at the present cash value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Taxes

Actual income tax

Actual tax refund claims and tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The estimates are based on the tax rates and tax laws applicable as of the balance sheet date.

Actual taxes relating to items, which are recorded directly in equity capital, are recognized under the equity capital accounts of the balance sheet and not in the Company's income statement.

Deferred taxes

Deferred taxes are recognized using the liability method on temporary differences between the assets and liabilities recognized on the balance sheet and their carrying amounts for financial (tax) reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where a deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,
- where a deferred tax liability arises from taxable temporary differences associated with investments in subsidiaries, if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized with the following exceptions:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- where deferred tax assets arise from deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, and it is probable that the temporary differences will not reverse in the foreseeable future and that there will be an insufficient amount of taxable profit against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed on each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured using the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that apply as of the balance sheet date. Future changes in tax rates must be taken into account on the balance sheet date, if tangible enactment conditions are met as part of a legislative process. Deferred taxes relating to items, which are recorded directly in equity capital, are recognized under the equity capital accounts of the Company's balance sheet and not in its income statement.

Deferred tax assets and deferred tax liabilities are offset against each other, if the Group has a legally enforceable right to offset its actual tax refund claims against its actual tax liabilities and these relate to the income taxes of the same taxable entity and are assessed by the same tax authority.

Value added tax

Revenues, expenses and assets are recognized net of value added tax (VAT) amounts, with the following exceptions:

- if the VAT incurred on a purchase of assets or services is not recoverable by the tax authority, then the VAT will be recognized as part of the cost of the asset or as part of the expense item.
- receivables and liabilities are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or liabilities in the balance sheet.

Revenue recognition

Revenue is recognized if it is probable that the economic benefits will flow to the Group and the amount of the revenue can be measured reliably. Revenue must be measured at the fair value of the consideration received. Rebates, cash discounts, VAT and other charges are not taken into account. In addition, revenue may be recognized only if the following recognition criteria are met:

- Revenues from the sale of machines, accessories, goods and services are recognized once the performance due has been rendered or the significant risks and rewards of ownership have passed to the buyer. This is normally the case when finished goods or merchandise are delivered, sent or collected.
- Revenues from servicing agreements are recognized once the performance has been rendered.
- Revenues from the rent business [Rentgeschäft] are not recognized until the respective car wash is performed, even if the wash system was first sold to an external leasing company, inasmuch as this sale is treated as a “sale-and-lease-back transaction” in accordance with IAS 17.
- Interest income is recognized as the interest accrues (using the effective interest method, i.e. the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing the consolidated net income by the weighted average number of shares outstanding.

Undiluted earnings per share are calculated by dividing the net profit for the year attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares, which would be issued if all dilutive potential ordinary shares were in fact converted into ordinary shares.

Segment reporting

According to IFRS 8, the “management approach” is used as the basis for identifying reportable, operating segments. Under this approach, the external segment reporting is carried out on the basis of the internal group organizational management structure as well as the internal reports submitted to the entity’s “chief operating decision maker”. IFRS 8 requires that the entity provide a report about the financial and described information on its reportable segments. Where the aggregation criteria are met, operating segments will be aggregated into reportable segments.

At the WashTec Group, the segmentation under the management report is done according to sales territories.

The regions of “Core Europe”, “ Eastern Europe”, “North America” and “Asia/Pacific” have been defined as sale territories. The “Emerging Europe” region was renamed “Eastern Europe” in fiscal year 2013.

The individual segments are managed on the basis of the operating results achieved. The segment results consist of income and expenses directly attributable to the reporting segment and to the apportioned income or expenses generated from inter-divisional functions. The sum of the reportable segments equals the Group net income (after consolidation).

A geographical segment is a distinguishable component of an enterprise, which offers or provides products or services within a particular economic environment and which is subject to the risks and returns that are different from those of components operating in other economic environments.

The WashTec Group segments constitute sales and service units, which generate their revenues primarily through the sale of machinery, spare parts, service and chemical products.

The Group’s geographical segments are based on the location of the Group’s assets. Sales to the outside customers, who are identified in geographical segments, are assigned to the individual segments based on the customer’s geographical location.

Transfer prices between the individual Group entities are charged on an “arm’s length” basis. They take into account specific market and economic conditions of the individual regions.

6. Notes on segment reporting

By Segment 2014 in €k	Core Europe	Eastern Europe	North America	Asia/Pacific	Consolidation	Group
Revenues	**250,065**	**11,086**	**43,175**	**12,500**	**–14,179**	**302,647**
with third parties	236,297	11,077	43,032	12,500	–259	302,647
with other divisions	13,768	9	143	0	–13,920	0
EBIT	**17,612**	**–7**	**708**	**153**	**–104**	**18,362**
Interest and similar income (financial income)						455
Interest and similar expenses (financial expenses)						–1,125
EBT						**17,692**
Income taxes						–4,972
Consolidated net income						**12,720**
Investments in property, plant and equipment	5,347	269	718	157	0	6,491
Scheduled amortization, depreciation and impairment losses	–9,085	–458	–454	–256	0	–10,253

By Segment 2013 in €k	Core Europe	Eastern Europe	North America	Asia/Pacific	Consolidation	Group
Revenues	**244,527**	**13,220**	**44,988**	**12,314**	**–15,339**	**299,709**
with third parties	230,434	13,183	**44,540**	**12,313**	**–762**	**299,709**
with other divisions	14,093	37	447	0	–14,578	0
EBIT	**15,486**	**553**	**1,542**	**36**	**–510**	**17,107**
Interest and similar income (financial income)						199
Interest and similar expenses (financial expenses)						–1,534
EBT						**15,772**
Income taxes						–4,573
Consolidated net income						**11,199**
Investments in property, plant and equipment	5,606	409	495	379	0	6,889
Scheduled amortization, depreciation and impairment losses	–8,850	–492	–335	–261	0	–9,938

The consolidated revenues were generated in the following products:

in €m	2014	2013	Change
Machines and services	255.7	255.2	0.5
Chemicals	34.3	32.0	2.3
Operations business and others	12.6	12.5	0.1
Total	**302.6**	**299.7**	**2.9**

WashTec generates over 80% of its external revenues in European countries. Gemany and France represent the largest part of the total revenue. The external revenues outside of Europe are mostly generated in North America.

The consolidated assets can be broken down into the following regions within our business segments:

2014 in €k	Germany	Rest of Core Europe	Eastern Europe	North America	Asia/ Pacific	Group
Carrying value of property, plant and equipment	23,845	5,282	2,112	1,043	408	32,690
Investment in property, plant and equipment	*2,381*	*1,898*	*269*	*718*	*150*	*5,416*
Carrying value of intangible assets	43,496	4,770	0	0	241	48,507
Investments in intangible assets	*1,027*	*40*	*0*	*0*	*7*	*1,074*

2013 in €k	Germany	Rest of Core Europe	Eastern Europe	North America	Asia/ Pacific	Group
Carrying value of property, plant and equipment	25,778	5,935	2,324	739	435	35,211
Investment in property, plant and equipment	*2,720*	*2,006*	*409*	*495*	*182*	*5,812*
Carrying value of intangible assets	44,425	5,359	0	0	274	50,058
Investments in intangible assets	*855*	*25*	*0*	*0*	*197*	*1,077*

The Group has no assets in the other countries because it does not have its own sales organizations in those areas. Any revenues earned from other countries are generated through exports to independent dealers.

Notes to the Consolidated Income Statement

7. Other operating income

Other operating income totaled € 4,188k (prior year: € 4,016k) and consisted primarily of income from exchange rate differentials in the amount of € 1,580k (prior year: € 1,272k), from income accruals based on operator models in the amount of € 1,200k (prior year: € 1,330k), income from the sale of scrap in the amount of € 555k (prior year: € 530k) and income from the sale of acquired vehicles and from the sale of other property, plant and equipment totaling € 110k (prior year: € 109k).

8. Personnel expenses

Personnel expenses consist of the following:

in €k	2014	2013
Wages and salaries	94,520	90,344
Social security contributions	9,204	8,716
Pensions and phased-retirement costs	1,529	1,610
Expenses for employer share fo statutory and voluntary pension Insurance (contribution-oriented)	5,852	5,712
Total	**111,105**	**106,382**

The average number of staff members, according to their job functions, may be shown as follows:

Number of employees	2014	2013	Change
Sales, marketing and servicing	1,047	1,035	12
Production, technology and development	490	492	–2
Finance and administration	139	143	–4
Total	**1,676**	**1,670**	**6**

9. Other operating expenses

Other operating expenses may be itemized as follows:

in €k	2014	2013
Vehicle costs	11,510	11,818
Travel expenses	5,391	5,342
Rent/operating leases excluding vehicles	3,728	3,590
Maintenance/repairs	3,651	3,621
Advertising and trade fair costs	2,800	2,415
IT expenses	2,749	1,991
Legal and consulting fees	2,119	2,539
Communication costs	2,044	2,198
Temporary workers	1,832	1,660
Exchange rate effects	1,373	2,115
Training/continuing education costs	1,138	1,299
Insurance	1,005	1,057
Office supplies	774	832
Fees, licences and research costs	629	607
Allocations to bad debt allowances on receivables	598	333
Product liability	395	384
Bank charges	370	304
Expenses for own patents and Intellectual property rights	316	465
PR work	237	305
Loss on disposals of non-current assets	143	60
Miscellaneous administrative expenses/other expenses	3,801	5,333
Total	**46,603**	**48,268**

Auditor’s fees

The following fees were incurred in the reporting year for services rendered by the annual account auditors (PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Munich, Germany):

in €k	2014	2013
Annual accounts auditing	227	241
Other confirmations	31	38
Other services	2	3
Total	**260**	**282**

10. Financial result

in €k	2014	2013
Earnings from revaluation of interest rate swaps	376	91
Other Interest and similar Income	79	108
Financial Income	**455**	**199**
Interest bearing loans	296	359
Interest rate swaps	453	457
Expenses from finance leases	254	313
Expenses from borrowing costs and similar expenses	122	405
Financial costs	**1,125**	**1,534**
Financial result	**–670**	**–1,335**

Of the interest income and interest expense, a total of € –339k (prior year: € –655k) must be apportioned to the IAS 39 categories, "Loans and receivables" (LaR) and "Financial liabilities measured at amortized cost" (FLAC).

11. Income tax expense

This item relates to both current and deferred taxes.

The table below shows a reconciliation of the expected and actual tax expenses reported. To calculate the anticipated tax expense, earnings before income taxes were multiplied by the Group tax rate of 30.7% (prior year: 30.7%). The effective tax rate of the WashTec Group equaled 28.1% (prior year: 29.0%).

in €k	2014	2013
Expected Income tax expense	5,431	4,842
Tax differences due to different tax rates	–223	–79
Non-deductible expenses	162	163
Effects of the non-recognition of deferred tax assets	391	74
Write-down of deferred tax assets from loss carryforwards	0	–140
Effects of use of loss carryforwards from non-recognition of deferred tax assets	–696	–1,114
Tax expense of prior periods	103	673
Capitalisation of corporate income tax credits	0	0
Withholding tax	0	56
Other	–196	98
Actual income tax expenses	**4,972**	**4,573**

Tax expenses consist of the following:

in €k	2014	2013
Deferred tax expense	355	1,411
Actual tax expense	4,617	3,162
Total income taxes	**4,972**	**4,573**

12. Earnings per share

Calculation of undiluted earnings per share for 2014 and 2013:

in €k or units	2014	2013
Consolidated profit	12,720	11,199
Weighted average outstanding number of shares	13,932,312	13,934,113
Earnings per share (undiluted + diluted)	**0.91**	**0.80**

Management board and supervisory board intend to recommend to the annual general meeting of shareholders, which is scheduled for May 13, 2015, to approporiate the distributable profit of € 24,415,905.24 for the fiscal year 2014 as follows: payment of a dividend in the amount of € 1.65 for each no-par value share which is entitled to dividends, thereby yielding an aggregate dividend payment of € 22,988,314.80, and carrying forward the remaining distributable profit of € 1,427,590.44. The recommendation to pay a dividend to the shareholders in the amount of € 1.65 per non-par value share entitled provides for a dividend of € 0.70 and, because of the positive development of the business in recent years, a special distribution in the amount of € 0.95. More than 60% of the distribution will be made from the so-called "capital contribution account for tax purposes" [steuerliches Einlagenkonto].

13. Non-recurring effects

During the reporting year, € 1.6m in non-recurring charges were booked to personnel expenses on the accounts. These expenses related to the initiated restructuring and efficiency program, of which € 1.5m was attributable to the Core Europe Segment and € 0.1m to the Asia/Pacific Segment.

In the prior year, no non-recurring effects took place.

Notes to the Consolidated Balance Sheet

14. Property, plant and equipment

Property, plant and equipment developed as follows:

in €k	Land, land rights and buildings	Technical equipment and machines	Other equipment, fittings and fixtures	Finance leasing	Prepayments and construction in progress	Total
Costs						
January 1, 2013	**41,312**	**27,704**	**16,689**	**16,522**	**446**	**102,673**
Additions	147	1,771	2,490	1,321	82	5,811
Disposals	2	454	892	112	5	1,464
Reclassifications	0	2,257	–161	–1,846	–380	–130
Currency translation effects	–103	–329	–265	–11	–16	–725
December 31, 2013	**41,354**	**30,949**	**17,861**	**15,874**	**127**	**106,165**
Additions	231	914	1,954	2,176	141	5,416
Disposals	35	1,543	2,568	1,224	5	5,375
Reclassifications	0	1,010	7	–909	–108	0
Currency translation effects	205	205	284	2	1	697
December 31, 2014	**41,755**	**31,535**	**17,538**	**15,919**	**156**	**106,903**
Depriciation and impairment losses						
January 1, 2013	**24,361**	**18,245**	**13,518**	**9,051**	**0**	**65,175**
Depreciation for the year	1,492	2,563	1,420	2,179	0	7,654
Disposals	6	370	795	100	0	1,271
Reclassifications	0	1,508	–137	–1,491	0	–120
Currency translation effects	–92	–166	–217	–9	0	–483
December 31, 2013	**25,755**	**21,780**	**13,788**	**9,630**	**0**	**70,954**
Depreciation for the year	1,519	2,619	1,503	2,035	0	7,676
Disposals	20	1,507	2,372	1,148	0	5,048
Reclassifications	0	733	0	–733	0	0
Currency translation effects	198	210	221	2	0	631
December 31, 2014	**27,452**	**23,835**	**13,140**	**9,786**	**0**	**74,213**
Carrying value						
December 31, 2014	**14,303**	**7,700**	**4,398**	**6,133**	**156**	**32,690**
December 31, 2013	**15,599**	**9,169**	**4,073**	**6,244**	**127**	**35,211**
January 1, 2013	**16,951**	**9,459**	**3,171**	**7,471**	**446**	**37,498**

Finance leases

Carrying value in €k	2014	2013
Washing equipment, sale-and-lease-back	5,765	5,711
Washing equipment hire-purchase	369	533
Total	**6,134**	**6,244**

As of the balance sheet date, there were no material contractual obligations such as duties to purchase plant, property and equipment or intangible assets.

15. Intangible assets

in €k	Development costs internally generated	Licences and software acquired	Patents, technologies and other intangible assets	Goodwill	Other, prepayments and construction in progress	Total
Costs						
January 1, 2013	**11,352**	**10,154**	**6,093**	**81,118**	**3,899**	**112,617**
Additions	347	409	193	0	128	1,077
Disposals	0	2	0	0	0	2
Reclassifications	3,521	268	–31	0	–3,628	130
Currency translation effects	–164	–13	–133	–670	0	–980
December 31, 2013	**15,056**	**10,816**	**6,122**	**80,448**	**399**	**112,841**
Additions	74	385	0	0	615	1,074
Disposals	0	5	41	0	338	384
Reclassifications	0	49	0	0	–49	0
Currency translation effects	355	14	160	2,010	0	2,539
December 31, 2014	**15,485**	**11,259**	**6,241**	**82,458**	**627**	**116,071**
Amortization and impairment losses						
January 1, 2013	**9,439**	**8,422**	**4,660**	**38,805**	**0**	**61,326**
Amortization for the year	1,055	657	571	0	0	2,284
Disposals	0	1	0	0	0	1
Reclassifications	0	130	–9	0	0	120
Currency translation effects	–148	–11	–118	–668	0	–945
December 31, 2013	**10,346**	**9,198**	**5,103**	**38,136**	**0**	**62,783**
Amortization for the year	1,016	782	467	0	312	2,577
Disposals	0	4	41	0	312	357
Reclassifications	0	0	0	0	0	0
Currency translation effects	376	4	172	2,009	0	2,561
December 31, 2014	**11,738**	**9,980**	**5,702**	**40,146**	**0**	**67,565**
Carrying value						
December 31, 2014	**3,747**	**1,279**	**539**	**42,312**	**627**	**48,506**
December 31, 2013	**4,710**	**1,618**	**1,019**	**42,312**	**399**	**50,058**
January 1, 2013	**1,914**	**1,732**	**1,433**	**42,314**	**3,899**	**51,291**

The addition of prepayments and construction in progress resulted as far as possible from capitalized development costs. These developments are currently not yet completed and were therefore subject to impairment test as of the end of the year, which did not necessitate an impairment allowance.

Also incurred were research and development costs of € 629k (prior year: € 607k), which were not capitalized since the criteria of the capitalization under IAS 38 was not met.

Goodwill

The total goodwill, which has a carrying value of € 42,312k (prior year: € 42,312k), will be attributed to the operating segments (as determined under IFRS 8) as follows: "Core Europe" in the amount of € 41,601k (prior year: € 41,601k), "Eastern Europe" in the amount of € 705k (prior year: € 705k), "North America" in the amount of € 0k (prior year: € 0k) and "Asia/Pacific" in the amount of € 6k (prior year: € 6k).

The impairment test for goodwill is routinely carried out for the operating segments on the basis of the useful life calculation.

According to the approach described under section 5.2, the impairment test for goodwill is based on the Group's medium-term forecast for 2014 through 2018.

Medium-term planning was based on the following assumptions, which are derived from the long-standing experience of management as well as from medium-term strategies for the individual markets. More extensive information was available to management in the form of outside market studies. The key assumptions are as follows:

- increase in revenues averaging approx. 3% per annum, in individual regions up to 12%
- cost increases of 2–3%
- wage and salary cost increases of approx. 2–4% per annum

For discounting purposes, an interest rate of 8.7% (prior year: 8.7%) and a long-term growth rate under a perpetual annuity of 1–1.5% (prior year: 1–1.5%) was used as a basis.

The discount rate calculation is derived from a weighted borrowing rate of 4.2% (prior year: 3.6%) and the weighted equity rate. The equity rate is based on a risk-free rate of return averaging 2.5% (prior year: 2.8%) as well as a beta factor of 1.2 (prior year: 1.2).

In the reporting year, there was no need to write down any other goodwill of the WashTec Group. Even with a 10-percentage-point higher discount rate and a 5-percentage-point lower gross margin, there is still no need for a write-down.

16. Deferred taxes

The Group is reporting deferred tax assets in the amount of € 4,076k (prior year € 4,265k) as well as deferred tax liabilities in the amount of € 2,879k (prior year: € 3,128k). These items resulted from deferred tax claims on expected recoverable tax loss carry-forwards and from timing differences that were calculated according to the so-called "liability method".

Deferred taxes for so-called "outside basis differences" are not recognized because the company, which is holding the equity interest, can determine the reversal of the differences and such a reversal is unlikely in the foreseeable future. The tax basis of the unrecognized deferred tax liabilities equals € 243k (prior year: € 186k).

The loss carry-forwards and temporary differences were recognized as deferred tax assets, to the extent that the recoverability of the loss carry forwards respectively temporary differences could be assured with sufficient certainty on the basis of the internal mid-term planning (2015 through 2019).

To the extent that there is uncertainty about whether the loss carry-forwards can be offset against future taxable income, such loss carry-forwards were not recognized as deferred tax assets.

Accordingly, loss carry-forwards in the amount of € 20,681k (prior year: € 19,540k) were not recognized. This corresponds to non-capitalized tax assets in the amount of € 7,067k (prior year: € 6,499k).

Some of the loss carry forwards have no time restrictions with regard to their utilization. Only € 18,053k in loss carry-forwards are restricted. Of this amount, € 1,016k will lapse between 2015 through 2024 and € 17,037k will lapse between 2025 through 2034, if they cannot be utilized.

The deferred tax receivables and tax liabilities are apportioned, prior to netting, according to the following balance sheet items and loss carry-forwards:

in €k	Deferred tax receivables		Deferred tax liabilities	
	2014	2013	2014	2013
Tax loss carryforwards	429	992	0	0
Property, plant and equipment	232	203	–3,760	–3,885
Intangible assets	66	59	–1,550	–1,730
Inventories	1,086	1,003	-451	–548
Trade receivables	49	44	–599	–243
Provisions	2,535	1,952	–7	–12
Other liabilities	502	511	–7	–6
Finance lease liabilities	1,782	1,669	0	0
Deferred income	974	1,225	0	0
Miscellaneous	49	31	–133	–132
Total	**7,704**	**7,689**	**–6,507**	**–6,556**
of which non-current	*4,349*	*4,535*	*–3,789*	*–5,204*
of which current	*3,355*	*3,154*	*–2,718*	*–1,352*

Deferred tax liabilities totaling € 3,628k were set-off against deferred tax receivables under the netting rules of IAS 12.

During the reporting year, € 391k (prior year: € 228k) in deferred taxes were booked directly under equity capital. The net balance of the deferred taxes recorded under equity capital therefore equals € 1,455k (prior year: € 1,064k).

The following table shows the income and expenses as well as the tax liability incurred thereon for the changes in value recorded directly under equity capital:

in €k	2014			2013		
	before income tax	income tax	after income tax	before income tax	income tax	after income tax
Adjustment Item for the currency translation of foreign subsidiaries and currency changes	631	0	631	121	0	121
Exchange differences on net investments in subsidiaries	–81	–121	–202	–504	41	–463
Changes in the fair value of financial instruments	0	0	0	356	–110	246
Changes of acruarial gains and losses	–1,651	512	–1,140	504	–158	346
Changes in value recorded directly under equity capital	**–1,101**	**391**	**–711**	**477**	**–228**	**249**

17. Inventories

in €k	2014	2013
Raw materials, consumables and supplies, including merchandise	22,291	22,203
Work in progress	5,206	5,802
Finished goods and merchandise	7,755	6,140
Prepayments	185	123
Total	**35,437**	**34,268**

During the reporting year, the write-back of the inventory allowances (valuation adjustments) equaled € 33k (prior year: € 275k).

18. Tax receivables

in €k	2014	2013
Non-current tax receivable	90	133
Current tax receivable	2,956	1,306
Total	**3,046**	**1,439**

The tax receivables involved primarily the claims against the tax authorities based on corporate income tax credits and allowable withholding tax.

19. Trade receivables

in €k	2014	2013
Current trade receivables	41,712	39,652
Non-current trade receivables	1,363	1,846
Total	**43,075**	**41,498**

Trade receivables are generally due between 0 and 90 days net. Write-downs on trade receivables are recorded in a separate account for bad debt allowances. If the receivable is classified as uncollectible, then the related impaired asset is derecognized.

As of December 31, 2014, bad debt allowances were charged on trade receivables in the nominal amount of € 4,557k (prior year: € 4,933k). The bad debt allowance account developed as follows:

in €k	2014	2013
As of January 1	4,933	4,976
Allocations recognised as expense	207	400
Utilization	–348	–324
Reversal	–180	–92
Currency translation effects	–55	–27
As of December 31	**4,557**	**4,933**

The aging analysis of the overdue trade receivables, on which no bad debt allowances have been charged, may be shown as follows as of December 31:

in €k	2014	2013
Receivables, neither overdue nor written down	34,969	34,234
Overdue receivables, not written down, of which		
less than 30 days	5,088	4,374
30-120 days	2,158	2,044
120-365 days	704	430
more than 365 days	284	0
Total	8,234	6,848
Receivables written down	**4,331**	**5,337**

A standard bad debt allowance on receivables is made on the basis of the account aging structure. Individual receivables may also be written down where there is a risk that they will not be collected [drohender Uneinbringlichkeit] or where legal action has been initiated.

With respect to those trade receivables, which have not been written down or are not in default, there is no indication as of the financial statements date that the debtors will be unable to meet their payment obligations.

20. Other assets

in €k	2014	2013
Non-current other assets	422	344
Current other assets	2,896	3,375
Total	**3,318**	**3,719**
of which prepaid expenses	*1,372*	*1,605*

Prepaid expenses are recognized in order to account for prepayments of servicing fees and prepayments of insurance premiums and for taxes relating to other periods.

21. Cash and cash equivalents

in €k	2014	2013
Cash and cash equivalents	**15,674**	**3,763**

Credit balances held at banks earn interest at variable interest rates based on daily bank account rates. The cash in those accounts has a fair value of € 15,674k (prior year: € 3,763k).

The cash flow statement shows how cash and cash equivalents (cash on hand, bank balances with maturity of up to 3 months, and overdraft accounts) held by the WashTec Group changed in the fiscal year. Cash flows were classified in accordance with IAS 7 as follows: cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.

For purposes of the consolidated cash flow statement, cash and cash equivalents comprised the following as of the end of the year:

in €k	2014	2013
Bank balances and cash on hand	15,674	3,763
Overdraft account	–252	–1,020
Cash and cash equivalents	**15,422**	**2,743**

For explanations regarding interest-bearing loans, see Note 28.

Equity Capital

22. Subscribed capital

The subscribed capital of WashTec AG totals € 40,000k. It is divided into 13,976,970 no-par-value bearer shares (prior year: 13,976,970 shares) and is fully paid in. Each share consists of a single voting right and is entitled to dividends according to the share's percentage of the registered share capital.

	2014	2013
Ordinary shares in units k	13,977	13,977
Nominal value of ordinary shares in €	2.86	2.86

As of December 31, 2014, the average weighted number of issued and outstanding shares was 13,932,312 (prior year: 13,934,113 shares).

The annual general meeting of shareholders of WashTec AG, which was held on June 4, 2014, resolved to pay a dividend totaling € 8,917k from the accumulated and non-appropriated profit, which was reported on the balance sheet for fiscal year 2013 at € 9,682k, and to carry € 765k forward to a new account. The distribution consisted of a dividend in the amount of € 0.64 for each no par value share entitled to a dividend. This amount included both a dividend of € 0.32 for each no par value share entitled to a dividend and a special dividend totaling € 0.32 for each no par value share entitled to a dividend. The profit carry forward of WashTec AG thereby decreased by € 8,917k.

Authorized capital

The authorized capital, which was created pursuant to a resolution adopted by the annual general meeting of shareholders on May 5, 2010 and which not utilized, expired on May 4, 2013. Pursuant to the resolution adopted at the annual general meeting of shareholders on May 15, 2013, the management board was authorized, with the consent of the supervisory board, to increase on one or more occasions the Company's registered share capital by up to a total of € 8,000,000 (authorized capital) on or before May 14, 2016 by issuing new no-par value bearer shares in exchange for cash and/or non-cash capital contributions, although credited against the aforementioned authorized amount at the time the new shares are issued will be the pro rata amount of the registered share capital that is attributable to those no par-value bearer shares, on which the conversion rights or duties or the option rights or duties exist, which were granted on the basis of the shareholder resolution adopted on May 15, 2013. If the aforementioned conversion rights or duties or option rights or duties no longer exist because they had been exercised by the time the new shares were issued, then the shares issued under those rights must be taken into account.

In this respect, the shareholders must be granted preemptive rights. The new shares may also be underwritten by one or more banks, which are commissioned by the management board and then subject to an obligation to offer these shares to the shareholders for subscription (indirect preemptive right).

However, the management board is also authorized (subject to the approval of the supervisory board) to exclude shareholders' pre-emptive rights in certain cases as set out in sec. 5.1 of the Articles of Association of WashTec AG. The management board has not made use of these authorizations to date.

In addition, the management board is authorized, with the consent of the supervisory board, to prescribe stipulate further details concerning the capital increase and its implementation, including the features of the share rights and the terms and conditions of the share issuance.

Contingent capital

Pursuant to § 218 of the German Stock Corporation Act (AktG), the contingent capital of a stock corporation may be increased in the same proportion as that portion of the registered share capital, which is increased from the corporation's own capital reserves.

The contingent capital, which was created pursuant to a resolution adopted by the annual general meeting of shareholders on May 5, 2010 and which not utilized, expired on May 4, 2013. Pursuant to a shareholder resolution dated May 15, 2013, contingent capital was created as follows,

Contingent Capital I: The registered share capital was conditionally increased by up to € 8,000,000, divided into up to 2,795,394 no-par bearer shares (Contingent Capital I), although credited against this pro rata amount of the registered share capital will be the amount by which the registered share capital is increased on the basis of the authority granted under sec. 5.1 of the Articles of Association (Authorized Capital); any such credit will be made when the applicable resolution for increasing capital is adopted. This contingent capital increase will be carried out only to the extent that the holders of options (or creditors) or conversion rights or persons obligated to exercise their conversion or option rights under warrant-linked or convertible bonds, participation rights or participating bonds (or a combination of such instruments), which are issued in exchange for cash capital contributions and are issued or guaranteed on or before May 14, 2016 by the Company or by a downstream group enterprise of the Company based on the authorization granted to the management board by the annual general meeting on May 15, 2013, make use of their option or conversion rights or, to the extent they are obligated to exercise the option or conversion rights, satisfy their obligation to exercise their conversion or option rights, or to the extent that the Company exercises an elective right – in complete or partial lieu of payment of the cash amount due – grants its Company shares, provided that no cash compensation is granted or treasury shares or the shares of another publicly listed company are used to satisfy those obligations. The new shares will be issued in each case at the option or conversion price determined in accordance with the aforementioned authorization resolution. The new shares will have dividend rights beginning in the fiscal year in which they are created. The management board is authorized, with the consent of the supervisory board, to prescribe additional details regarding the implementation of the contingent capital increase.

23. Capital reserves

Capital reserves consist primarily of contributions of California Kleindienst Holding GmbH to WashTec AG as of January 1, 2000 in the amount of € 26,828k and € 18,019k, less € 1,774k in costs relating to capital increase, from the premium paid in connection with the capital increase in August 2005. In 2009, the capital reserve account was reduced when some of the Company's own shares were redeemed in the amount of € 9,464k.

24. Treasury shares

	Shares in units	Value shares in €k
As of January 1, 2013	32,234	289
Additions 2013	12,424	128
As of December 31, 2013	44,658	417
As of January 1, 2014	44,658	417
Additions 2014	–	–
As of December 31, 2014	44,658	417

As of the balance sheet date, the Company had bought back 44,658 shares valued at € 417k. Thus, the number of issued and outstanding shares declined to 13,932,312.

Pursuant to a resolution adopted by the annual general meeting of shareholders on May 15, 2013, the Company is authorized on or before May 14, 2016 to purchase up to 10% of the current registered share capital of € 40,000,000 for purposes other than trading in its own shares.

The repurchased shares could be used, inter alia, in connection with the direct or indirect purchase of companies, company divisions or equity interests in companies or in connection with a merger with other companies. The shares may also be used to service any options, which are granted under a stock option plan to members of the managing directorship of companies affiliated with the Company or to employees of the Company or enterprises related to the Company.

The aforementioned authorizations to use the shares in a manner other than for selling them on the stock exchange or offering them to all shareholders may be exploited one or more times and either in whole or in part. The use may be made for one or more of the aforementioned purposes. The shareholder preemptive right to subscribe shares will be excluded to the extent that the shares under the aforementioned authorizations are used in a manner other than for selling them on the stock exchange or offering them to all shareholders.

The Company reserves the right to cancel all or some of the repurchased shares.

25. Other reserves and currency effects

The other reserves item consists of, above all, the recognition of actuarial gains and losses relating to pension provisions as well as the recordation of financial instruments used as hedging devices:

in €k	2014	2013
Recorded changes in the fair value of financial Instruments used for hedging purposes	–722	–722
Exchange differences from net Investments in subsidiaries	–1,131	–1,050
Actuarial gains/losses from defined benefit pensions commitments and similar obligations	–3,819	–2,168
Deferred taxes on value changes recognized directly in equity capital	1,455	1,064
Other reserves	**–4,217**	**–2,876**
Currency effects	812	181
Total	**–3,405**	**–2,695**

26. Provisions for pension

The amount of the provision was computed using actuarial methods at a discount rate of 1.75% (prior year: 3.5%). As in the previous year, the annual salary and cost-of-living increases continue to be measured at a rate of 1.5%. The anticipated return from reimbursement claims due to the existing liability insurance policies amounts to 1.75% (prior year: 3.5%). The "2005 G mortality tables", published by Prof. Klaus Heubeck, were used as the biometrical basis of calculation. Staff turnover ratios were estimated according to age and sex.

The number of beneficiaries as of December 31, 2014 equaled 237 employees (prior year: 237 employees). The new valuations include the effects of empirically-based adjustments in the amount of € –50k (prior year: € 343k).

All actuarial gains and losses were off-set against equity capital. In the recently completed fiscal year, the actuarial gains and losses equaled € 1,651k (prior year: € 504k). Actuarial gains and losses booked directly against equity capital as of December 31, 2014 totaled € –3,819k (prior year: € –2,168k).

In fiscal years 2013 and 2014, the cash value of the pension obligations developed as follows:

in €k	2014	2013
As of January 1	8,328	8,876
Currency differences	2	–10
Pensions paid	–500	–448
Service cost in the reporting period	147	166
Interest expense	265	248
Actuarial gains and losses	1,651	–504
As of December 31	**9,893**	**8,328**

The claims held against the relief fund and the employer's liability insurance policies taken out in order to cover the lives of the qualifying employees have an indemnity or reimbursement quality.

In order to hedge or secure obligations arising from pensions, only reinsurance policies will be executed. No investments are made in real estate, stocks or similar assets. The development of the so-called "reimbursement rights" in 2013 and 2014 can be shown in the following table:

in €k	2014	2013
Fair value of reimbursement claims as of January 1	400	389
Expected return	14	11
Actuarial gains and losses	0	0
Fair value of reimbursement claims as of December 31	**414**	**400**

Sensitivities pursuant to IAS 19 for pension obligations:

The following table shows the sensitivities (calculations are based on the project unit method) based on current assumptions regarding the possible change in the discount rates in face of annuity dynamics and a life expectancy. All other variables remain constant.

	Impact on defined benefit obligations (DBO)	
2014	**Change in assumption**	**Increase by**
Life expectancy	Increase by 1 year	5.3
Annuities dynamics	Increase by 0.25%	1.8

Details regarding the change of the actuarial gains and losses:

in €k Actuarial gains and losses	Provisions for pensions Present value	Reimbursement Rights Fair value	Total
Gains and losses from change in financial assumptions	1,627	0	1,627
Experience gains and losses	24	0	24
Total	**1,651**	**0**	**1,651**

The average residual period of the pension obligations is approximately 10.5 years (prior year: approx. 10 years).

The following table shows the expected payments for pension benefits:

in €k	< 1 year	1 – 5 years	> 5 years	Total
Pension benefits	516	2,098	6,167	8,781

27. Other provisions

in €k	Phased retire-ment	Warranty	Repur-chase obliga-tions	Restruc-turing	Other	Total	
	2014	2014	2014	2014	2014	2014	2013
As of January 1	1,989	8,888	2,645	445	2,712	16,679	16,747
Addition	913	6,727	675	666	477	9,458	7,399
Compounding	0	0	0	0	0	0	9
Utilisation	–379	–5,229	–452	–103	–859	–7,022	–5,206
Reversal	0	–395	–1	–130	–379	–905	–2,060
Reclassification	0	0	0	–10	10	0	0
Exchange differences	0	54	0	0	63	117	–210
As of December 31	**2,523**	**10,045**	**2,867**	**868**	**2,024**	**18,327**	**16,679**
current	1,526	10,015	443	868	2,004	14,857	–
non-current	997	30	2,424	0	20	3,470	–
Provisions in 2013							
current	833	8,449	606	445	2,273	–	12,606
non-current	1,156	439	2,039	0	439	–	4,073

The provision for phased retirement was calculated in accordance with IAS 19 “Employee Benefits”. The calculation was based on an interest rate of 0.5% (prior year: 1.0%) and an annual salary increase of 1.5% (prior year: 1.5%).

The provision for warranty obligations is recognized based on past experiences. The assumptions used as a basis for calculating the provision of warranties were founded on current sales levels and on the currently available information about repairs and returns for the sold products during the warranty period. It is expected that these costs will be incurred during the warranty period after the balance sheet date.

The provision for restructuring measures totaled € 868k (prior year: € 445k) and included mostly provisions for planned personnel measures.

The provision for repurchase obligations is computed on a rolling basis and takes into account the contractual obligations to repurchase machinery previously sold to major oil companies. In general, these obligations are secured by guarantees.

The other provisions totaling € 2,024k (prior year: € 2,712k) relate, above all, to provisions for legal and consulting costs in the amount of € 1,018k (prior year: € 1,071k) as well as provisions for loss contracts in North America in the amount of € 336k (prior year: € 969k).

As of the balance sheet date, the WashTec Group believes its contingent liabilities consisted primarily of contractual performance obligations and potential expenses in connection with repurchasing machinery in the amount of € 894k (prior year: € 827k) and that the likelihood of their occurrence is less than 50%.

28. Interest-bearing loans

in €k	2014	2013
Current interest-bearing loans	252	1,020
Non-current interest-bearing loans	0	0
Total interest-bearing loans	**252**	**1,020**

The WashTec Group has credit lines totaling € 51.2m. They consist primarily of a revolving credit facility with a term ending December 30, 2018. The principal borrower is WashTec Cleaning Technology GmbH, which has access to a € 50.0m credit line. The credit line consists of a working capital credit facility in the amount of € 44.0m and an aval guarantee facility of € 6.0m.

As of December 31, 2014, € 5.7m (prior year: € 6.0m) of the aval guarantee facility had been utilized. The non-utilized portion of the credit facility, which may be drawn upon for future operations and for fulfilling obligations, is € 45.3m (prior year: € 44.3m) as of the balance sheet date.

The syndicated loan contains conditions and covenants. During the term of the contract, WashTec is bound by covenants to maintain a defined equity capital ratio and gearing ratio. No security has been provided under the loan agreement.

The interest rate for the loan is variable and is linked to EURIBOR and to an interest margin, which in turn is tied to the operating performance of the Company.

The costs for extended aval guarantees are based on the interest margin, less a discount of 0.6%. The overdraft facility bears interest according to the applicable conditions of the relevant banks at the time it is utilized (drawn-down). In the reporting year, the interest rates range between 0.96% and 2.25%.

In connection with structuring the financing, a discount was calculated using the effective interest method in accordance with IAS 39. The amounts included under interest expense for the amortization of the discount equaled € 69k (prior year: € 248k).

29. Lease liabilities

Finance leases

The Group has concluded sale-and-finance-lease-back contracts and lease-purchase agreements primarily for wash equipment under the operator model.

The minimum lease payments for these finance lease liabilities equal:

Lease payment due in €k	< 1 year	1 – 5 years	> 5 years	Total
Minimum lease payment 2014	1,973	3,757	90	5,820
Interest expense for lease liability existing on the respective balance sheet date	70	85	0	155
Cash value of minimum lease payment 2014	1,903	3,672	90	5,665

Lease payment due in €k	< 1 year	1 – 5 years	> 5 years	Total
Minimum lease payment 2013	2,354	3,691	71	6,116
Interest expense for lease liability existing on the respective balance sheet date	234	249	1	484
Cash value of minimum lease payment 2013	2,120	3,442	70	5,632

Operating Lease

The obligations owed under the operating leases as of the balance sheet date are shown below in thousands of euro (€k) and classified according to their maturities:

Year	< 1 year	1-5 years	> 5 years	Total
2014	9,842	13,151	106	23,099
2013	9,724	7,002	155	16,881

These leases relate primarily to buildings and service vehicles, which are replaced with new lease contracts at the end of the term.

30. Liabilities

in €k	2014	2013
Trade payables	5,950	8,773
Prepayments on orders	4,608	3,450
Liabilities for taxes and charges	5,772	4,601
Liabilities in connection for social security	951	1,014
Other liabilities	29,578	24,833
Total	**46,859**	**42,670**
of which current (due <1 year)	*44,826*	*40,747*
of which non-current (due >1 year)	*2,033*	*1,923*

Trade payables and liabilities for taxes and charges and levies for social security are generally due within 90 days.

The liabilities for taxes, charges and levies consist primarily of unpaid value added tax.

Other liabilities due within one year include debtors with credit balances of € 846k (prior year: € 429k), liabilities to employees for such benefits as vacation, overtime work, travel expenses, etc. in the amount of € 14,550k (prior year: € 12,603k), and liabilities owed to employer's liability insurers totaling € 142k (prior year: € 121k). Other liabilities also include accruals for miscellaneous debts totaling € 9,017k (prior year: € 7,246k), which resulted from missing invoices on services already performed, as well as for credits to be granted in the Service division.

31. Deferred income

Deferred income totaling € 8,239k (prior year: € 7,654k) related primarily to the recognition of revenues for servicing contracts in the periods to which they relate.

32. Financial risk management objectives and methods

The main risks arising from the Group's financial instruments involve interest-based cash flow, as well as liquidity, currency and credit risks.

It is the Company's policy to avoid or mitigate these risks as far as possible. All hedging measures are largely coordinated and implemented centrally. For example, on a regular basis, WashTec identifies all items which are subject to interest and foreign exchange rate risks, assesses the probability of the occurrence of negative developments for the Company and makes any decisions required to avoid or reduce the corresponding interest and/or currency positions. Furthermore, WashTec prepares a monthly rolling consolidated liquidity plan on an annual basis which facilitates the timely management of the current and future liquidity situation.

The Company has derivative financial instruments. Their purpose is to hedge against interest rate and market risks, which result from the Group's business activities and its financing sources.

In accordance with internal Group policy, derivatives are generally not traded.

At the inception of the hedge, both the hedging relationship and the Group's risk management objectives and strategies for arranging the hedge are formally stipulated and documented. The documentation contains the designation of the hedging instrument, the underlying or secured transaction and the nature of the hedged risks, and a description as to how the Company assesses the hedging instrument's effectiveness in offsetting the risk exposure. These types of hedging relationships are considered highly effective in off-setting exposures to changes in the fair value or the cash flow and such effectiveness is constantly reviewed.

All risk types, to which the Group is exposed, and the strategies and procedures for managing these risks, are described below.

Interest rate risk

During the reporting year, derivative financial instruments were held in the form of interest rate swaps. Pursuant to IFRS, derivative financial instruments must be measured at fair value as of the balance sheet date and will be recognized as assets, if their fair value is positive, and as liabilities, if their fair value is negative. The positive value of financial instruments is recognized under current assets, the negative value is recognized under current liabilities.

The fair value of the interest rate swap as of December 31, 2014 is € –482k (prior year: € –858k) and has been reported under other current liabilities.

The following table shows the contractual due dates for the payments:

Commencement	End	Nominal values in €k as of Dec 31, 2014	Reference interest rate
July 1, 2011	Dec 31, 2015	12,267	1-month EURIBOR
June 30, 2011	Dec 31, 2015	6,133	1-month EURIBOR

Cash flow hedge

The base interest rate under the loan agreement is variable and tracks the EURIBOR 1-month rate. As of December 31, 2014, there were a total of two interest rate swaps with terms ending December 31, 2015, which serve to hedge the exposure to fluctuations under the loan's variable, EURIBOR-linked interest rates. Under the swap contracts, the entity pays fixed interest on the loan amount and in return receives a floating-rate interest on the same principal. The interest rate swaps serve to hedge the underlying obligation. For these two swaps with terms ending December 31, 2015, the interest rates are set at 2.580% and 2.572%, respectively. The cash flow from the interest rate swaps is expected to be distributed throughout the term of the agreement.

As of both December 31, 2014 and December 31, 2013, the interest rate swaps have been de-designated as a hedging relationship. This hedging relationship has been classified as ineffective for both years.

The amounts, which are accumulated under equity capital, are transferred to the income statement (financial result) in the fiscal years in which the underlying transaction is recognized. In the fiscal year, this amount equaled € –453k (prior year: € –457k). The assessment of the financial instruments for interest rate hedges generated income in the amount of € 376k in the reporting year (prior year: expense in the amount of € 53k).

The following table shows for the prior year the sensitivity of the consolidated net income before taxes (due to the effects of the floating interest loan but subject to any existing interest rate hedges) to a reasonable possible change in interest rates. All other variables remain constant. Significant effects on the consolidated equity capital do not exist. As of December 31, 2014, no bank liabilities are projected for the upcoming year, which means that a change in the Euribor has no impact on the consolidated net income.

2014 EURIBOR				
Increase/decrease in basic points	10	15	–10	–15
Effects on profit/loss before taxes in €k	0	0	0	0
2013 EURIBOR				
Increase/decrease in basic points	10	15	–10	–15
Effects on profit/loss before taxes in €k	1	2	–1	–2

Currency risk

Due to the USD transactions relating to the subsidiary in the USA, changes in the USD/EUR exchange rate could affect the financial statements. To avoid major risks, WashTec relies on corresponding derivatives that were concluded in June of 2011. These derivatives comprise foreign exchange forwards with varying terms, some of which include a six-month term option. The last maturity date is December 30, 2015. The changes in the fair value of the hedging instrument and the underlying transaction are recognized in profit or loss in the income statement.

Net investments in foreign operations

The Group holds non-current loan receivables against its subsidiary, Mark VII. Through the end of March 2012, there had been a net investment of USD 15.0m. Based on a capital increase at Mark VII, which occurred when a portion of the loan receivable was contributed as capital, this net investment was reduced by USD 11.0m to USD 4.0m effective April 1, 2012. The American subsidiary has long-term CAD-denominated loan receivables against the Canadian subsidiary. The net investment in foreign operation was set at CAD 5.9m as of July 1, 2011, and was then increased by CAD 0.9m in October 2011 and by CAD 1.0m in May 2013. Accordingly, the currency translation effects of these loans are recognized in equity capital.

Operating risks, which arise from additional individual transactions in a foreign currency, were considered insignificant for the Group given their low volume.

The following table shows the sensitivity of the consolidated net income before taxes (based on the change in the fair values of monetary assets and liabilities) and the consolidated equity capital of the Group (due to hedge of net investments) to a reasonable possible change in the EUR/USD exchange rate. All other variables remain constant.

2014	**Rate trend USD**	**–5%**	**5%**
	Effects on profit/loss before tax in €k	–197	197
	Effects on equity capital in €k	165	–165
2013	**Rate trend USD**	**–5%**	**5%**
	Effects on profit/loss before tax in €k	–54	54
	Effects on equity capital in €k	145	–145

Liquidity risk

Ensuring that the WashTec entities are solvent at all times is a key corporate business objective. Thanks to the cash management system in place, which includes such features as a rolling consolidated liquidity planning on an annualized basis, reasonable steps are taken to identify possible bottlenecks in a timely and transparent manner. Non-utilized credit lines also ensure the supply of liquidity. The working capital facilities were granted by the syndicate banks of the WashTec Group subject to the joint and several liability of WashTec Cleaning Technology GmbH, as the borrower, and the joint liability of other Group companies. For additional details, please see Note 28 concerning interest-bearing loans. The WashTec Group is financed primarily via WashTec Cleaning Technology GmbH, which also has the largest funding requirements, being the Group's most important operating company.

The following table shows all the contractually stipulated payments and repayments of interest and principal on financial liabilities recognized on the balance sheet as of December 31, 2014. The non-discounted cash flows for the next few fiscal years are stated.

The table includes all instruments, which were on the books as of December 31, 2014, and for which payments have already been agreed. Amounts in foreign currency were translated at the closing rates. The variable interest payments under the financial instruments, above all from the loan, were calculated using the anticipated interest rates. Financial liabilities, which are repayable at any time, are always included in the earliest repayment category. The disclosures are made on the basis of the contractual, non-discounted payments.

in €k	Carrying value	Cash flows		
	2014	2015	2016–2018	2019 ff.
Interest-bearing loans	252	252	0	0
Finance leasing liabilities	5,665	1,973	3,757	90
Trade payables	5,950	5,950	0	0
Other financial liabilities	14,935	14,935	0	0
Derivative financial liabilities	913	645	268	0

in €k	Carrying value	Cash flows		
	2013	2014	2015–2017	2018 ff.
Interest-bearing loans	1,020	1,039	0	0
Finance leasing liabilities	5,632	2,354	3,413	349
Trade payables	8,773	8,773	0	0
Other financial liabilities	11,806	11,806	0	0
Derivative financial liabilities	943	458	485	0

Credit risks

The Group trades with creditworthy third parties only. In order to keep the del credere risk as low as possible, if the customer does not have a first-rate credit rating, then orders are subject to strict controls. For new regional customers, the customer requests evidence of credit standing with financing. We assume that the bad debt allowances are sufficient to cover the actual risks.

There are no significant concentrations of credit risks in the Group. A concentration of the credit risk will be assumed, if a single customer or an oil company makes up more than 10% of the revenues. This was not the case in fiscal year 2014.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents and other financial assets, the maximum credit risk in the event of a default by a counterparty is the carrying amount of these instruments.

Capital management

The Group's capital management activities are primarily aimed at maintaining a high credit rating and a good equity ratio in order to support its operations and maximize its shareholder value. The Group manages its capital structure and makes adjustments in response to the changes in economic conditions. The Group monitors capital using appropriate financial covenants.

The Group monitors its capital by using a debt-to-equity (gearing) ratio, which corresponds to the ratio of net financial liabilities to an operating result as defined in the agreement underlying the interest-bearing loan. Under this definition, the debt-to-equity ratio may not exceed 2.5. Net financial liabilities comprise interest-bearing loans and liabilities for finance leases, less cash.

In addition, WashTec's equity capital must be at least 35% of the balance sheet total (which includes the treasury shares) as of the end of each quarter.

All covenants have been met as of the balance sheet date.

33. Financial instruments – additional information

The following table, which is derived from the relevant balance sheet items, shows the connection between the classification and the carrying values of the financial instruments.

Carrying values, valuation approaches and fair value measurement categories:

in €k	Measurement category under IAS 39	Carrying value Dec 31, 2014	Balance sheet valuation under IAS 39 Amortized cost	Fair Value in equity	Fair Value through profit or loss	Balance sheet valuation under IAS 17	Fair Value Dec 31, 2014	IFRS 13 Level
Assets								
Cash and cash equivalents	LaR	15,674	15,674	–	–	–	15,674	
Trade receivables	LaR	43,076	43,076	–	–	–	43,076	
Other financial assets	LaR	982	982	–	–	–	982	
Liabilities								
Trade payables	FLAC	5,950	5,950	–	–	–	5,950	
Interest bearing-loans	FLAC	252	252	–	–	–	252	
Other financial liabilities	FLAC	14,935	14,935	–	–	–	14,935	
Finance leasing liabilities	n.a.	5,664	–	–	–	5,664	5,664	
Derivatives financial liabilities	FVthP/L	913	–	–	913	–	913	2
Aggregated presentation per IAS 39 measurement categories								
Loans and Receivables (LaR)		59,732	59,732	–	–			
Financial Liabilities Measured at Amortized Cost (FLAC)		21,137	21,137	–	–			
Fair Value Through Profit/Loss (FVthP/L)		913	–	–	*913*			

in €k	Measurement category under IAS 39	Carrying value Dec 31, 2013	Balance sheet valuation under IAS 39 Amortized cost	Fair Value in equity	Fair Value through profit or loss	Balance sheet valuation under IAS 17	Fair Value Dec 31, 2013	IFRS 13 Level
Assets								
Cash and cash equivalents	LaR	3,763	3,763	–	–	–	3,763	
Trade receivables	LaR	41,498	41,498	–	–	–	41,498	
Other financial assets	LaR	1,103	1,103	–	–	–	1,103	
Liabilities								
Trade payables	FLAC	8,773	8,773	–	–	–	8,773	
Interest bearing-loans	FLAC	1,020	1,020	–	–	–	1,020	
Other financial liabilities	FLAC	11,806	11,806	–	–	–	11,806	
Finance leasing liabilities	n.a.	5,632	–	–	–	5,632	5,632	
Derivatives financial liabilities	FVthP/L	943	–	–	943	–	943	2
Aggregated presentation per IAS 39 measurement categories								
Loans and Receivables (LaR)		46,363	46,363	–	–			
Financial Liabilities Measured at Amortized Cost (FLAC)		21,599	21,599	–	–			
Fair Value Through Profit/Loss (FVthP/L)		943	–	–	943			

Due to their short terms, the fair values of trade receivables, trade payables and cash and cash equivalents as well as other financial liabilities match their carrying values. The fair value of the liabilities from finance leasing and loans has been calculated by discounting the projected future cash flows at the current market interest rates.

Foreign exchange forwards are measured at fair value using the anticipated exchange rates which are quoted on a regulated market. Interest rate swaps are measured at fair value using the anticipated interest rates under recognizable yield curves.

The fair value of the derivative financial instruments is classified according to maturities as follows:

in €k	Dec 31, 2014	Dec 31, 2013
Long term	164	484
Short term	749	459
Total	**913**	**943**

Net results according to measurement categories

The following table shows the net profits and losses from financial instruments based on the categories set forth in IAS 39:

in €k	2014	2013
Loans and receivables	–10	–1,608
Financial liabilities valued at amortized cost	**–278**	**–687**

The net results in the category of loans and receivables are attributable primarily to foreign currency valuation and allowances, and net results in the category of financial liabilities valued at amortized costs are attributable primarily to interest expenses and foreign currency valuation.

Other notes

34. Compliance statement pursuant to §161 AktG

WashTec AG has issued the statement required under § 161 AktG for fiscal year 2014 and has made the statement available to its shareholders at www.washtec.de.

The management board approved the consolidated financial statements on March 26, 2015 and has forwarded them directly to the supervisory board for review.

The separate financial statements and the consolidated financial statements are expected to be approved at the supervisory board meeting on March 27, 2015.

35. Information about the Company's governing bodies

Management board

Dr. Volker Zimmermann (Term of office commenced February 1, 2015),
Chairman of the Management Board
Mechanical Engineer, Munich
Supply Chain, Development, Service Support, Quality

Karoline Kalb
Attorney-at-Law, Augsburg
Legal & Compliance, Investor Relations, Personnel, Global Key Account Management and Special Projects

Rainer Springs (Term of office commenced February 1, 2015)
Diplom-Kaufmann ["Dipl.-Kfm"] (Business Graduate), Augsburg
Finance and IT

Stephan Weber (Term of office commenced January 1, 2015)
Diplom-Ingenieur ["Dipl.-Ing."] (Engineering Graduate), Werther
Sales and Service, Product Management & Marketing

Dr. Jürgen Rautert (Spokesman of the Management Board through January 31, 2015)
Doktor-Ingenieur ["Dr.-Ing."] (Engineering Doctorate), Heidelberg
Supply Chain, Product Management, Development, Quality, Personnel, Finance and IT

Aufsichtsrat

Dr. Günter Blaschke (Chairman beginning June 4, 2014)
Businessman [Kaufmann], Buchloe

Memberships on other supervisory boards mandated by law:
- none

Memberships on similar foreign and domestic governing bodies of business enterprises:
- none

Ulrich Bellgart (Deputy Chairman beginning June 4, 2014)
Business consultant ubc GmbH, Solothurn, Switzerland

Memberships on other supervisory boards mandated by law:
- none

Memberships on similar foreign and domestic governing bodies of business enterprises:
- none

Jens Große-Allermann
Management board of Investmentaktiengesellschaft für langfristige Investoren TGV as well as management board of Fiducia Treuhand AG, Bonn

Memberships on other supervisory boards mandated by law:
- FPM Deutsche Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Frankfurt

Memberships on similar foreign and domestic governing bodies of business enterprises:
- none

Dr. Sören Hein
Managing director of Compound Disk Drives GmbH, Munich

Memberships on other supervisory boards mandated by law:
- none

Memberships on similar foreign and domestic governing bodies of business enterprises:
- none

Roland Lacher
Independent Businessman, Gelnhausen-Meerholz

Memberships on other supervisory boards mandated by law:
- CBJ Cosmetic Holding AG, chairman of the supervisory board

Memberships on similar foreign and domestic governing bodies of business enterprises:
- none

Dr. Hans Liebler
Investment Manager, Gräfelfing

Memberships on other supervisory boards mandated by law:
- Augusta Technologie AG, Munich (member of the supervisory board/deputy chairman
- J.P. Rosselet Cosmetics (Deutschland) AG, Bremen (member of the supervisory board until Aug 30, 2014)
- Grammer AG, Amberg (member of the supervisory board)
- SKW Stahl AG, Munich (member of the supervisory board since Jan 1, 2014)

Memberships on similar foreign and domestic governing bodies of business enterprises:
- Identive Group Inc., Santa Ana, California, USA (Non-executive member of the board of directors through May 22, 2014)
- autowerkstattgroup N.V., Masstrich, The Netherlands (member of the supervisory board since May 23, 2012)

Michael Busch, Diplom-Kaufmann ["Dipl.-Kfm."], (Chairman through June 4, 2014)
Independent business consultant, Berlin

Memberships on supervisory boards mandated by law:
- KHD Humboldt Wedag International AG, Köln (member of the supervisory board)

Memberships on similar foreign and domestic governing bodies of business enterprises:
- none

Massimo Pedrazzini (Deputy Chairman through June 4, 2014)
Attorney-at-Law, Massagno, Switzerland

Memberships on other supervisory boards mandated by law:
- none

Memberships on similar foreign and domestic governing bodies of business enterprises:
- Fidinam Group Holding SA, Lugano, Switzerland (president of the board of directors
- Sterling Strategic Value Ltd., Road Town, Tortola, British Virgin Islands (president of the board of directors)
- Fondazione Fidinam, Lugano, Switzerland (member of the foundation board)
- Pestalozzi Stiftung, Zürich, Switzerland (member of the foundation board)
- Precicast Bilbao SA, Bilbao, Spain (member of the board of directors)
- Rex Articoli Tecnici SA, Mendrisio, Switzerland (member of the board of directors)
- Rex Group SA, Mendrisio, Switzerland (member of the board of directors)
- City Nuova Holding SA, Lugano, Switzerland (member of the board of directors)
- Fidinam Australasia Real Estate, Sydney, Australia (member of the board of directors)
- FI Partecipazioni SA, Lugano, Switzerland (member of the board of directors)
- Fly Away SA, Lugano, Switzerland (Chairman of the board of directors)
- Saunion, Lugano, Switzerland (member of the board of directors)
- Taxfid SA, Lugano, Switzerland (member of the board of directors)
- Terzerina SA, Lugano, Switzerland (member of the board of directors)
- Tifina Holding SA, Lugano, Switzerland (member of the board of directors)
- Fidinam Monte Carlo SAM, Monte Carlo (Chairman of the board of directors)
- Fidinam R&T Consulting Ltd, Hong Kong (Chairman of the board of directors)
- Alpha Management Ltd, Dubai, UAE (member of the board of directors)
- Coweley Australia Ltd, Sydney, Australia (member of the board of directors)
- Coweley Bourke Ltd, Sydney, Australia (member of the board of directors)
- Coweley Clarence Ltd, Sydney, Australia (member of the board of directors)
- ST Group Holding Inc, Panama (member of the board of directors)
- ST Australasia Real Estate Inc, Panama (member of the board of directors)
- Special Situation Investment Partners Ltd, Panama (chairman of the foundation board)
- Fondazione Isabel – una stellina per Ibiporã, Lugano, Switzerland (chairman of the foundation board)
- MGP Advisors SA, Lugano, Switzerland (sole board member)
- Salus Trust, Georgetown, Cayman Islands (Trustee)
- Fidinam Group Worldwide Ltd, Hong Kong (chairman of the board of directors)
- Coweley Queen Ltd, Melbourne, Australia (member of the board of directors)
- Coweley Lonsdale Ltd, Melbourne, Australia (member of the board of directors)
- Studio Legale Avv Massimo G Pedrazzini SA, Lugano, Switzerland (sole board member)

36. Information about related-party transactions

In fiscal year 2014, the WashTec Group was impacted by the disclosure obligation under IAS 24 solely with respect to business transactions with members of the management board and supervisory board as well as with former members of the management board. The terms and conditions of the transactions reflected arms-length transactions.

For a detailed description of the management board remuneration and supervisory board remuneration, reference is made to the remuneration report in the management report, which is incorporated by reference into the Notes.

Management board

The remuneration of the entire management board in the fiscal year was € 712k. In the prior year, the remuneration equaled € 627k, plus one-time payments totaling approx. € 300k, which were made in connection with the early termination of two management board agreements.

Shares held by the management board members developed as follows:

Shares held by members of the management board (pcs.)	2014	2013
Dr. Volker Zimmermann (since February 1, 2015)	0	0
Karoline Kalb	0	0
Stephan Weber (since January 1, 2015)	0	0
Rainer Springs (since February 1, 2015)	0	0
Dr. Jürgen Rautert (through January 30, 2015)	0	0
Dr. Stefan Vieweg (from January 1, 2013 through May 31, 2013)	0	0
Michael Busch (through February 28, 2013)*	0	0

* Posting pursuant to § 105 of the German Stock Corporation Act

Supervisory board

Remuneration paid to the supervisory board in the fiscal year was € 342k (prior year: € 291k).

Shares held by members of the supervisory board developed as follows:

Shares held by members of the supervisory board (pcs.)	2014	2013
Dr. Günter Blaschke (since June 4, 2014)	50,000	0
Ulrich Bellgart (since June 4, 2014)	25,000	0
Jens Große-Allermann*	0	0
Dr. Sören Hein	0	0
Roland Lacher	0	0
Dr. Hans Liebler	0	0
Michael Busch (through June 4, 2014) **	0	0
Massimo Pedrazzini (through June 4, 2014) ***	2,251	2,251

* Jens Große-Allermann, sits on the management board of the investment company, Investment-aktiengesellschaft für langfristige Investoren TGV, which – according to the notification dated July 31, 2009 – held 758,358 voting shares (5.43%) of WashTec AG.

** Posting pursuant to § 105 of the German Stock Corporation Act

*** Mr. Pedrazzini is also the president of the board of directors of Sterling Strategic Value Limited, which – according to the notification dated August 27, 2013 – held 2,095,150 voting shares (14.99%) of WashTec AG and reduced that shareholding to zero on March 19 and 21, 2014.

Former members of the management board

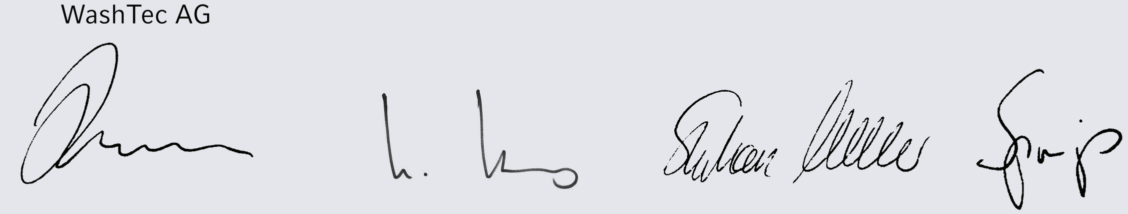
There were also pension obligations owed to a former management board member and to survivors of a former management board member in the amount of € 252k (prior year: € 198k), which are covered by a relief fund [Unterstützungskasse].

37. Notes after the balance sheet date

No significant events occurred after the balance sheet date.

Augsburg, March 26, 2015

WashTec AG



Dr. Volker Zimmermann Chief Executive Officer	Karoline Kalb Member of the Management Board	Stephan Weber Member of the Management Board	Rainer Springs Member of the Management Board

Responsibility Statement

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

Augsburg, March 26, 2015

Dr. Volker Zimmermann Chief Executive Officer	Karoline Kalb Member of the Management Board	Stephan Weber Member of the Management Board	Rainer Springs Member of the Management Board

Further Information

Auditor’s Report

We have audited the consolidated financial statements prepared by the WashTec AG comprising the consolidated income statement, the statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the statement of changes in consolidated equity and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB (“Handelsgesetzbuch”: German Commercial Code) is the responsibility of the parent Company’s Management Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the 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 the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system 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 those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company’s Board of Management Directors, 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 based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Munich, March 26, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Holger Graßnick	ppa. Florian Horn
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial Statements of WashTec AG – Balance Sheet (HGB)

Assets	Dec 31, 2014	Dec 31, 2013
	€	€
A. Non-current assets		
I. Property, plant and equipment		
Fixture and fittings	16,912	16,662
II. Financial Assets		
Shares in associated companies	128,048,510	128,048,510
	128,065,422	**128,065,172**
B. Current assets		
I. Receivables and other assets		
1. Receivables from associated companies	29,416,551	13,051,071
2. Other assets	3,132,856	1,229,378
thereof more than one year € 135.644 (prior year € 176,622)		
	32,549,407	**14,280,450**
II. Cash	3,094	27,275
	3,094	**27,275**
C. Prepaid expenses	**36,504**	27,643
Total assets	**160,654,427**	142,400,540

Equity and Liabilities	Dec 31, 2014	Dec 31, 2013
	€	€
A. Equity		
I. Subscribed capital	**40,000,000**	40,000,000
Contingent capital	*8,000,000*	*8,000,000*
Treasury shares	–127,995	–127,995
	39,872,005	**39,872,005**
II. Capital reserve	**90,844,959**	**90,844,959**
III. Retained Earnings	**24,415,905**	9,682,127
	155,132,869	140,399,091
B. Provisions		
1. Provisions for taxes	600,395	253,115
2. Other provisions	2,544,381	841,519
	3,144,776	**1,094,634**
C. Liabilities		
1. Trade liabilities	4,936	2,350
2. Liabilities to affiliated companies	737,602	9,094
3. Other liabilities	1,634,244	895,371
thereof from taxes € 881,102 (prior year € 1,209,347)		
thereof for social security € 12,863 (prior year € 15,879)		
	2,376,783	906,815
Total equity and liabilities	**160,654,427**	142,400,540

Financial Statements of WashTec AG – Income Statement (HGB)

	Dec 31, 2014	Dec 31, 2013
	€	€
Revenues	1,316,222	1,827,421
Other operating income	5,949	97,915
thereof from exchange rate effects € 9 (prior year € 0)		
	1,322,171	**1,925,336**
Personal expenses		
a) Wages and salaries	–2,332,275	–1,466,358
b) Social security, pension and other benefit costs	–41,731	–55,457
thereof for old-age pensions € –10,264 (prior year € –21,509)		
	–2,374,006	**–1,521,815**
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	–6,426	–6,671
Other operating expenses	–1,691,555	–1,843,783
thereof from exchange rate effects € –1,650 (prior year € –23)		
	–4,071,987	**–3,372,268**
	–2,749,816	**–1,446,932**
Income from profit and loss transfer agreement	4,884,253	3,934,374
Earnings from participations held	22,000,000	6,700,000
Interest and similar income (financial income)	88,777	96,490
thereof from affiliated companies € 79,403 (prior year € 85,141)		
Interest and similar expenses (financial expenses)	–557	–3,427
thereof from affiliated companies € –3,422 (prior year € –1,293)		
	26,972,473	**10,727,437**
EBIT	24,222,657	9,280,504
Income taxes	–572,199	–236,942
Net income for the period	23,650,458	9,043,563
Net income carried forward	9,682,127	8,811,698
Withdrawal from retained earnings	–8,916,680	–8,080,741
Allocation for difference of share repurchase	0	–92,393
Retained Earnings	**24,415,905**	**9,682,127**

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An up-to-date overview of our international sales partners can be found online at www.washtec.de

Financial Calendar

Mar 31, 2015	Annual Report 2014
	Annual Press Conference Augsburg
Apr 30, 2015	Q1 Report 2015
May 13, 2015	Annual General Meeting Augsburg
Aug 07, 2015	Q2 Report 2015
Oct 30, 2015	Q3 Report 2015
Nov 23–25, 2015	Equity Forum

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