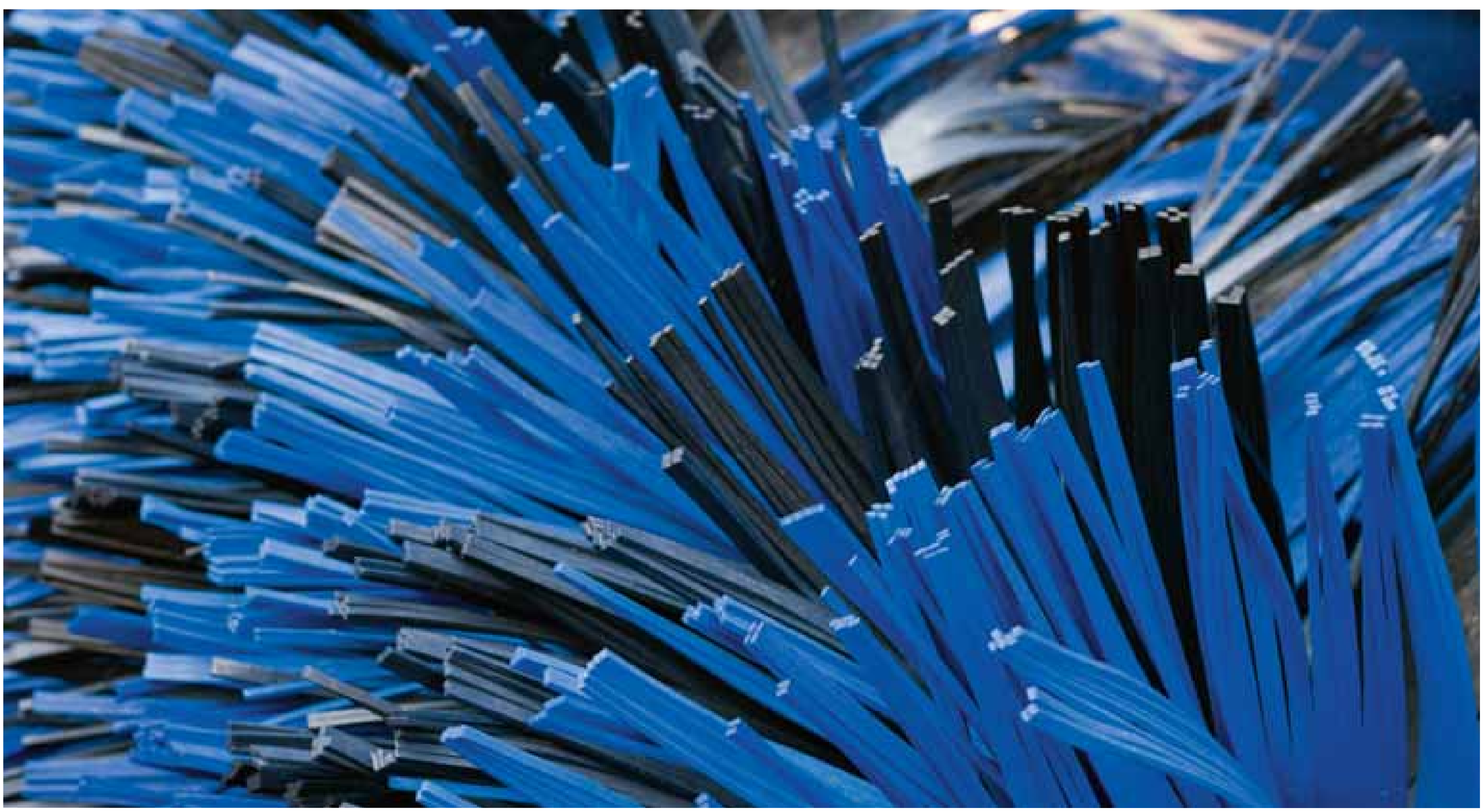
Ahead of its time. Excellence right down to the last detail.

ANNUAL REPORT 2008



Unaudited translation for convenience purposes only

WashTec

Group Level KPIS

in €m	2008	2007	2006	2005	2004
Revenues	285.1	279.7	261.4	225.8	211.8
Domestic	100.9	94.1	92.4	92.7	90.2
Abroad	184.2	185.6	169.0	133.1	121.6
EBITDA	37.1	36.0	32.6	26.1	21.4
EBIT	29.4	28.9	24.9	19.4	9.1
EBT	26.4	25.0	21.0	15.0	1.0
Net earnings	15.3	12.6	12.5	9.4	–3.2
Earnings per share €*	1.03	0.83	0.82	0.81	–0.42
Netto cash flow	33.0	22.2	22.4	23.7	18.1
Investments (excl. finance lease)	9.8	5.8	10.9	10.5	4.1
Balance sheet total	202.8	211.3	208.8	182.5	170.1
Equity	79.1	72.7	61.7	49.3	4.0
Employees**	1,562	1,529	1,412	1,309	1,361

* weighted average number of issued and outstanding shares; 31 Dec 2007: 15.2m, 31 Dec 2008: 14.9m
** year average

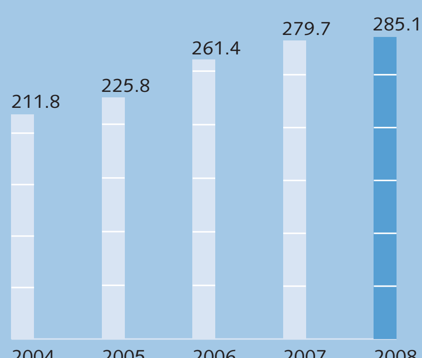
Mission Statement

We offer our customers the best products, processes and services, which allow them to operate a successful car wash business. As a market and innovation leader with the best return on investment, we aim to provide the best offering in all market segments. Fast and efficient processes, entrepreneurial employees and a sound capital structure help us to achieve this goal.

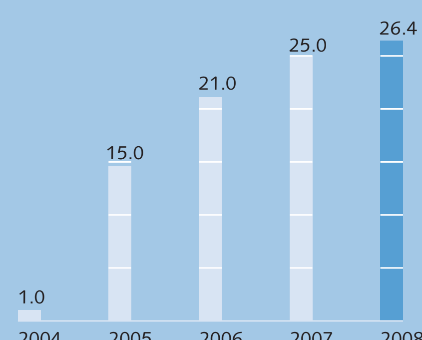
WashTec – »Hidden Champion«

Revenues, Earnings, Cash Flow, Employees

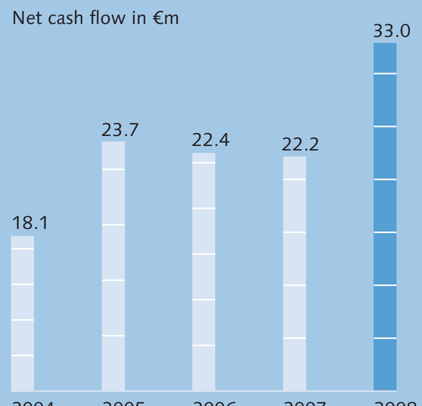
Revenues in €m



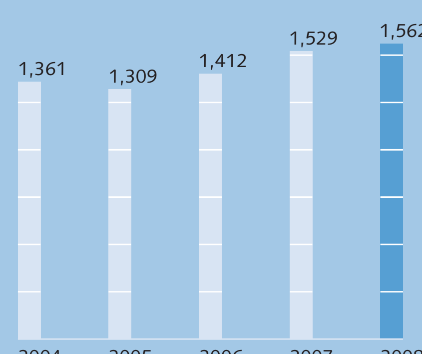
Earnings before taxes in €m



Net cash flow in €m



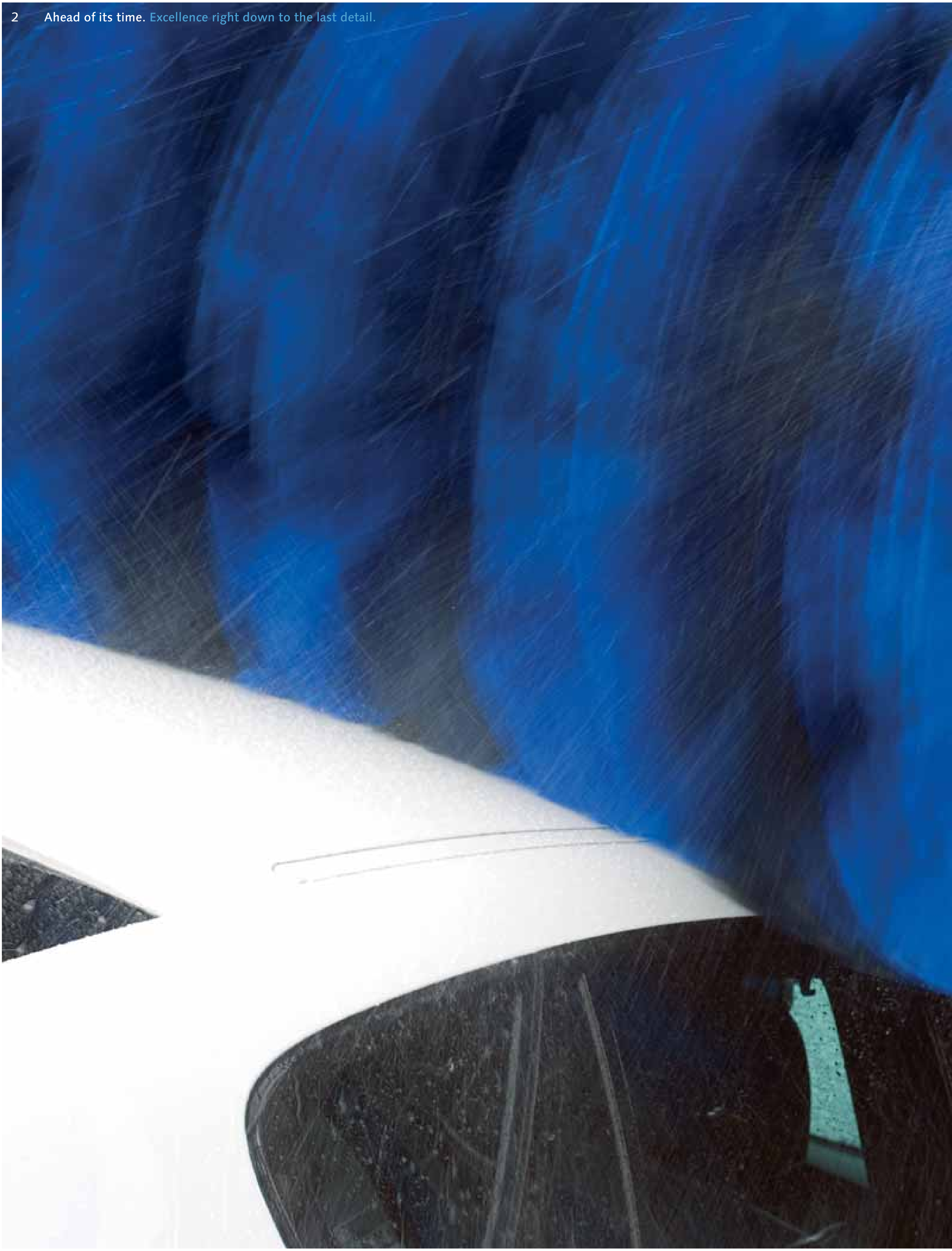
Average number of employees in the year



Ahead of its time. Excellence right down to the last detail. At the world's largest trade fair for the industry, the automechanika 2008, WashTec once again underlined its position as the market and innovation leader under the motto »Ahead of its time. Excellence right down to the last detail«. At this trade fair held in Frankfurt in September, we exhibited to visitors from over 60 countries our entire product portfolio and a variety of innovations, including everything from the roll-over carwash *SoftCare²*, which has a new design and many innovative components such as a pivoting roof nozzle for optimal drying, an enlarged wheel washer or the patented new wash material, *SofTecs²*, and software for optimizing the operation of the car wash equipment.

To us, being the market and innovation leader means being also and specifically the best at the component and detail level – with optimized and efficient processes, innovative and extensive products packages – promoting a successful car wash business of our customers and of WashTec.

We are pleased that you have decided to become better acquainted with the world of WashTec as described in this annual report. Happy reading!




WashTec

Under the motto »Ahead of its time. Excellence right down to the last detail«, WashTec presented itself at the largest international trade fair for the industry, automechanika. Visitors from more than 60 countries visited WashTec's 1,250 m^2 exhibit area and the stand of the company's new subsidiary, AUWA-Chemie. The focus here was on a number of product innovations exhibited for the first time.


WashTec
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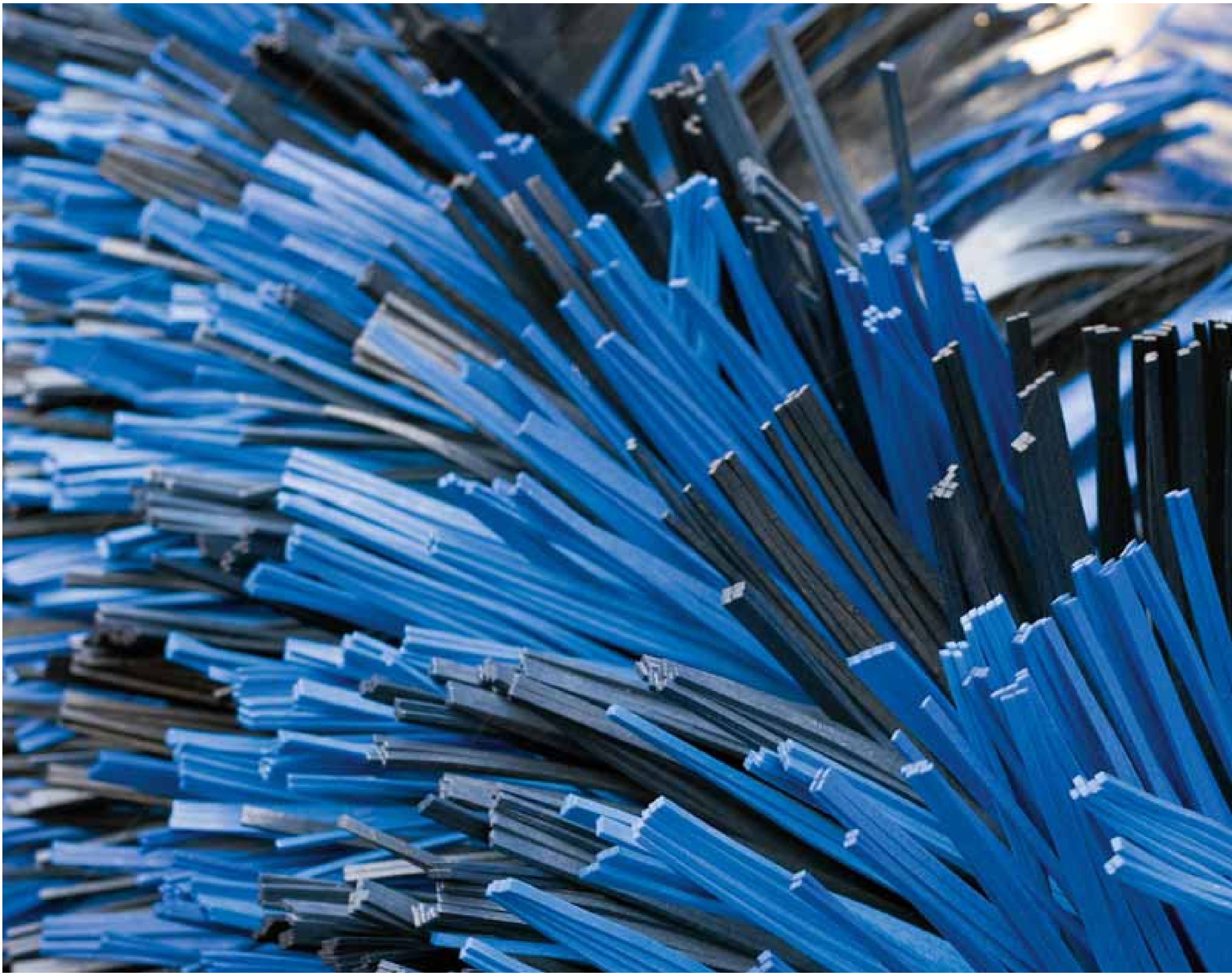
auwa

The new roll-over carwash, *SoftCare*^{2} *Pro*, offers a variety of innovative features in a new design: ranging from the wider entry track, »BigTrace«, through which all vehicles from Minis to SUVs can be washed, to the new patented wash material, *SofTecs*^{2}, a newly developed wheel washer, or a 270° pivoting multi-function roof nozzle – everything needed for optimal wash results for each type of vehicle.


WashTec
WashTec
WashTec
WashTec

The new wheel washer, *WheelJet*, is specifically developed for optimal care on both smaller and the larger rims. Through the diagonal approach, it always strikes the middle of the wheel with the right amount of pressure, thereby ensuring optimal wash results even for 21-inch wheel rims. The brush surface was also increased by 8%.

The new pivoting roof nozzle, *FlexStream*, combines three functions: chemical application, high pressure washing, and drying. Thanks to the 270 degree pivoting device, the roof nozzle is more effective and achieves the best drying results for all vehicle forms.




INTENSIV
EXTRA
KOMFORT

With *SofTecs*^{2}, WashTec offers the next developmental phase of the patented wash material for the roll-over carwashes of the 2nd *SoftCare* generation. With optimal density, width and length, difficult-to-access vehicle spots can be reached better and stubborn visible dirt and grime (such as insect debris) can be more effectively removed.

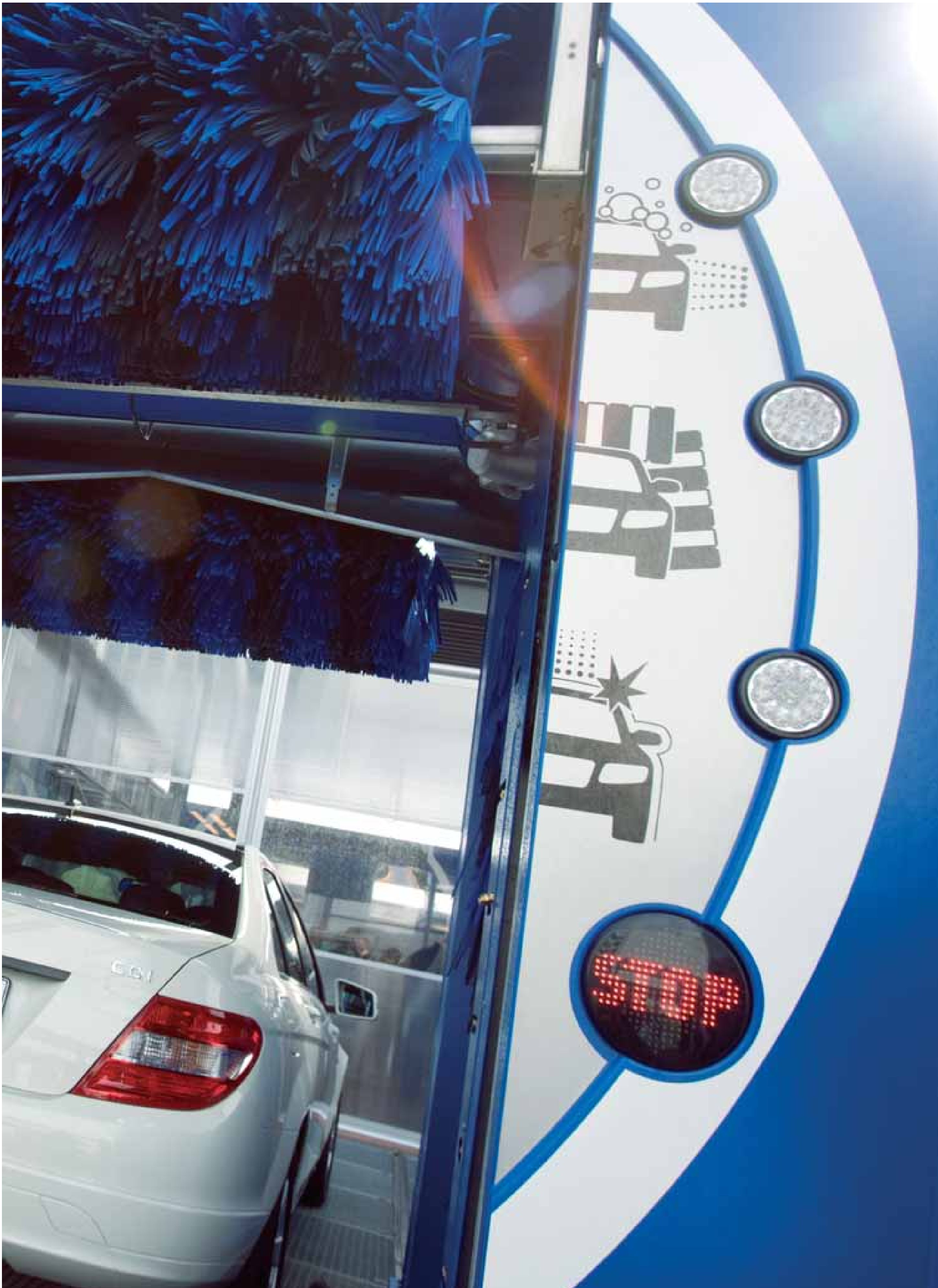
The new car wash conveyor, *SoftLine Vario*, allows the operators to individually combine the hydraulic and electrical WashTec modules when assembling the system or equipment which is optimal for their site. A new drive-in portal can map up to 6 wash programs and can be purchased with an optional LED price display.


WashTec
WashTec
auwa
Ein Unternehmen der WashTec Gruppe
maxiclean eco
auwa
Ein Unternehmen der WashTec Gruppe
fastclean eco
auwa
Ein Unternehmen der WashTec Gruppe
maxi³ schaum-waxx eco
auwa
shampan eco
auwa

Since May of 2008, AUWA-Chemie is a member of the WashTec Group and delivers tailor-made premium chemical products for perfect cleaning results to the operators of vehicle wash systems. This acquisition is an important step in repositioning the WashTec Group as a full service provider.

With a completely reworked generation of self service equipment in a new design, WashTec is now offering the most modern technology for the profitable operation of self service wash sites. Some of the new innovative features include, for example, a new customer interface, which can be operated like a touchscreen.


WashTec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Ahead of its time. Excellence right down to the last detail.

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To our shareholders

Thorsten Krüger
Spokesman of the
Management Board

Dear shareholders, business partners, employees and friends of WashTec AG,

»Ahead of its time. Excellence right down to the last detail« – Our trade fair motto this year characterizes that which distinguishes WashTec: We are by far the market leader with the most efficient processes – the best – that begins with the details and is a prerequisite for maintaining success even in difficult times.

The much cited financial crisis of 2008 was an unpleasant surprise and even a devastating disaster for many industries and companies. WashTec AG did not, however, have a »catastrophic year« in 2008 despite lower sales in the 4th quarter, and, once again, enjoyed a successful year of business. As a whole, we were able to increase revenues and earnings.

2008 – growth in revenues and earnings

During the past year, our revenues climbed by 1.9% from €279.7 to €285.1m. Our revenue growth – €5.2m – was therefore only slightly weaker than expected. Our operating income (EBIT), which totaled €29.4m, came in 1.9% better than the previous year. The EBIT margin remained stable at 10.3% (prior year 10.3%). Earnings per share improved to €1.03 (prior year €0.83). As you can see, our company remained solid despite the worldwide crisis. Unfortunately, the performance of our share does not reflect these strengths, but rather reflects the overall uncertainty of the future.

Focus 2008:
- *Orientation towards full service provider*
- *Acquisition of AUWA-Chemie*
- *Numerous innovations unveiled at the automechanika*
- *Efficiency improvement*
- *Chinese subsidiary founded*

As planned, we were able to work through all items on our 2008 agenda that focused on growth, products and efficiency. Our focus here is increasingly on greater optimization of the existing structures – »Excellence right down to the last detail«.

Our revenues in Europe remained stable; in Southern and Eastern Europe, revenues have developed favorably. At the largest trade fair in the industry, automechanika, which was held in Frankfurt in September, we were also able to ascertain a growing interest among Eastern European customers. In the end, we welcomed visitors from over 60 countries to our 1,250 m^2 exhibit area. We also made progress in our strategy of drifting away from pure machinery and moving more towards becoming a full-service supplier. In May, we acquired the mid-sized chemical manufacturer, AUWA-Chemie, which we have since successfully integrated. Business development was also good in our Financial Services division, where we develop and deliver financing solutions for car wash operators, and in WesuRent, which operates the car wash equipment for our customers. WashTec Financial Services began operating at an international level in the recently completed year, and WesuRent has now successfully established new sites in Eastern Europe.

The financial and economic crisis has had an impact in 2008 primarily in the United States

The financial crisis has had an impact in 2008 for WashTec above all in our US market and has manifested itself in declining sales of machinery. This development can be mostly attributed to the fact that this market consists of individual customers, who have had increasingly to contend with difficult financing conditions. Accordingly, our US subsidiary, Mark VII Equipment, reported revenues of €23.6, which were not as good as we had expected. We have responded to the current market situation by embarking on a major cost reduction program, while at the same time forging ahead, as planned, with the further development of our product portfolio.

At this year's automechanika trade fair, we presented numerous innovations, which focused on new components under the motto »Excellence right down to the last detail«. One example is the redesign of our roll-over carwash *SoftCare*, with its enlarged wheel washers and new pivoting roof nozzle for optimal drying. These improvements can cover a wide range of automobile sizes, from Minis to vans and sport utility vehicles (SUVs).

By increasing our efficiency, we have in the past year repositioned our structures even more to meet the demands of the future. In 2008, our own organization in China has started activities with a focus on components and has conducted its first tests. During 2009, WashTec will start up additional assembly activities in Eastern Europe.

Strategy remains unchanged – development of business in 2009 will be impacted by the global crisis

Like many other companies, we look into the future with concern, but in terms of overall economic development, we are not too pessimistic when it comes to our own business. The general difficulties in financing and the negative outlook for a number of customer groups suggest to us that sales in 2009 will be challenging. We will therefore pro-actively adapt our cost structures and continue our strategic projects that improve efficiency and performance. As market leader, we are well-positioned and have the potential to improve ourselves even more. Difficult times also always present opportunities. Based on the large number of installed systems, our high degree of customer loyalty and our high degree of service together with stable results and cash flow, we have a solid foundation for consistently and successfully implementing our strategy even in this turbulent environment.

We would like to thank you for placing your faith in us during the past fiscal year, and we look forward to continue working with you in 2009.

Thorsten Krüger
Spokesman of the Management Board

Christian Bernert
Member of the Management Board

Thorsten Krüger (Dipl.-Ing.), *1964
Spokesman of the management board
Sales, Service, Marketing and Development

Thorsten Krüger has a degree in mechanical engineering. After completing his studies, he began his professional career at Jungheinrich AG, Hamburg before moving to Wap-Reinigungssysteme GmbH, Bellenberg. Prior to his appointment to the management board of WashTec AG in July 2003, he was Managing Director of Alto Deutschland GmbH and also a member of group management for the Alto Group in Denmark, an international manufacturer of cleaning appliances. In his most recent position at the Alto Group, he was responsible for Europe-wide logistics, production and sourcing.

Christian Bernert (BBA/MBA), *1969
Finance, Supply Chain, IT, Law, HR

Mr. Bernert began his professional career as an internal auditor at Henkel-Ecolab, before joining General Electric (GE). He held various positions worldwide for GE, being subsequently appointed Director of Finance for GE Energy Products in Germany. Until 2005, as the director of finance at WashTec, he played a significant part in restructuring the WashTec Group and has served as CEO of the US company following the acquisition of Mark VII Equipment Inc., USA. As of January 1, 2007 Christian Bernert was appointed as CFO of WashTec AG.

Chrono design of the SoftCare²

Report of the Supervisory Board

Michael Busch, chairman of the supervisory board

**Dear Shareholders,
Ladies and Gentlemen,**

We are all well aware of what happened in 2008: a sudden and unexpected upheaval in the global economy. For WashTec AG, on the other hand, it was once again another successful business year.

With its acquisition of AUWA-Chemie and its exhibition of numerous innovations at the industry's largest trade fair in the world, automechanika, WashTec has extended, on a global scale, its position as a leading supplier of innovative solutions all along the car wash supply chain. By forming a subsidiary in China and preparation of additional assembly activities in Eastern Europe, WashTec took important steps in further improving and stabilizing its profitability. WashTec AG will not be able to escape the difficult economic environment completely. Nevertheless, one thing remains true: WashTec is well positioned for the future. New potential for growth and efficiency is being realised. The creativity and enthusiasm of our management and staff provide an excellent foundation for continued above-average growth. Thus, all employees and the management board deserve our thanks and appreciation.

Work of the Supervisory Board

In fiscal year 2008, the supervisory board regularly obtained information about the condition of the Group and supervised the managerial activities of the Company's management board

During the reporting year, the supervisory board discharged the responsibilities imposed on it under the law, the Company's articles of association and the board's own internal rules of procedure. The supervisory board has been directly involved in all decisions with basic relevance for the company. In fiscal year 2008, the supervisory board regularly obtained information about the status of business and the condition of the Group and 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 needed, the supervisory board had also requested additional reports from the management board and had inspected other relevant Company documentation. Deviations in the planned development of business were explained to the supervisory board in detail which then checked the explanations based on the documents presented by the management board. The management board coordinated the strategic orientation of the company with the supervisory board. Any transactions with relevance for the company were thoroughly discussed by the supervisory board based on the reports by the management board.

The supervisory board has given its vote to 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. The chairman of the supervisory board also discussed the Company's position and further development and structuring in various one-on-one talks with the management board outside of the intensive work within the supervisory board meetings. The other supervisory board members also maintained contact with the management board outside of the board meetings. All three supervisory board members subsequently provided detailed reports concerning their one-on-one talks with the management board. In fiscal year 2008, the supervisory board held a total of ten ordinary and extraordinary meetings, of which four were held as conference calls. In addition, four resolutions were adopted by the board members without a meeting pursuant to draft resolution circulation and signing procedure, and one such resolution involved the appointment of Thorsten Krüger to serve as management board member for an additional term of five years. At least one meeting was held each quarter. All members of the supervisory board were represented at all the meetings held.

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 investment projects. The management board submitted regular and comprehensive reports to the supervisory board about corporate planning, strategic development, the status of business 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, which required the consent of the supervisory board, were reviewed and then discussed and decided with the management board.

Key issues 2008
- *Current business development*
- *Development of and strategy for the US focus market*
- *Securing the company's competitiveness*
- *Strategic orientation and mid-term corporate planning*

Key issues at supervisory board meetings in fiscal year 2008 were:

- All Meetings: Discussions about current business development and comparison with the budgeted figures, with special focus directed to the US submarket
- Meeting held on February 19, 2008: discussion about the earnings generated by the Group and the subsidiaries in the recently completed fiscal year; preliminary financial statements of the WashTec Group
- Meeting held on March 19, 2008: annual financial statements and management reports, draft resolutions submitted to the annual general meeting, including share buy-back and dividend recommendations
- Meeting held on May 8, 2008: comparison of actual business development with the budgeted figures as well as the respective interim financial statements, the discussion of business development, specifically in the US focus market, development and focus of the Supply Chain and Service areas;
- Meeting held on July 29, 2008: Discussion of the interim financial statements of the WashTec AG;
- Meeting held on September 24, 2008: update on business development, report on the compliance organisation and measures; product positioning and further strategic orientation as a full-service provider
- Extraordinary meeting of November 24, 2008: Resolution to carry out a public share buy-back offer;
- Meeting held on December 3, 2008: Budget and mid-term planning, additional strategic structuring of the WashTec Group, discussion of possible impact of the financial and economic crisis; resolution regarding the internal rules of procedure for the management board and the supervisory board, efficiency assessment
- Extraordinary meetings held on January 28, 2008, March 4, 2008 and July 2, 2008: Discussion of the WashTec Group's growth strategy, including consultation and formal decisions on acquiring AUWA-Chemie and other projects; business development and further strategic positioning in the US focus market based on the deteriorating market environment, preparation of additional assembly activities in Eastern Europe

The supervisory board consists of three members; each member is responsible for the area that corresponds to his special expertise

Corporate Governance
Commensurate with the size of the Company, the supervisory board consists of three members. Given the size of the supervisory board, supervisory board committees are not considered appropriate and were therefore not formed. Within the representative body, each member is responsible for areas and projects that correspond to his area of special expertise. The supervisory board chairman is responsible for the Marketing and Sales divisions as well as for organisation, personnel, Group inter-company projects and strategy. Another member of the supervisory board is responsible for the Finance division since he has special knowledge and experience in applying accounting principles and internal control procedures. He acts for the supervisory board in performing the coordination with the Group auditors, which were elected by the annual general meeting of the company. In meetings held February 19 and July 29, 2008, extensive discussions regarding the financial statements and interim financial statements were held with the Group auditors elected by the annual general meeting. Another member handles the Supply Chain and Development divisions and the Asian focus market. The working cooperation among members of the supervisory board can be characterised as efficient and professional. The compensation of the management board and supervisory board is discussed in more detail in the corporate governance report found on pages 40–48.

No conflicts of interest arose among supervisory board members. A detailed discussion of corporate governance is set forth on the following pages of this annual report.

Audit of the annual and consolidated financial statements
The financial statements of WashTec AG, which are prepared by the management board, and the consolidated financial statements and the combined management report of WashTec AG and of the Group as of December 31, 2008, were audited by the Company and Group auditors who were elected by the annual general meeting – PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Munich – and each issued an unqualified audit opinion. PricewaterhouseCoopers also audited the annual financial statements of the main WashTec AG subsidiaries. The supervisory board initially defined the focus of the audit and thereupon engaged the auditor to perform the audit.

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 jeopardise 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. The supervisory board regularly addresses details of WashTec AG's risk management and believes that it is efficient and informative.

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, 2008, and the management board's proposal on the use of the non-appropriated retained earnings had been presented to all members of the supervisory board in a timely manner so that the latter could carry out their own review. The audited financial statements, the combined management report and the management board's proposal on the use of non-appropriated retained earnings were the topic of the supervisory board meeting held on March 19, 2009 to approve the accounts. As part of this supervisory board meeting and the supervisory board meeting held on February 19, 2009, the management board also issued a report regarding the development of the Company's earnings.

The auditor attended the meeting on March 19, 2009 and provided the supervisory board with a direct and extensive report on the findings and key focus of its audit. All questions posed by members of the supervisory board were answered here 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 non-appropriated retained earnings. The supervisory board's review did not yield any objections. The supervisory board therefore approved the annual financial statements of WashTec AG as prepared by the management board and the consolidated financial statements at its meeting held for purposes of approving the accounts. The annual financial statements of WashTec AG are thereby approved. The supervisory board also consented to the management board's proposal on the use of the non-appropriated retained earnings after reviewing the proposal by itself.

Augsburg, March 2009

Michael Busch
Chairman of the Supervisory Board

Highlights 2008

Q1

- Successful start in the fiscal year: Revenues at €64.7m (prior year: €60.3m); increase in the EBIT to €3.1m (prior year: €2.6m)
- Expansion of the system business into Eastern Europe
- WashTec presents itself as a sustainable investment at the SRI conference in Frankfurt

Q2

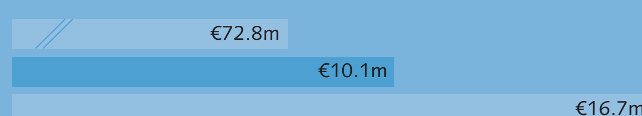
- Dynamic business development: Revenues at € 139.6m (prior year: €129.3m); EBIT at €12.2m (prior year: €8.6m) + 42.8%
- Expansion of offerings along the carwash value chain: acquisition of AUWA-Chemie GmbH & Co. KG
- Annual General Meeting resolves to continue the share buy-back program

Q3

- Revenues after nine months at €212.3m (prior year: €200.1m); EBIT at €19.3m (prior year: €17.2m)
- Successful trade fair exhibition: Presentation of numerous innovations at the automechanika trade fair
- Financial and economic crisis with impact on stock market price and business, particularly in the United States

Q4

- Revenues for the entire year at €285.1m (prior year: €279.7m); EBIT at €29.4m (prior year: €28.9m)
- Expansion of the global supply chain organisation: Commencement of activities in China
- Successful implementation of the public share buy-back offer; Repurchase of approx. 800,000 treasury shares



Ahead of its time.
Excellence right down to the last detail.

As a market and innovation leader, we would also like to prove our »excellence right down to the last detail« in the future with the best and most efficient processes and offerings. We are not inclined to simply coast on what we have achieved so far. Our goal is to constantly improve ourselves. Our strategic focus continues to be:

Strategy based on growth and efficiency projects

- *country-specific strategies for all focus markets*
- *efficiency improvement by state-of-the-art processes*

Growth through:

- expanding our offerings along the value chain
- extensively developing and penetrating the most important and long-term focus markets

Improvement in creating efficiency with respect to:

- structures
- processes
- systems

Expanding our offerings: from system manufacturer to full service provider

In the future we shall evolve even more from hardware supplier and maintenance specialist to a full service provider and thereby expand the extent of our participation in the carwash value chain. For the mature markets in which we have a significant market share, this strategy is an important prerequisite for continued growth. Yet for our clients in developing markets, a full-range offer is also an important reason for working with us. Examples of these additional solutions offered by WashTec are brokering financing models, delivering wash chemicals, supporting the customers in operating their wash systems (including marketing and training), and even managing the wash system network for major customers.

With this very comprehensive spectrum of goods and services, we offer our customers in the car wash business a one-stop-shopping option.

Western Europe: Affirming our market position

For WashTec, Northern and Western Europe constitute established, solid and stable but at the same time highly competitive replacement markets. In these markets, we have a strong market share, and the demand is dominated by replacement investments and the growth potential in the systems business is limited by new locations. Our customers are very demanding in terms of the quality and reliability of the systems and service and in terms of technical improvements. The goal of our strategy for this market is to defend our status as the market and innovation leader. For this reason, we shall continue to develop our products in all segments – also and specifically at the component levels – in order to further improve the wash results and profitability of the car wash business for our customers.

Our Southern European markets of Spain and Italy continue to be dominated by the main regional competitors, with the Spanish market being strongly affected by the financial and economic crisis. It is in the Southern European markets that we wish to drive our market penetration further and expand market shares.

Eastern Europe: Growing in step with the market

The market has grown at a double-digit rate during the last years, starting, however, from a low level. Our market share here is already at approximately 30%. The mid-term potential is large; both the gross domestic product in these countries as well as the number of vehicles continue to rise, despite the fact that the financial and economic crisis in the boom regions such as Russia, where the number of registered vehicles is not increasing as dynamically as it was in the past year, is beginning to have its first impact. Individual operators are nevertheless beginning to invest in car washing, and the local petrol station companies have discovered the automatic car wash as a lucrative ancillary business to their gas station operations. They are looking for partners with whom they can develop the car wash business – an ideal environment for us. We shall continue to develop our distributor network and are constantly reviewing the opportunities for expanding our own sales and service organisation.

North America: Expanding market position

The market environment in the United States is currently very tense: The financial crisis has stifled the credit options of major American customers – mid-sized operators – so dramatically that they have had to postpone their investments. We assume, however, that the market will recover in the mid-term. The investment behavior of the system operators should also return to normal and should develop in line with the market potential.

United States: Goal market leadership

We have responded to the current market situation with a costs savings program. At the same time, we are continuing to develop our US market product portfolio as scheduled. In the next year, a new generation of roll-over carwashes will be launched on the market. Our goal is to expand our market share and become the market leader. Therefore, we have committed to improving the effectiveness of our dealer network and our own sales structures. We are convinced that a coast-to-coast service network will create the main basis for becoming the market leader on the American market. We continue to work to this end.

The North American market is highly fragmented, both on the customer and on the supplier side. We are assuming that the market will consolidate in the short- through the mid-term. In order to achieve our goal, we are also constantly evaluating the prospects of acquiring other companies to strengthen our sales and service network.

Goal: WashTec as market leader in all focus markets

Our goal: making WashTec the market leader in all focus markets.

Asia Pacific: Continuing to monitor market potential

Asia Pacific: Expansion of the sourcing activities

The developing Asian markets are of fundamental interest to us in two respects: as a procurement market for our international sourcing strategy (see below) and, in the mid-term, also as a sales market. In Asia, the current approach is still primarily hand washing. However, the first local car wash providers with simple low end products have since become active on the market. In the mid-term, we see potential here for the automated car washing systems since the number of vehicles is rapidly increasing at the same time that environmental awareness is rising. In this connection, the issue of water consumption is being discussed more and more. We are constantly reviewing the possibility of developing and locally constructing a cost-effective system, which would closely address the demands of the Asian market. At the same time, we are analyzing the market with respect to its potential for a regional sales and service approach.

Efficiency: Creating structures that promote profitability

Expanding efficiency through optimized systems and processes

Especially in a difficult economic environment, the continuous increase of efficiency is a major prerequisite for continued business success. Through improvements in efficiency, we wish to make up for the constantly rising costs of raw materials and personnel and to enhance our profitability on equipment and systems. We are routinely reviewing all insourcing and outsourcing options, not only at our headquarters in Augsburg, but also at all sites worldwide. In Asia, our newly formed Chinese subsidiary is reviewing the opportunities for regional procurement, and in Eastern Europe we will launch additional assembly activities in 2009.

The service efficiency should also make a considerable contribution to additional improvements in our profitability. Only an optimally allocated deployment, using the right part at the right site, will allow our customers to run a profitable car wash business. To this end, remote diagnostic opportunities, routing with the help of GPS systems and uniform Group-wide IT-supported field service systems are a major help.

We have kicked off various initiatives for worldwide procurement: in the future, we shall source more components from Eastern Europe and Asia. Standard parts which are sourced from Asia should be delivered in equal measure to Europe and the United States. With respect to product innovation and product developments, we will in the future seek not only to improve product functions but to place more emphasis on »design to cost« aspects, which means we will be more committed than ever to searching out the most cost-effective solution during the development phase on any individual components.

Ahead of its time. Excellence right down to the last detail – we are convinced that our strategy will place us in a good position for a successful future, even in a difficult global economic environment.

Our strategic guidelines

- **Customer focus**
  WashTec is the partner for customers looking for profitable and cost-optimized washing system operations. Our objective has always been to strive for long-term customer relations thanks to the wide availability and proven quality of our systems, combined with the best price-performance ratio.

- **One-stop provider of carwash solutions**
  WashTec aims to meet customer needs in all market segments to the greatest extent possible. We offer intelligent and comprehensive solutions for the entire washing business thanks to our in-depth market knowledge.

- **Quick and measurable key processes**
  Clearly defined processes and management systems set WashTec apart from the competition, allowing us to meet customer requirements in a fast, cost-efficient manner.

- **Employees**
  Employees with an entrepreneurial mindset help shape the strategic focus of the Company. The Code of Ethics is their binding guideline.

- **Growth**
  WashTec aims for growth in the key and developing markets through the optimized exploitation of market potential driven by improved sales structures and a comprehensive product portfolio.

- **Environment and safety**
  Environmental and health protection, as well as safety in the work place are a priority in all business areas. All employees and suppliers are committed to the compliance with legal requirements and continuous improvement.

- **Financial solidity**
  WashTec's sound balance sheet structure, high cash flows, and leadership in terms of return on investment in the carwash industry provide the foundation for the successful future of the Company.

Thorsten Krüger
Spokesman of the Management Board

Christian Bernert
Member of the Management Board

Sustainability Report

Sustainability as value driver and competitive advantage

Only a business model which allows us to secure the long-term loyalty of satisfied customers and thereby constantly generate solid income will serve as the basis for WashTec's future business success.

The following is a brief summary of the actions we have taken in the fields of ecology, health and safety and social commitment.

Ecology

WashTec conducts its business under the guiding principles of using resources as efficiently as possible and supporting the preservation of available resources by deploying environmentally-friendly products.

1. Environmental protection

- Environment Management System according to DIN ISO 14001
  WashTec is DIN ISO 14001 certified since 2000, meaning that it is required to meet globally accepted standards for environmental management systems. On a regular basis, Group-wide environmental objectives are set, with measures defined to help us achieve these objectives. The objectives are realized and measured in projects. The extent to which we have met our objectives and the environment management system itself are also regularly assessed and presented in an annual management review.

Significant focus is on:

- Energy
  - Optimization of the vehicle fleet as the main generator of the energy needs at WashTec Group (64%): Reducing fuel consumption through GPS routing, Group-wide deployment of carbon particle filters
  - 29% of the electricity for the Company headquarters and the main production site in Augsburg supplied by renewable energy sources (national average: 15%).

- Waste
  Systematic and segregated collection of all waste material. Disposal of waste materials (e.g., metal and sheet metal); proceeds 2008 €499k (prior year: €529k).

- Equipment recycling
  All product specification sheets for machine development at WashTec include rules for the most complete possible recycling of the products. Virtually all existing peripheral components can be used again in the event a machine is exchanged – and this ability now extends even to parts of the system control.

2. Environmental protection through WashTec products

WashTec AG is committed to sustainable environmental protection through its business model, and its products make an active contribution in protecting the environment. We expect that the demands in water treatment or water reclamation will continue to rise in view of the increasing scarcity of water as a resource. In this regard, we are best equipped with our products.

- Thanks to the closed cycle, no contamination of the ground and ground water through water or other substances such as shampoo and oil
- Mechanical washing and water reclaim systems reduce water consumption by up to 90%
- Multiple awards and distinctions for environmentally-friendly WashTec products, including the »White Swan« prize in Denmark

3. WashTec as a sustainable investment

Due to the Company's sustainable business model, WashTec shares are part of investment funds that focus on sustainable investment. In 2007, WashTec received »SRI Pass Status« (Sustainable & Responsible Investment). Currently approx. 15% of WashTec's shares are held by investors who focus on sustainability.

Health and safety

- Reorganization and design of all production processes factoring in ergonomic procedures and tools
- Regular preventative medical examinations offered, organization of »WashTec Health Days«, etc.
- SCC certification regarding an extensive health and safety-at-work management system. Routine training and certification programs on conducting oneself at the petrol stations when preparing and implementing the commissioning, maintenance and service measures at the car wash system.

Compliance with the safety regulations is routinely monitored through internal and external audits. As a whole, the number of occupational accidents at WashTec has been reduced considerably over the past years.

Social commitment – the *Bunte 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.

The registered association, *Bunte Kreis e. V.*, which was formed in Augsburg in 1991, supports handicapped and sick children as well as families with approximately 70 professionals in the fields of psychiatry, social services, medicine and finance.

WashTec has continually supported the Bunte Kreis since 1996 as one of the main sponsors through monetary and donations in-kind.

Christian Bernert
Member of the Management Board

The WashTec Share

The 2008 stock exchange year

The global financial and economic crisis led to massive losses on all financial markets during the course of the year. Despite the Company's stable growth in earnings, WashTec shares were also affected by the declining stock market prices. To a large extent, the share price closely tracked the SDAX benchmark index.

The Company's share price began the year at €11.48, and then fell in October 2008 to its annual low of €5.30, its lowest level since 2005. The share price recovered slightly as of the end of the year and closed at € 5.89. Thus, the share price performance for the entire year was –48.69%. As of 4 March 2009, the Company's shares were listed at €4.98.

Price development of WashTec shares in 2009 compared to SDAX (indexed)

Shareholder structure

Shares of WashTec AG are listed on the Prime Standard segment, and the vast majority of those shares are held by institutional investors.

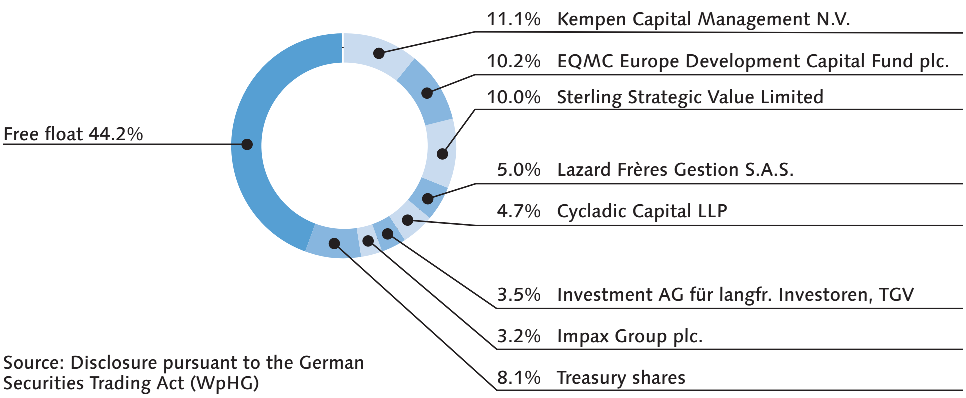
In 2008, there were major reallocations of WashTec shares. Powe Capital and Cycladic Capital Management, both hedge funds headquartered in the UK, disposed, in whole or in part, of their shareholdings of 21% and 16%, respectively, during the course of the year.

SRI Pass Status, approx. 15% of WashTec shares held by sustainability funds

On the other hand, EQMC and Kempen Capital filed reports with the financial regulators that they had exceeded certain shareholding thresholds. With investments from Kempen Capital and Impax, approx. 15% of WashTec AG shares are held by investors who focus on sustainable investments.

The volume of WashTec shares traded on XETRA remains low and has prevented the share's inclusion in the SDAX.

Shareholder structure (as of February 28, 2009)



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

Free Float as defined by Deutsche Börse due to treasury shares at 91.9%

Active investor relations

The Company continued its active investor relations work in 2008. In addition to the comprehensive quarterly reports, shareholders of WashTec AG were also informed about all important events in a timely and ongoing manner.

WashTec shares are covered by a number of independent and renowned analysts. HSBC Trinkaus & Burkhardt, HVB Unicredit and MM Warburg regularly report on the Company. As of the end of the reporting year, all analysts had issued »buy« recommendations for WashTec shares.

Presentations at the equityforum, Unicredit German Investment Conference, MM Warburg Engineering Forum and the HSBC Sustainability Conference

In fiscal year 2008, the Management Board held presentations on the Company at numerous road shows aimed at institutional investors in Germany, Austria, Switzerland, Italy, Great Britain and France. In September, during the automechanika trade fair, which brought to life the »World of WashTec« and the entire product portfolio, the Company organized a number of one-on-ones with analysts and investors. The Management Board had also presented the Company to a broader public at many analysts' conferences.

Current data on WashTec shares and more detailed information about the WashTec Group and its products can be found at www.washtec.de.

Key data on WashTec shares

		2008	2007	2006
Annual closing price	€	**5.89**	11.25	13.84
Annual high	€	**12.00**	16.10	16.20
Annual low	€	**5.30**	10.90	10.65
Annual opening price	€	**11.48**	13.85	10.65
Number of shares as of 31 Dec	million	**15.2**	15.2	15.2
Market capitalisation as of 31 Dec	million €	**85.88**	169.98	210.37
Development over the year	%	**–49**	–19	30
Earnings per share	€	**1.03***	0.83*	0.82

* weighted average number of issued and outstanding shares; 31 Dec 2007: 15.2m, 31 Dec 2008: 14.9m

Corporate Governance at WashTec

Corporate Governance Report

The management and supervisory boards of WashTec AG identify with the objectives of the German Corporate Governance Code (the »Code«), which encourages responsible, transparent corporate management and supervision aimed at achieving a sustainable increase in shareholder value.

WashTec AG meets almost all the recommendations of the German Corporate Governance Code. Deviations were disclosed in the Declaration of Compliance dated December 3, 2008

In the fiscal year under review, the management and supervisory boards once again gave their careful attention to satisfying the requirements of the Code, including, in particular, the new requirements of June 8, 2008.

After careful consideration, WashTec AG decided not to implement all of the recommendations of the Code. Instead, the Company will continue to systematically apply corporate governance where it suits the size, type and structure of our Company. However, in substantial respects, the recommendations and suggestions of the Code, as published on June 8, 2008, have been implemented. Any deviations from individual recommendations of the Code were disclosed in the Declaration of Conformity issued by the management and supervisory boards on December 3, 2008. Our Declaration of Conformity is also published on our website (www.washtec.de). Declarations on corporate governance which are no longer current will remain available for download from our Company's website for a period of at least five years.

Corporate and management structure

Supervisory board

The supervisory board consists of three members – an appropriate number given the size of the Company. As is commensurate with the size of this corporate body, no committees have been or will be created (contrary to recommendation 5.3 of the Code).

Each member of the supervisory board is responsible for a particular area

The work of the supervisory board is characterized by efficiency and professional expertise. Each member of the supervisory board is responsible for a particular area within the framework of overall oversight responsibility. Due to his expertise, Michael Busch is responsible for sales and marketing as well as organization, personnel, group intercompany projects and strategy, in addition to his duties as chairman of the supervisory board. Jürgen Lauer assumes the role of the supervisory board's »Financial Expert«. Roland Lacher's expertise means that he is responsible for »Supply Chain« and »Development« on the supervisory board. He also oversees the development of the Asian focus market.

The supervisory board oversees and advises the management board as it manages 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 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, taking account of the auditor's reports. It monitors the Company's compliance with legal norms, regulations and internal corporate guidelines (compliance). Its scope of responsibilities further 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 the system of compensation for the management board, including the main contractual elements of that system (section 4.2.2 of the Code). Management board decisions of special significance – for example, major acquisitions, divestitures and financing measures – are subject to its approval. The supervisory board has adopted rules of procedure governing the work of the management board; in particular, these rules define the portfolios of the members of the management board, set forth the matters that are reserved for decision by the full management board and set quorums for management board resolutions.

The management and supervisory boards cooperate closely in the best interests of the Company. No conflicts of interest on the part of members of the management or supervisory board requiring disclosure to the supervisory board arose. 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, which consists of two members, is a corporate constitutive body of the Company and is required to act in its best interests. The orientation pursued by the management board in the exercise of its responsibilities is directed toward 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, and it works toward compliance with these 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.

Christian Bernert is responsible for finance, IT, legal issues, human resources and supply chain since January 1, 2007. Thorsten Krüger, who has been a member of the management board of WashTec AG since 2003, is responsible for sales, service, marketing and development. He also acts as the spokesman of the management board.

Reported securities transactions (»Directors' Dealings«)

Pursuant to § 15a of the German Securities Trading Act [Wertpapierhandelsgesetz or WpHG], members of the management and supervisory boards have an obligation to disclose their purchase or sale of the securities of WashTec AG or 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 following transactions were reported to WashTec AG during the fiscal year under review.

Date of transaction	First and last name	Position/ Status	Type and place of transaction	Financial instrument and ISIN	Number	Price	Total transaction volume
12/29/2008	Christian Bernert	Memb. o. Mgmt. Bd.	Purchased via XETRA	WashTec share DE0007507501	16,735	€ 5.89	€ 98,569.15
12/29/2008	Christian Bernert	Memb. o. Mgmt. Bd.	Purchased via XETRA	WashTec share DE0007507501	2,000	€ 5.79	€ 11,580.00
12/30/2008	Christian Bernert	Memb. o. Mgmt. Bd.	Purchased via XETRA	WashTec share DE0007507501	1,848	€ 5.89	€ 10,884.72
12/30/2008	Christian Bernert	Memb. o. Mgmt. Bd.	Purchased via XETRA	WashTec share DE0007507501	1,000	€ 5.79	€ 5,790.00
12/30/2008	Christian Bernert	Memb. o. Mgmt. Bd.	Purchased via XETRA	WashTec share DE0007507501	12,211	€ 5.89	€ 71,922.79

All of these transactions were also published on the Company's website at www.washtec.de/Investor Relations/Directors Dealings.

Shareholdings of management and supervisory boards

Management board member Christian Bernert held 33,794 shares in WashTec AG as of December 31, 2008. Apart from the foregoing, the management and supervisory board members did not hold any shares in WashTec AG as of December 31, 2008.

Shareholders and Annual General Meeting

WashTec AG reports to its shareholders in the form of quarterly financial reports, which provide detailed information on business developments as well as the financial situation and results of operations of the Company. The Company's investor relations activities involve regular talks with analysts and institutional investors. In addition, when the Company's quarterly figures are published, the Company holds a conference call for analysts. Furthermore, WashTec AG is present at a number of analysts' conferences over the course of the year.

The Annual General Meeting of WashTec AG takes place in the first five months of the fiscal year, usually in May. The Annual General Meeting adopts resolutions, inter alia, on the appropriation of net income, 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 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.

All of the documents relevant to the Annual General Meeting available on the internet

In 2008, as before, WashTec AG made all of the documents relevant to its Annual General Meeting available on the internet in German and in English. This means that WashTec AG's homepage offers a comprehensive information platform 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.

Compliance

Corporate Governance Guidelines

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 on Corporate Governance (e.g., the WashTec Code of Ethics) are available on the Internet at *www.washtec.de/Investor Relations*.

Compliance Organization established

WashTec has established a Compliance Organization, which is intended to ensure that all of the legal and regulatory requirements are observed. The management and supervisory boards regard the Compliance Organization as a major element of the structure of management and oversight at WashTec. The detailed report on internal compliance within the Group is thus a regular part of the meetings of the supervisory board. In addition, a detailed compliance report is prepared each year.

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

Our strategic guidelines and the WashTec Code of Ethics (which may be downloaded from our website: *www.washtec.de*) form the basis of our 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 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 throughout the Group have acknowledged the Code of Ethics by their signature. This acknowledgement of the Code of Ethics is renewed annually.

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

Any transactions by executives and officers (so-called »Directors' Dealings«), which must be reported, are published. Furthermore, the individuals affected at WashTec are regularly 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 on the Company's website at *www.washtec.de* (section 6.6 of the Code). In July 2007, stock options were issued to the management board. The »Annual Document« in accordance with § 10 WpPG summarizes all of the publications of WashTec AG required under the securities laws and made over the past 12 months and makes them available to the public once a year on the Company's website.

Remuneration report (Part of combined management report)

In section 4.2.5 (1) and 5.4.6 (3), the German Corporate Governance Code provides for a report on management and supervisory board remuneration within the context of the Corporate Governance Report. The 2008 Remuneration Report has been prepared in accordance with the requirements of German Accounting Standard no. 17, and is a part of the management report. It therefore likewise constitutes an element of the audited consolidated financial statements. We therefore refrain from providing a further description of the information described in the present report in the notes to the financial statements /management report.

Remuneration of the management board

The remuneration of the WashTec AG management board as well as the structure of that remuneration are set by the supervisory board and regularly reviewed by it. In conformity with the Corporate Governance 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/her personal performance, and the overall performance of the management board, as well as the Company's economic situation, returns and perspectives for the future.

The remuneration of the members of the management board comports with the statutory requirements of the German Stock Companies Act [Aktiengesetz] as well as, to a substantial extent, with the recommendations and suggestions contained in the German Corporate Governance Code. The remuneration system was last discussed by the supervisory board at its meeting of December 3, 2008 and adopted by resolution, including the major elements of remuneration (section 4.2.2 (1) of the Code). The employment contracts of the management board members existing in 2008 did not provide for any general severance payment cap corresponding to a maximum of two annual salaries in the event that the members resign from their management board activities prematurely, and – contrary to the recommendations set out in section 4.2.3 of the Code – there is no provision setting forth a limitation to a maximum of 150% of the severance payment cap in place if a member prematurely ceases to act as a management board member in the event of a change of control. However, in respect of contracts which are newly concluded or to be concluded in the future, the Company is already following the recommendations in section 4.2.3 of the Corporate Governance Code, and intends to continue doing so in the future.

Fixed salary

The members of the management board are paid a fixed non-performance related salary amounting to €489,056 in total (prior year: €487,285). The fixed remuneration of the management board members also includes benefits in-kind consisting, in particular, of the provision of company cars, insurance coverage and reimbursement for the costs of a second residence. 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 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.

By contrast, variable components of remuneration, which depend, inter alia, on the Company's commercial results, ensure that the interests of the management board and those of the remaining stakeholders are aligned.

Short-term variable remuneration – performance related component

The variable remuneration components include annually payable, recurring components linked to business performance. They track the earnings per share (»EPS«) after taxes, as determined pursuant to IFRS, above a base amount set by the supervisory board. There were no grants of one-time variable components of management board remuneration linked to business performance.

The entire short-term remuneration paid to the management board during the 2008 fiscal year is set forth below. Pursuant to the resolution adopted by the 2006 Annual General Meeting, we have not broken down the remuneration paid to the management board individually by year for prior years.

EPS €	Base amount	Multiplier
Thorsten Krüger	0.50	6,000
Christian Bernert	0.50	3,000

Remuneration 2008 in €k	Fixed	Variable
Thorsten Krüger	273	318
Christian Bernert	216	159
Total	**489**	**477**

Components with long-term incentive effect

Stock options serve as variable components of remuneration with long-term incentive effect. In July 2007, 767,000 stock options were issued to the management board and to members of upper management in the WashTec AG Group, at an issue price of €15.34. 600,000 of these options were allocated to the management board and 167,000 of them to 12 members of the first level of management below the management board. The options may be exercised only after a waiting period of two years, provided that the share price has risen by at least 20% during that time. Expenses for the members of the Management Board in 2008 equaled €691k. For details and further information about the stock options, please see Note 9 – Personnel Expenses.

	Option holdings Jan 1, 08	Option holdings Dec 31, 08	Expenses €k 2008
Thorsten Krüger	495,000	495,000	570
Christian Bernert	105,000	105,000	121
Total	**600,000**	**600,000**	**691**

The structure of the stock option plan has the goal of providing the management board (and employees) with a remuneration component, which is tied to the increase in the price of the Company's stock. It is thus intended to enhance added value and shareholder value. In addition, the stock option plan is a conventional tool for recruiting and retaining members of the management board. No subsequent changes to objectives or comparison parameters of the stock option plan are permitted. The terms of the stock option plan do not provide for any opportunity to limit it in the event of extraordinary, unforeseen developments (contrary to the recommendation in section 4.2.3 (3) of the Code).

Benefits following termination of employment

Pensions and pension commitments
The contracts currently in place do not grant the members of the management board any pensions or pension commitments. The contracts currently in place provide for a contribution-oriented performance covenant as of January 01 for one member of the management board.

Other benefits in connection with the termination of employment
The contracts currently in place with both directors provide for remuneration, which is equal to 50% of the last short-term remuneration drawn by them and which serves as consideration for securing the enforceability of a contractually agreed prohibition on competition following termination of their employment relationship.

In addition, a severance payment in the amount of one year's fixed salary was promised to Mr Krüger in connection with his termination of the employment in the event of a change of control.

Miscellaneous
The members of the management board have not received any loans or other indemnities from the Company.

Supervisory board remuneration

In accordance with the resolution adopted by the Annual General Meeting held on May 8, 2008, the remuneration of the supervisory board is specified in § 8.16 of the articles of association of WashTec AG. It comprises fixed and variable remuneration components. The basic fixed remuneration for an ordinary member of the supervisory board is €10,000. In addition, each member of the supervisory board receives performance-based remuneration of €800 for each cent that the consolidated results determined in accordance with IFRS exceed the amount of €0.50 per share. The basic fixed and variable remuneration for an ordinary member of the supervisory board is limited to a maximum of €100,000. In accordance with § 8.16 of the articles of association of WashTec AG, the supervisory board Chairman receives twice the amount of the fixed salary and variable components, while the Deputy Chairman receives one-and-one-half that amount. The Company has not paid any remuneration or granted any benefits to the members of the supervisory board during the 2008 fiscal year for services rendered personally by them (section 5.4.7 of the Code).

2008 in €k	Fixed	Variable	Total
Michael Busch	20	85	105
Jürgen Lauer	15	64	79
Roland Lacher	10	42	52
Total	**45**	**191**	**236**

2007 in €k	Fixed	Variable	Total
Michael Busch	18	62	80
Jürgen Lauer	13	45	58
Roland Lacher (as from May 22, 2007)	6	21	27
Alexander von Engelhardt (until May 21, 2007)	8	27	35
Total	**45**	**155**	**200**

WashTec AG, Augsburg
Declaration of Conformity pursuant to section 161
of the Public Limited Companies Act (AktG)

The management and supervisory board hereby declare that WashTec AG complied with the recommendations of the Commission of the German Corporate Governance Code (version dated 14 June 2007) from the period since the issue of their last declaration of conformity on 13 December 2007 until 07 August 2008, and has complied, and will continue to comply with the version of the Code dated 06 June 2008 since 08 August 2008. This was, and is subject to the following exceptions:

- The D&O insurance policy taken out by the Company for the members of its management board and supervisory board did, and does not provide for a deductible (section 3.8 of the Code). The supervisory board premium for the D&O insurance policy is borne by the members of the supervisory board themselves.

- As far as management board remuneration is concerned, stock option plans were, and are available to the members of the management board as part of their contracts of employment on an individual basis. No limitation options have been, or are in place for extraordinary, unforeseen developments (section 4.2.3 of the Code).

- The current management board contracts do not provide for a general cap for severance payments (Severance Payment Cap) up to a value of two years' compensation in cases of a premature termination of a management board contract. They also do not provide for a cap up to a value of 150% of the Severance Payment Cap in cases of a premature termination of a management board contract due to a change of control (section 4.2.3 of the Code). In case of newly concluded management board contracts the company already follows the recommendations contained in section 4.2.3 of the Code and also intends to do so in the future.

- As the Company's supervisory board only comprised, and comprises three members, no committees have been, or will be formed (sections 5.3.1. 5.3.2. and 5.3.3 of the Code).

Augsburg, 03 December 2008

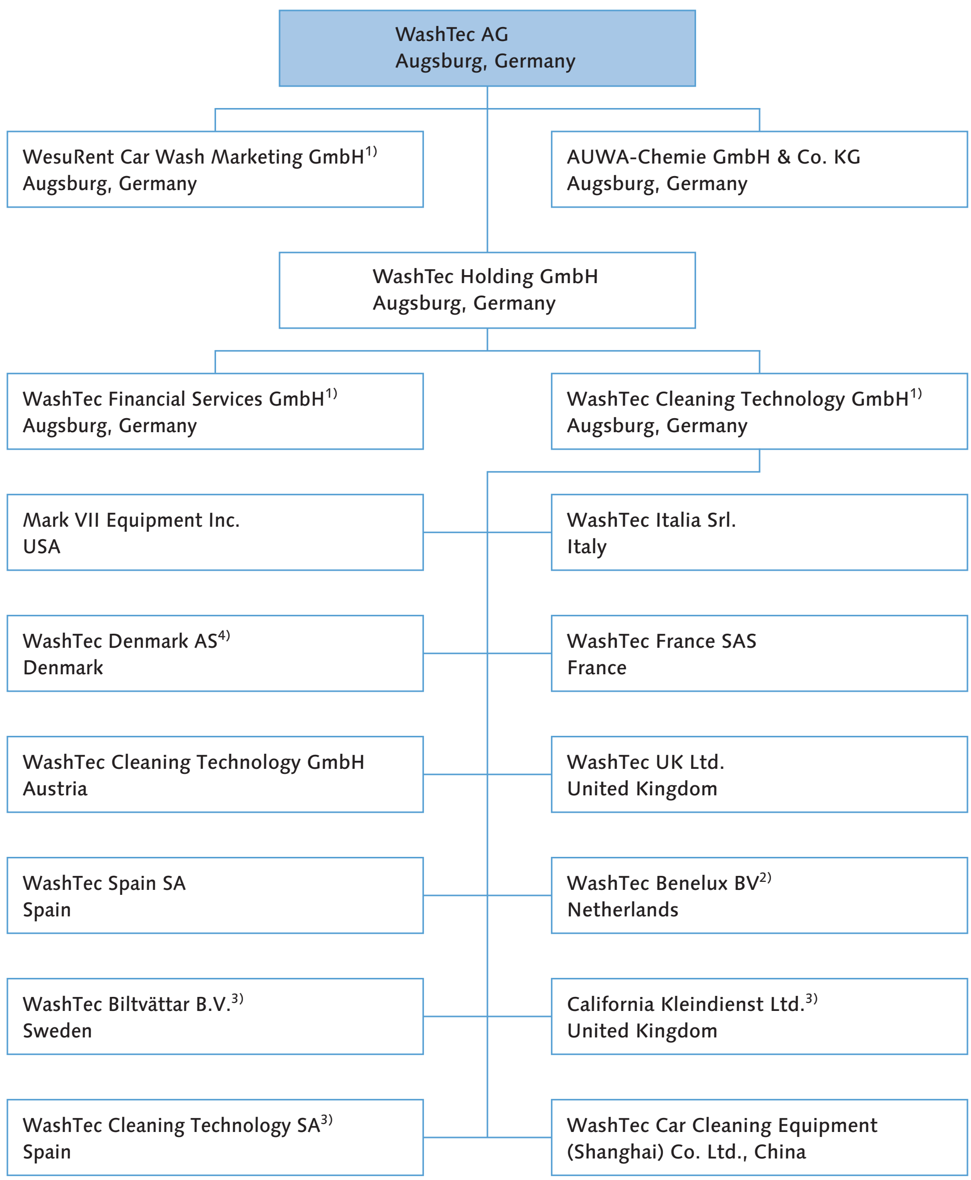
WashTec AG
Management board and supervisory board

Further information about corporate governance is available in the annual report 2007 pages 48 ff as well as in the annual reports of the prior years which are available as download at www.washtec.de.

Combined Management Report of WashTec AG and the Group for 2008

The compensation paid to individual management board members is described in the remuneration report to the Corporate Governance Report and thus forms an integral part of the Group's 2008 consolidated financial statements and the financial statements of WashTec AG.

Corporate structure



As of 31 December, 2008

1) Controlling and profit and loss transfer agreement
2) Subgroup with California Kleindienst Administrative B.V., Zoetermeer, NL and WashTec Benelux N.V., Brussels, Belgium, whose results are disclosed by WashTec Benelux B.V, Zoetermeer, NL.
3) The company is currently inactive
4) Incl. offices in Norway.

1. Business performance and background

1.1 Organizational structure of the WashTec Group

WashTec AG

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

Since the Company does not have any operations of its own, its net assets, financial position and results of operation 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 & Co. KG, WashTec Holding GmbH and WesuRent Car Wash Marketing GmbH.

WashTec Holding GmbH

With the exception of AUWA-Chemie GmbH & Co. KG, and WesuRent Car Wash Marketing GmbH, the WashTec Group's operational interests are held by WashTec Holding GmbH, which is 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 carried out 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. The largest share of the products is finally assembled of pre-fabricated components at its production facility in Augsburg. The Company also has another production site in Recklinghausen, Germany, which manufactures control units.

The bulk of operations is carried out by WashTec Cleaning Technology GmbH, Augsburg

Foreign subsidiaries

The WashTec Group is represented by its own subsidiaries in all of the key European markets and the United States, as well as in China since the end of 2008. Subsidiaries in the US, Spain, the UK, France, Belgium, Denmark/Norway, Austria, Italy and The Netherlands are responsible for selling and servicing WashTec products. Furthermore, the US subsidiary assembles carwash equipment geared primarily towards the North American market. The subsidiary in China, which was established at the end of 2008, deals primarily with procurement of components.

WashTec Financial Services GmbH

WashTec Financial Services GmbH offers tailored financial solutions to customers of the WashTec Group interested in purchasing 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 & Co. KG

On May 7, 2008, WashTec acquired AUWA-Chemie GmbH & Co. KG. AUWA-Chemie is a mid-sized producer of chemical products for carwash facilities, and has its own distribution organization within Germany, and distribution partners throughout Europe. The company develops and produces the complete range of washing chemicals for the carwash market at its production site in Grebenau.

The activities of all of the above-referenced companies are summarized in the notes to the consolidated financial statements in the section on the Cleaning Technology division (Note 7).

WesuRent Carwash Marketing GmbH

WesuRent Carwash Marketing GmbH handles the operation of wash systems on behalf of and for the account of its customers. The company also offers numerous other services, such as profitability and site analyses. A profit and loss transfer agreement is in place between WashTec AG and WesuRent Car Wash Marketing GmbH. The activities of WesuRent are set out in the notes to the consolidated financial statements in the section on Systems division (Note 7).

1.2 Disclosures in accordance with secs. 289 (4) and 315 (4) HGB – Explanatory Report by the Management Board

The following text includes both disclosures in accordance with secs. 289 (4) and 315 (4) HGB [»Handelsgesetzbuch«: German Commercial Code] and the explanatory report by the management board in accordance with secs. 120 (3), sentence 2, and 175 (2), sentence 1 AktG [»Aktiengesetz« or German Stock Corporation Act].

Sec. 315 (4) no. 1 HGB »subscribed capital«

The Company's subscribed capital totals €40,000,000 and is divided into 15,200,000 no-par value bearer shares

The Company's subscribed capital totals €40,000,000 and is divided into 15,200,000 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 power of control.

Sec. 315 (4) no. 2 HGB

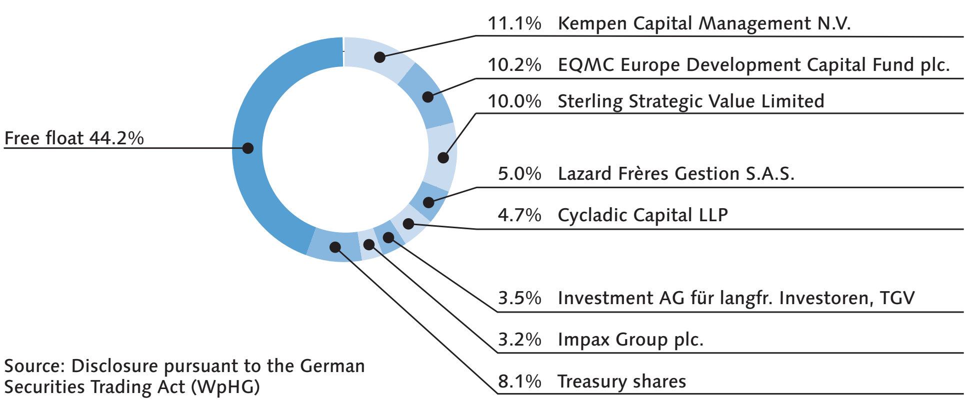
In accordance with sec. 71 b AktG, the Company has no rights pertaining to the treasury shares acquired under the current share buy-back program. Each share has one vote. To the management board's knowledge, there are no restrictions on voting rights or restrictions pertaining to the transfer of shares.

Sec. 315 (4) no. 3 HGB »direct or indirect capital participations«

To the management board's knowledge, approx. 44% of the Company's shares are in free float. To the management board's knowledge, companies holding either direct or indirect equity stakes exceeding 10% of the voting rights include Kempen Capital Management N.V. (11.1%), EQMC Europe Development Capital Fund plc (10.2%) and Sterling Strategic Value Limited (10.0%).

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

Shareholder structure (as of February 28, 2009)



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

Sec. 315 (4) no. 4 HGB »bearers of shares with special rights«
There are no bearers of shares with special rights granting the power of control.

Sec. 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.

Sec. 315 (4) no. 6 HGB »appointment and dismissal of management board members and amendments to the Articles of Association«
The appointment and dismissal of members of the management board is based on secs. 84 and 85 AktG as well as on Art. 7 of the Articles of Association of the Company [Satzung]. Pursuant to Art. 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 in conjunction with the current rules of procedure of the management board, the latter currently comprises two members, one of whom has been appointed spokesman by the supervisory board. The Articles of Association do not set out any special requirements with respect to the appointment and dismissal of one or all of the members of the management board. The supervisory board is responsible for appointments and dismissals. The supervisory board appoints members of the management board for a maximum term of five years. Members may be reappointed to the management board or have their term of office extended for a maximum of five years in each case.

Amendments to the Articles of Association are made pursuant to secs. 179 and 133 AktG and Art. 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. Art. 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 formal amendments to the Articles of Association.

Sec. 315 (4) no. 7 HGB »powers of the management board to issue and buy back shares«

Authorized capital: Company's share capital may be increased by up to a total of €m 20

Authorized capital (Art. 5.1 of the Articles of Association of WashTec AG)
Pursuant to a resolution adopted by the Annual General Meeting held on June 15, 2005, the management board was authorized, with the consent of the supervisory board, to increase the Company's share capital by up to a total of €20,000,000 in the period leading up to June 15, 2010 by issuing new no-par value bearer shares in exchange for cash or non-cash contributions on one or multiple occasions and also to determine the substance of the share rights, the details of the capital increase and the terms of the share issue, in particular the issue price. In this respect, the shareholders must be granted pre-emptive rights. The shares may also be underwritten by one or more banks which are commissioned by the management board. These banks shall be subject to the obligation to offer these shares to the shareholders (indirect pre-emptive 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 Art. 5.1 of the Articles of Association of WashTec AG. The management board has not made use of these authorizations to date. Further details on authorized capital are set out in Note 23 of the notes to the financial statements. The authorized capital is intended to enable the Company to react rapidly and flexibly to growth opportunities and opportunities that arise on the capital markets.

Contingent capital: issue of up to 800,000 bearer shares

Contingent capital (Art. 5.2 of the Articles of Association of WashTec AG)
Pursuant to a resolution adopted by the Annual General Meeting held on May 22, 2007, the Company's share capital was conditionally increased by up to € 2,105,264 by means of the issue of up to 800,000 bearer shares (contingent capital I). The contingent capital increase serves solely to grant up to 800,000 pre-emptive rights (»stock options«) to members of the Company's management board, as well as to further executive employees of the Company and subordinated affiliates (the »Beneficiaries«). The capital increase will be implemented only to the extent that stock options are issued and the Beneficiaries make use of their right to subscribe for new shares. On July 23, 2007, the management board and supervisory board made use of the authorization granted to them by the Annual General Meeting and issued 767,000 options at an issue price of €15.34. Details concerning the stock option program, e.g. details of issue, are set forth in the remuneration report of the Corporate Governance Report, as well as in the notes to the financial statements at Note 36.

Share buy-back: 1,223,030 treasury shares as of December 31, 2008

Share buy-back
Pursuant to a resolution adopted by the Annual General Meeting held on May 8, 2008, the management board was authorized to purchase treasury shares accounting for up to 10% of the current share capital of €40,000,000 for purposes other than proprietary trading in the period leading up to November 7, 2009, and thus to continue the buy-back program which was adopted per resolution of the Annual General Meeting in 2007 and which began in September 2007. With the consent of the supervisory board, the management board made use of this authorization on May 8, 2008 and resolved to purchase up to 800,000 of its own shares on the stock exchange in the period leading up to November 7, 2009. This share buy-back is intended, among other things, to service the stock options granted and thus to avoid possible dilution. On November 24, 2008, the

management board (with the consent of the supervisory board) resolved to make a public buy-back offer for the purchase of up to 800,000 of its own shares. In connection with the public share buy-back offer, 799,962 shares were acquired. As of December 31, 2008, the Company had purchased a total of 1,223,030 shares at an average price of €7.69. The terms of the share buy-back are set out in detail in the notes at Note 25. Information on the current status of the share buy-back program is available at *www.washtec.de* »Investor Relations«.

Sec. 315 (4) Nos. 8 and 9 HGB »material contracts which are subject to a change of control provision in connection with the takeover offer«

Individual contracts concluded by the WashTec Group, e.g. the loan contracts, provide for the option of extraordinary termination in the event of a change of control. Furthermore, the management may change in the event of a takeover. The current members of the management board may terminate their employment contracts by giving 12 months' notice or within 6 months following a change of control, upon 3 months' notice, insofar as and as soon as a shareholder acquires, either directly or indirectly, more than 50% of the voting rights in the Company. One member of the Management Board has been contractually granted a severance payment in the amount of one year's fixed salary in the case of a termination of his employment contract following a change of control. The attribution rules under sec. 22 WpHG [»Wertpapierhandelsgesetz« or the German Securities Trading Act] apply accordingly. The terms described reflect current legislation and are similar to those in place for comparable listed companies. They are not intended to impede any takeover attempts.

1.3. Product range of the WashTec Group

The product range comprises roll-over wash systems, commercial carwash equipment, self-service wash systems and wash conveyors, as well as the associated peripheral devices and water reclaim systems. WashTec also offers comprehensive service packages covering the entire product life of the products sold. These also include carwash chemicals. The sale of roll-over wash systems and service operations are the Company's major revenue drivers.

Products (€173.7m revenues)	■ Roll-over wash systems ■ Self-service wash systems ■ Commercial carwash systems ■ Wash conveyors ■ Water reclaim systems
Services + Consumables (€100.4m revenues)	■ Full service ■ Call-out Service ■ Replacement parts ■ Carwash chemicals
Facility Management + Financing (€5.5m revenues)	■ WesuRent Car Wash Marketing ■ WashTec Financial Services GmbH

The Company's objective is to offer high-performance and innovative products in all segments. At the automechanika 2008 trade fair, the Company presented numerous innovations such as the new *SoftCare²* roll-over wash system, which provides an optimal carwash for all current vehicle types, from ›Mini‹ to SUV. This machine generation, which has been improved in many details and which sports a new design, has numerous new features such as larger wheel washers, a 270° pivoting roof nozzle for optimal drying, or the new, patented *SofTecs²* wash material.

	Application	Roll-over wash systems	Wash conveyors	Commercial car wash systems
Premium	For a particularly high number of washes with higher requirements in respect of the washing result, equipment and program diversity	SoftCare Takt SoftCare Juno	Conveyor belt chain longer than 25m Softline Linear Softline Express	MaxiWash Express
Classic	For professional operators with medium to high requirements of options and number of washes	SoftCare² Pro SoftCare Evo	Conveyor belt chain 15m to 25m Softline Linear	MaxiWash Vario
Basic	Segment for locations with a lower number of washes or lower requirements in respect of options	NEW SoftWash	Conveyor belt chain shorter than 25m	MaxiWash Vario

The US subsidiary Mark VII Equipment Inc. offers a product portfolio aimed specifically at the US market, comprising the »*Aqua Jet GT*«, a touch-free high-pressure roll-over car-wash system, the »*SoftWash*« roll-over system, as well as wash conveyors and self-service wash systems. Mark VII also has a wash conveyor which has been developed specifically for the US market and which is based on hydraulic components.

1.4 Production and logistics

Final assembly in Augsburg, Germany and Denver, USA

The WashTec Group currently produces its entire product range for Europe in Germany, at the Company's headquarters in Augsburg. The production site has been comprehensively modernized and reorganized in recent years, and in the fiscal year which just ended, the Company invested in pre-fabrication. In addition, the Company contemplates procuring and manufacturing individual components in China and Eastern Europe in the future. Equipment that is mainly sold to the US market is produced in Denver, USA. The Company has a further, small production site in Recklinghausen, Germany, which produces control units for the entire Group. The production site of AUWA-Chemie is situated in Grebenau, Germany.

The final assembly of largely pre-fabricated components accounts for the lion's share of real net output. The Company uses modern production methods to produce all of its products. The Company is able to make capacity adjustments at its Augsburg production site by making use of its annual working time models and by increasing and decreasing the number of temporary workers. Furthermore it is possible to reduce the regular working time for a limited period in Germany by shifting to short-time work. Some subsidiaries perform market-specific final assembly or adjustments.

The Company has concluded long-term supply agreements with the suppliers of key components. In the Group's supply chain organization all organizational units – from order clarification to sourcing of parts and order flow in production, to delivery of the systems – are combined under the umbrella of a single responsible unit. Sourcing of spare parts within Europe is performed centrally from the warehouses of external logistic service providers. By optimizing logistics, the Company has been able to reduce its production and spare parts stocks from €39.5m at the end of 2007 to €34.6m.

1.5 Overall economic performance

Current economic environment

The financial and economic crisis in the United States and the resulting decline in the economic climate have affected all of the global markets during the fiscal year which just ended. Around the world, the financial markets have collapsed, and the governments of all of the major industrial nations have subsequently launched rescue packages, investing billions to support the stability of the financial markets and strengthen the economy. The German IFO Institute for Economic Research expects a recession in the Euro zone during 2009, and its assumption is that the global economic decline will continue at least into the coming year (*source: IFO press release dated January 9, 2009*).

Impacts on the carwash business

Financial and economic crisis with effects on machine sales in single customer groups

In the past, economic trends have had only a mild impact on the sale of carwash systems. Due to the current sustained, profound financial and economic crisis, in many cases options for financing investments are subject to tight limits. Above all, it is smaller chains and retail operators that are directly affected by this aspect. This applies with particular force to the US market, which – by contrast to Europe – is characterized not by large corporate clients, but rather by independent small and medium-sized operators. In addition, customer segments such as car dealerships and transport companies are affected. By contrast, large corporate customers such as multinational mineral oil companies, which operate a large share of the units installed in Europe, will continue to make investments to replace equipment on the basis of the age of the equipment and their respective investment budgets. The Company finds that the carwash business depends more on weather conditions and volatile trends in fuel prices than it does on the general economy, and it has remained stable over the recent year.

The development of the euro exchange rate did not have any material impact on the business performance of the WashTec Group in 2008. WashTec concludes the majority of its agreements in euros. The decline of the US dollar against the euro had only a slight impact on WashTec's operating business, apart from a German bank syndicate's financing of the activities of Mark VII in the US. Almost all products for the US market are now produced in the US.

1.6 Legal framework

The WashTec Group must comply with the applicable laws and regulations in force in all of the countries in which it operates. These include, in particular, laws and regulations on technical safety and environmental protection, concerning the reporting, registration, labeling and handling of chemicals, building standards, labor law and regulations, and laws and standards governing industrial and occupational safety. The most important provisions that apply under German law are summarized below:

In Germany, carwash facilities may not be built and operated at any location. Rather, companies must comply with the terms of construction planning laws and regulations. To these are added the traffic and road safety rules (e.g., a carwash facility is not allowed to impair the safety of road traffic). In Germany, local bylaws prohibit washing cars by hand on private property or streets.

Regulations regarding the consumption of fresh water and prohibition of washing by hand drives demand for automatic car washes

Compliance with environmental laws and regulations also plays a significant role in many countries. In this respect, environmental risks, in particular, must be avoided during the wash process. Cars are normally cleaned through the use of pH-neutral, biodegradable cleaning agents. The terms of regional law and the provisions of the German Water Resources Act [»Wasserhaushaltsgesetz« or »WHG«] impose restrictions on the discharge of waste water. Furthermore, each wash process bears a slight risk of petrol or oil discharge.

The management board believes that the increasing importance of water as a resource will lead to laws and regulations on the consumption of fresh water, and prohibitions on the manual washing of cars will become more of an issue at international level, too, in future.

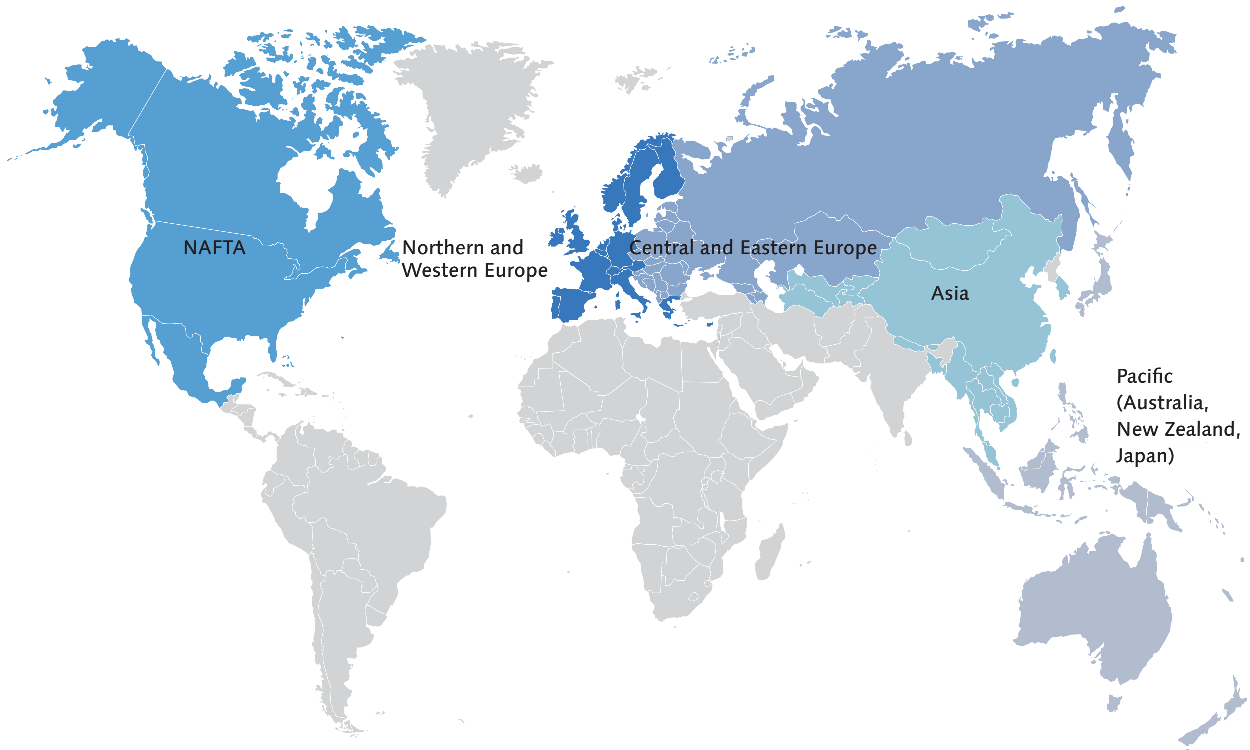
1.7 Quality and environmental management

High-quality products provide the basis for the Company's technological leadership on the market. Quality, safety and environmental protection are key components of WashTec's corporate philosophy. Every WashTec employee is responsible for maintaining quality within his/her job remit. Quality management guarantees compliance with the Company's quality standards and strategic goals.

WashTec offers biological, mechanical and chemical water reclaim systems for all of its systems to guarantee environmentally-friendly carwashes. It has an extensive management system for quality, the environment, health and safety protection, which is audited at regular intervals by the German Technical Control Association (TÜV). WashTec thus meets the requirements of internationally recognized standards and is DIN ISO 9001, 14001 and SCC (Safety Certification Contractors) certified.

WashTec is DIN ISO 9001, DIN ISO 14001 and SCC certified

Management system Certification/standard	Contents
Quality DIN ISO 9001:2000	Guaranteeing processes from sales and engineering through to production and service. Quality is continually improved on asystematic basis by means of regular targeted analyses and preventative measures.
Environment DIN ISO 14001:2004	Consideration of environmental aspects over the entire lifecycle of wash systems. Consideration of environmental aspects over the entire lifecycle of wash systems. Environmental protection is achieved e.g. through the selection of materials for wash systems, resource-saving production methods, and the adoption of environmentally-friendly practices by employees.
Occupational health and safety SCC (Safety Certification Contractors)	Creation of safe and ergonomic workstations, including implementation and monitoring of technical, organizational and personal protective measures focused on service and assembly activities.



1.8 Market

The global market for carwash equipment is divided into a number of sub-markets, depending on the degree of development within the respective markets.

Northern and Western Europe

Northern and Western Europe: stable replacement markets

Northern and Western Europe is by far the most developed market, with the highest proportion of installed carwash equipment. As a stable replacement market, it is characterized by a high-level of reinvestment. Major clients are multinational mineral oil companies, which operate carwash facilities either themselves or through the operators of their petrol station networks. Further clients are independent customers such as, e.g. individual operators, logistics companies or car dealerships. As a rule, the replacement cycle for roll-over wash systems is between five and ten years. The Northern and Western European markets have been affected by the financial and economic crisis only to a minor extent in 2008, except for single markets like Spain and the UK.

USA

USA: strongly affected by the financial and economic crisis

In the US, most customers are independent medium-size operators. Because options for financing have sharply deteriorated for these customers over the past year, US sales of carwash equipment in the fiscal year which just ended were affected by the financial and economic crisis to a particularly great extent. Whereas almost 100% of the roll-over systems operated in Europe are friction roll-over wash systems, touch-free high-pressure cleaning systems account for around 70% of the US roll-over market. In addition to roll-over systems, wash conveyors account for a larger market share in the US than in Europe.

Emerging markets

Asia: dominated by manual washing

Central and Eastern Europe, and Asia, are markets in which automatic car washing only has a low market share. Lower labor costs mean that these markets are still dominated by manual washing. The management board anticipates that the increasing number of vehicles, the rise in per capita income and increasing investments in petrol station networks on the European model, coupled with the growing awareness of environmental issues, will, over the medium term, cause the market for carwash systems there to increase in significance. Starting from a low level of installed facilities, those markets are expected to show above-average growth rates.

Although (with the exception of individual markets in Japan, Africa and South America) the WashTec Group markets its products globally via subsidiaries or distributors, the Group generated around 90% (i.e. a substantial portion of its 2008 total revenues) in Europe. WashTec is represented in its core markets in Northern and Western Europe, and in some regions of the US, with its own sales and service organization. Together with its independent distributors, WashTec is present in a total of 60 countries.

Customer groups

The WashTec Group's customers are predominately operators of petrol stations that offer on-site washing facilities to customers, thus generating a part of their earnings. These customers include major global mineral oil companies, individual operators and operators of chains of petrol stations/carwashes and supermarkets. Other customer groups offer carwashes as a complimentary service to their customers or wash their own vehicle pools in order to maintain the value of their vehicles. These customer groups include car dealerships and garages, forwarding agencies and transport companies.

Car wash as own business	Car wash as own service or to maintain own fleet
▪ Mineral oil companies	▪ Forwarding agencies
▪ Operators of chains	▪ Car rental companies
▪ Petrol stations, petrol station networks	▪ Car dealers
▪ Supermarkets	▪ Fleets of companies and communities
▪ Independent operators	

Competition

Northern and Western Europe

Main European competitors:
- *Otto Christ AG, D*
- *Ceccato SPA, I*
- *Istobal SA, E*

The European market for carwash equipment is characterized by a small number of suppliers. According to its own surveys, WashTec is the market leader, with what is by far the largest installed base of more than 20,000 roll-over facilities in Europe. WashTec's key European competitors (although they are smaller than WashTec in terms of revenues and installed base) are Otto Christ AG (Germany), Ceccato SPA (Italy) and Istobal SA (Spain). These competitors are active internationally, as well. The Management Board's assumption is that market share has, in general, remained stable in recent years.

Central and Eastern Europe
The competitive situation in Central and Eastern Europe largely corresponds to the Western European structure. In addition, some smaller competitors act in individual sub-markets. The Management Board assumes that WashTec has a leading market position in Central and Eastern Europe, as well.

USA
Due to the differences in customer structure, in which individual/independent operators play a dominant role, in comparison to Europe, the US market is highly fragmented and characterized by a large number of smaller suppliers, many of which have a regional focus. The Company expects to see a consolidation process over the short to medium term. The current, difficult market environment may accelerate this consolidation. As this process unfolds, WashTec wants to play an active role in order to strengthen its own sales and service network and to achieve a leading position in this market. The Company is constantly exploring options of this kind in an intensive manner. WashTec's largest competitors in the North American market are Ryko Equipment Inc., PDQ Manufacturing Inc., and SONNY'S Enterprises Inc.

USA: fragmented market, large number of smaller suppliers, many of which have a regional focus

Asia
Carwash services in the Asian markets are provided primarily by professional manual washers. The market is highly fragmented in the automatic carwash business and is dominated by small, local manufacturers.

Pacific (Japan, New Zealand, Australia)
In Japan and Korea, there are a number of dominant local manufacturers with a national focus. The Japanese market is served by national manufacturers, with no European manufacturers present. All of the European, and the major US competitors have distributors in the Australia and New Zealand markets.

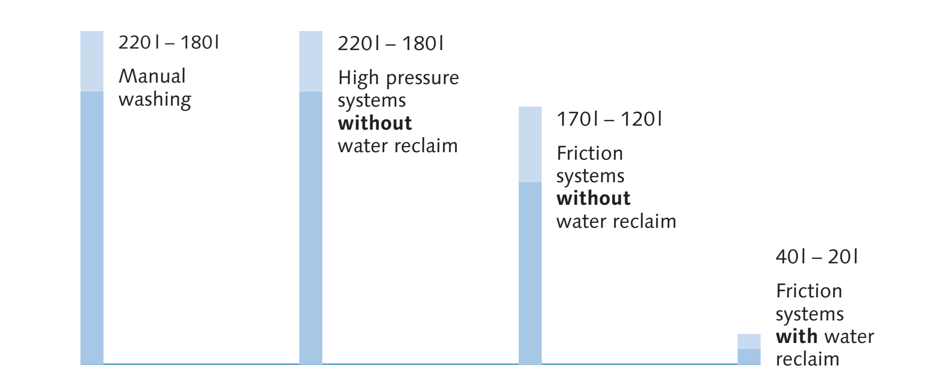
Key market drivers

- **Economy: Rising per capita income and an increase in the number of newly registered cars**
  Rising per capita income and an increase in the number of newly registered cars are leading to an increasing demand for automatic carwash systems. The number of newly registered cars has continuously increased in recent years across the globe; above-average growth rates are being recorded in Eastern Europe and Asia, in particular. Even despite the current downturn in car sales figures, the number of registered vehicles continues to rise around the world. These factors could provide new impetus to the carwash business and increased demand for carwash equipment (*Source: B&D forecast: 21 May 2008*).

- **Technology: Increasing demands with respect to speed, comfort and quality**
  Compared to manual washing, automatic car washing generates considerably better wash results. Furthermore, the wash process in a carwash system is far less time-consuming than manual washing. Rising demands with respect to wash results, combined with lower waiting and throughput times, will mean greater acceptance of automatic car washing.

- **Environmental issues: More stringent requirements and implementation of environmental laws and regulations**
  The importance of water as a limited and precious resource, together with an environmental awareness, is increasing around the globe. Significant reduction in water usage and the need to avoid polluting groundwater with lubricants and wash chemicals are the impetus for installing carwash equipment with water reclaim systems.

Fresh water consumption (in litres per wash)



Source: WashTec analysis

Key factors impacting WashTec's future position as market leader

Installed base and service are major barriers of entry in stable replacement markets

- **Installed machine base and broad coverage of service network**
  The large installed base backed by the broad coverage of the Company's own service network are key factors in WashTec's future success in the primarily replacement-driven markets of Western Europe. WashTec has by far the largest installed machine base, with around 20,000 installed roll-over wash facilities in its core markets in Europe (as its own surveys show) and over 30,000 installed carwash facilities worldwide. With more than 600 in-house service technicians in Europe and the US, WashTec's proprietary service network is by far the largest in the world.

- **Sales structure with key account management**
  A sales organization specifically tailored to the needs of key accounts, with a central key account organization for major customers and the Company's own sales and service companies in its core markets, guarantee that international framework agreements are performed in a customer-focused way.

- **Product range and R & D competence**
  WashTec regards itself as a leader in innovation. Thanks to its large corporate research and development center, the Company is able to respond to customer requests in a rapid and flexible manner. The product families marketed by WashTec are by far the most up-to-date machinery generations on the market.

1.9 The Company's management systems

The main instruments used for the Company's monitoring and management system are the following:

- Extended monthly management board meetings with division heads
- Regular international group management meetings with all of the heads of the operating companies
- Strategic and annual planning, including investment planning, production and capacity planning
- Regular reporting and forecasting, ongoing market analysis,
- Revenue, sales order backlog and market share analyses

Key figures for the Company's planning and management

- EBIT margin
- Regular analysis of operating results
- Working capital focused particularly on receivables and inventories
- Equity ratio and leverage
- Cash flow analyses

Key non-financial performance indicators

- Employee turnover and employee satisfaction
- Customer satisfaction surveys and analyses

Comparison figures on employee turnover and satisfaction covering a range of years are shown in the section »1.11 Employees«.

Comparison of key planning and management figures in recent years

	2008	2007	2006	2005
EBIT margin in %	10.3	10.3	9.5	8.6
Equity ratio in %	39.0	34.4	29.6	27.0
EBITDA/Net interest expense	12.2	9.3	8.3	5.9
Cash flow from operating activities	33.0	22.2	22.4	23.7

1.10 Research and development

Continuous development of product portfolio

WashTec regards itself as a leader in innovation, and in 2008 it presented a range of innovations at the industry's biggest trade fair in the world, the automechanika, which takes place every two years in Frankfurt, Germany. The research and development activities of the WashTec Group are aimed at enhancing the existing product offering, developing new carwash systems and efficiently catering to the individual design and program requirements of customers. The Company's research is directed particularly at achieving shorter throughput times, car paint-friendly vehicle handling, adaptation of wash systems to suit the ever-increasing number of car shapes, high availability of the equipment and meeting customer demands for more user-friendly car washing. A technological product team, including experts from Germany and abroad, is responsible for developing new technological solutions and concepts.

Examples of WashTec's research and development initiatives:

- The patented double roll-over wash system *SoftCare Juno*, currently the fastest roll-over system on the market
- The car paint-friendly wash material *SofTecs²*, which – unlike conventional polyethylene brushes or other wash materials – leaves no marks on the car
- Control units for wash system operation that are developed and produced in-house
- The 3D car scan process, the first system to fully register the shape of a vehicle, an innovation which has won several prizes
- A roof nozzle, which rotates by 270° and is capable of optimal vehicle drying

WashTec's research and development departments collaborate with various institutions and universities.

More than 60 active patent families

WashTec attaches great importance to the protection of its innovations through the use of patents. The WashTec Group has more than 60 active (i.e., granted or registered) inventions/patent families. These inventions are split into over 400 individual registrations. The core concept of WashTec's patent strategy is to safeguard innovations that give the Company unique selling points.

In 2008, the capitalized development costs of the Group totaled €3.3m (prior year: €0.9m). Reported non-capitalized costs totaled €0.4m (prior year: €0.8m).

Comparison of capitalized and non-capitalized development costs in recent years:

€m	2008	2007	2006	2005
Capitalized development costs	3.3	0.9	1.0	0.2
Non-capitalized development costs	0.4	0.8	0.5	0.3
Total costs	3.7	1.7	1.5	0.5

1.11 Employees

As of December 31, 2008, the number of employees had slightly decreased by 12 to 1,549. The employee statistics for 2008 include, for the first time, the employees of AUWA-Chemie, while at the same time the number of employees in the USA has been reduced due to the negative development of business. Personnel expenses in the period under review totaled €89.4m (prior year: €85.9m). In Germany, the WashTec Group is subject to the collective wage agreements of the trade union IG Metall. In 2007, the Company concluded a supplementary collective wage agreement with representatives of IG Metall, which provides, beginning in 2008, for a gradual increase in the standard working week to 37 hours, with no additional pay, in return for a commitment to maintain jobs at the Company's sites until 2010.

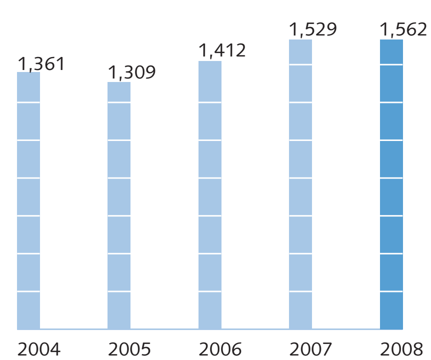
Number of employees

	Dec 31, 2008	Dec 31, 2007	Change
Sales and service	904	907	–3
Production, technology and development	470	483	–13
Finance and administration	175	171	4
Total	**1,549**	**1,561**	**–12**

WashTec's employees are a significant foundation for the Group's commercial success. The satisfaction of WashTec's employees, for example in Germany, is reflected in the low levels of employee turnover, at 1.4% (prior year: 0.9%) as well as in the long average period of service, which is 15.0 years (prior year: 14.6 years).

All executive employees have contracts with fixed and variable remuneration components. The variable remuneration components are linked to the achievement of Group targets, as well as to individually agreed objectives. The members of first-level management also participate in the stock option plan adopted by the 2007 Annual General Meeting. The individual remuneration paid to the members of the management board is described in the remuneration report to the Corporate Governance Report, and thus constitutes a component of the consolidated financial statements.

Average number of employees by year



2008: Consolidation of AUWA-Chemie

2. Results of operations

2.1 Key Projects of the WashTec Group in 2008

- **Acquisition and Integration of AUWA-Chemie**
  In May, WashTec acquired the mid-sized manufacturer of carwash chemicals, AUWA-Chemie GmbH & Co. KG. WashTec has thereby successfully expanded its product range along the carwash value chain.

  AUWA-Chemie manufactures a complete product portfolio of wash chemicals specifically designed for carwash systems and is an established manufacturer on the mid-size market for wash chemicals in Europe. The company was integrated according to schedule during the course of the fiscal year, and its revenues have been consolidated since May of this year. Business growth for the entire year was positive. The WashTec Group's chemical revenues in 2008, including AUWA-Chemie and third party products, rose to €14.4m (prior year: €9.6m).

All projects of the agenda 2008 in the areas of growth and efficiency completed

- **automechanika 2008**
  WashTec successfully exhibited a number of innovations at the industry's largest trade fair in the world, automechanika, held in Frankfurt am Main from September 16 to September 21, 2008.

  Visitors from more than 60 countries visited WashTec's exhibition area, where the Group's entire product program, together with numerous innovations, was presented. These innovations included, among other things, the new roll-over wash system, *SofCare²*, which provides the optimal wash for all current vehicle types, from Minis to SUVs. The next generation of machinery, which has been improved in terms of both detail and design, has many new features such as larger wheel washers, a 270° rotating roof nozzle for ideal drying and the new patented *SofTecs²* wash material.

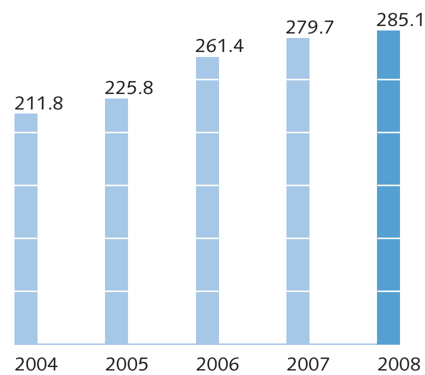
- **Share buy-back**
  In accordance with the shareholder resolution, WashTec continued through November the share buy-back program it commenced in September of 2007, buying back its shares on the open stock market. As of November 24, 2008, the Company had bought back 423,068 shares on the open market. On November 24, 2008, the management board, with the consent of the supervisory board, resolved to repurchase 800,000 shares of the Company at a purchase price of €6.90 per share. Under the voluntary public buy-back offer, 799,962 shares were repurchased. As of December 31, 2008, a total of 1,223,030 shares had been repurchased at an average price of €7.69.

- **Expansion of structures in China**
  At the end of 2008, a WashTec subsidiary was founded in China. Special components will be procured from this location in the future.

2.2 Situation of the Company and development of its business

The following discussion examines the WashTec Group's business developments. WashTec AG is not itself an operating entity and generates income exclusively from dividends paid by WashTec Holding as well as from profit transfers made by WesuRent Carwash Marketing GmbH. Thus, the following discussion relates primarily to the Group. To the extent necessary, any discussion about AG will be dealt with separately.

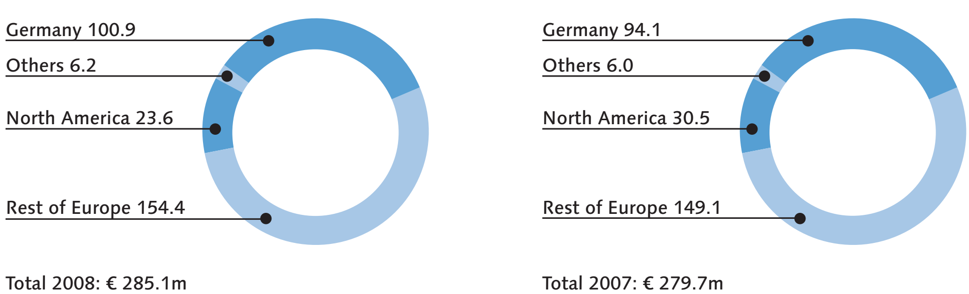
WashTec Group revenue development over several years in €m



The WashTec Group's revenues in 2008 totaled €285.1m, and were therefore 1.9% higher than in the prior year (€279.7m).

Revenues by regions in €m

Positive development of domestic revenues, decline of US revenues due to market conditions



The revenue growth totaling €5.4m resulted primarily from positive developments in Germany as well as Southern and Eastern Europe, whereas revenues in the United States were below the previous year as a result of market conditions there.

In Germany, revenues totaled €100.9m and were therefore significantly higher (by €6.8m) than the prior year. In addition to the favorable development in machinery sales and service, it should be noted that AUWA-Chemie, which was acquired in May, generates most of its sales in Germany.

Revenues in the rest of Europe totaled €154.4m and were stable compared to the prior year (€149.1m). Revenues in Southern and Eastern Europe continued to grow.

As a result of market conditions in the US, revenues at Mark VII Equipment Inc. (stand alone) equaled €23.6m and were therefore €6.9m below the figures reported in 2007 (€30.5m). The decline in revenues in US dollar terms totaled USD6.8m (2008: USD 34.0m; 2007: USD40.8m) and only affected the machines segment. The market in the United States is made up of individual operators, who must generally finance their own investments. The financial and economic crisis and the related greater difficulty in obtaining credit have impacted the US market earlier and more dramatically than the Europe market.

Virtually all products for the US market are manufactured in the United States. Only a small percentage of the components is sourced from Europe. Accordingly, the currency translation effects are not significant for the results of Mark VII.

Revenues by segments

Increase of Chemicals revenues from €9.6m to €14.4m

in € m	2008	2007
New machines	174.4	179.7
Spare parts, services	87.2	83.6
Used machines	3.4	4.1
Chemicals	14.4	9.6
Accessories	3.7	2.5
Cleaning Technology division	283.1	279.5
Systems division	3.9	3.5
Consolidated	–1.9	–3.3
Total	**285.1**	**279.7**

Adjusted for the US figures, machinery sales did improve slightly, but when consolidated, fell by €5.3m. The Chemicals and Service divisions were the primary contributors to revenue growth. The operator business reflected in the Systems division improved its revenues by €0.4m to €3.9m.

The Cleaning Technology division, which includes revenues from the sale and servicing of carwash equipment and accessories, generated revenues of €283.1m (prior year: €279.5m) in 2008. The revenues generated in the Systems division, which involve primarily the operator business of the subsidiary WesuRent Car Wash Marketing, totaled €3.9m, and were therefore €0.4m above the previous year's figure (prior year: €3.5m). This division depends primarily on the number of washes completed by the systems operated by that subsidiary. The revenue growth can be attributed primarily to newly-operated sites.

Since the WashTec Group generates most of its revenues and earnings in the Cleaning Technology division, the following information will address the Systems division only to the extent required. The revenues generated by AUWA-Chemie, which have been consolidated since May, are likewise reported by the Cleaning Technology division.

Results of operation

€m	2008	2007	Change
EBITDA	37.1	36.0	1.1
EBIT	29.4	28.9	0.5
EBIT, adjusted for non-recurring effects	29.4	28.3	1.2

As of December 31, 2008, the WashTec Group's existing orders were slightly down compared to the prior year. Since WashTec's orders are generally completed within six to ten weeks, the existing order status (backlog) is no indicator for the complete 2009 business year development.

Earnings before interest and taxes (EBIT)

The EBIT margin developed in proportion with the revenues for the entire year and remained stable at 10.3% (prior year: 10.3%). Earnings before interest and taxes (EBIT) rose to €29.4m (prior year: €28.9m).

EBIT margin remained stable at 10.3%

Non-recurring effects

Negative non-recurring effects connected with integrating AUWA-Chemie and cost in connection with a possible strengthening of the sales and service network were compensated by the opposite effects from the sale of the Company's land at its headquarters (prior year: €0.6m). In the prior year, the positive non-recurring effect was attributable above all to a final accounting and wind-down of the former Canadian subsidiary. The main factor causing the increase in the earnings, adjusted for non-recurring effects, was the higher revenues relating to the completion of efficiency projects.

Expenses

The main factors influencing the cost of materials ratio are the effects from implementing sourcing projects and changes in the mix of products. The aforementioned influencing factors in 2008 produced a lower cost of materials ratio (cost of materials as a percentage of revenues), declining from 45.2% to 43.2%.

Personnel costs rose from €85.9m to €89.4m. The increase over the previous year resulted mostly from general wage cost increases and a slight jump in the average number of employees as a consequence of the AUWA-Chemie acquisition. The current option program for management personnel produced an annual expense of approximately €0.9m. With the increase in personnel costs resulting from the new collective wage agreements, the Group is forecasting an increase of over 4% for 2009. Paid social security contributions totaled €13.0m (prior year: €12.1m). The personnel expense ratio (personnel expenses as a percentage of revenues) rose from 30.7% to 31.4%. The personnel costs of WashTec AG result primarily from the remuneration of the Management Board, which is explained in more detail in the remuneration report.

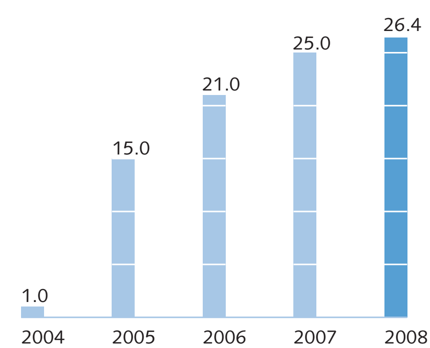
Other operating expenses climbed slightly to €39.3m as a result of costs connected with AUWA-Chemie, which was acquired in May, the automechanika trade fair and cost for cars (prior year: €38.8m). (*see Note 10 for a more detailed breakdown*)

As a result of the investments made, depreciation and amortization rose slightly to €7.7m (prior year: €7.2m). The financial results improved by €0.9m to –€3.0m (prior year: –€3.9m) because the credit lines were used less extensively and the key interest rate has been reduced.

The Systems division generated an operating result (EBIT) of €0.6m in the current year (prior year: €0.7m).

Earnings before taxes (EBT) rose by €1.4m to €26.4m.

Earnings before taxes (EBT) over several years in €m



Taxes totaling €11.1m (prior year: €12.4m) consist of deferred tax credits used and current tax expenses. The Group's tax rate sank from 49.7% to 42.0%.

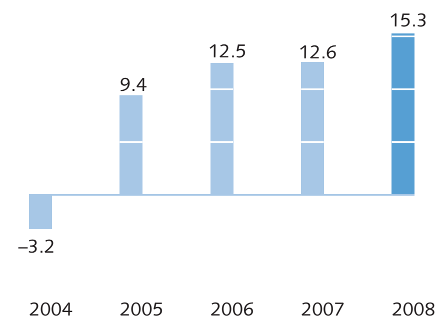
Since the market and sales development in North America has been seriously hampered by the financial and economic crisis, no deferred tax assets are currently being recognized.

The Group tax rate for fiscal year 2008 was saddled with a one-time loss carryforward write-off in the United States, whereas in the previous year, a one-time loss carryforward write-off had to be taken in Germany as a result of the tax reforms there.

The other loss carryforwards are held primarily by German companies and were partially used for set off against earnings. The deferred taxes in Germany are computed at a tax rate of 30.7% (prior year: 30.9%). The other tax expenses or income relate to foreign subsidiaries or to tax payments based on minimum taxation in Germany.

The consolidated net income rose by €2.7m to €15.3m. Since the number of shares changed as a result of the share buy-back and since the consolidated net income improved, the earnings per share rose by 24.1% to €1.03 (based on 15.2m shares per Dec. 31, 2007, and based on 14.9m shares per Dec. 31, 2008).

Consolidated net income over several years in €m



For the year 2008 as a whole, the Company's earnings situation developed in line with the expectations communicated in the third quarter: revenues rose from €279.7m to €285.1m and earnings before taxes climbed from €25.0m €26.4m.

The current wash figures show that the wash business has in fact remained generally stable and profitable. Based on generally negative economic developments, the Group does expect, however, a conservative investment climate among individual customer groups, particularly among individual operators and car dealers in 2009 and is therefore forecasting a corresponding decline in machinery sales. The Service and Chemicals divisions as well as the business with major customers are expected to still enjoy mostly stable business levels. Given the short range of existing orders, no trend has yet emerged for all of 2009, however.

Given the anticipated decline in sales, the Company has already launched proactive and targeted measures to modify its cost structures. The strategy in the areas of growth and efficiency continues to be implemented without any changes. As the market and innovation leader, the WashTec Group enjoys a solid foundation for realizing its strategic goals.

3. Net assets and financial position

3.1. Net assets

Net assets and financial position		2008	2007	2006	2005	2004
Non-current assets	€m	108.5	100.0	100.0	78.5	75.1
Receivables and other assets	€m	42.7	46.4	44.6	35.1	31.8
Inventories	€m	34.6	39.5	34.0	29.0	30.2
Deferred tax assets	€m	10.0	16.9	24.8	30.1	30.9
Cash and cash equivalents	€m	6.4	6.0	3.0	6.9	0.8
Other	€m	0.6	2.5	2.4	2.9	1.3
Equity capital	€m	79.1	72.7	61.7	49.3	4.0
Provisions	€m	24.4	28.3	31.3	42.8	34.4
Liability	€m	92.8	102.4	108.9	84.0	127.1
Deferred revenue	€m	6.5	7.9	6.9	6.4	4.6
Total assets	€m	**202.8**	**211.3**	**208.8**	**182.5**	**170.1**

The balance sheet totals for the WashTec Group declined from €211.3m to €202.8m. Primarily as a result of acquiring AUWA-Chemie, non-current assets rose from €100.0m to €108.5m.

The WashTec Group's non-current assets include goodwill totaling €57.6m (prior year: €53.6m), which rose as a result of the AUWA-Chemie acquisition. Since as of 2005 scheduled amortization of goodwill is no longer possible pursuant to IFRS 3 in conjunction with IAS 36, management has subjected recognized goodwill to impairment testing each year. The goodwill impairment test is based on a medium-term forecast for the period 2009 to 2012 at the Group level. In accordance with IAS 36, there is presently no need for an impairment write-down. The non-current assets also include other significant items such as real properties and buildings totaling €21.7m, machinery and motor vehicles under financial leases totaling €8.6m, and intangible assets (excluding goodwill) totaling €11.1m. The non-current assets of the WashTec AG mainly comprise of financial assets amounting to €128.0m (prior year: €124.7m) according to HGB.

Reduction of net current assets

Receivables and other assets decreased from €46.4m to €42.7m due to lower revenue at the end of the 4th quarter of 2008 and the sale of an interest and foreign exchange derivative. Inventories fell from €39.5m to €34.6m as a result of the expected decline in sales and continued improvements in logistics.

The deferred tax assets, which are attributable primarily to the restructuring expenses incurred in Germany back in 2002 and 2003, declined from €16.9m at the end of 2007 to €10.0m as of December 31, 2008, because of the Group's earned profits and the write-of on deferred tax assets.

As of the balance sheet date, cash and cash equivalents had slightly increased from €6.0m to €6.4m.

Equity ratio of 39.0%

As a result of favorable earnings development, the equity capital rose from €72.7m to €79.1m. With an equity ratio of 39.0%, WashTec has a solid capital structure. The equity capital of WashTec AG acc. to HGB equals €143.4m (2006: €133.8m), including a write-off on treasury shares amounting to €2.4m. This yields an equity ratio of 92.0% (2007: 98.0%).

Net bank debt (bank debt less bank credit balances) equals €39.0m (prior year: €46.0m) and is therefore significantly lower than the previous year despite of the acquisitions made in 2008 and the share buy-back. Total interest coverage (EBITDA/net interest expense) was 12.2 as of the end of the year (prior year: 9.3).

The provisions fell from €28.3m to €24.4m due the the net-effect of additions and utilizations. The current provisions consist primarily of provisions made for personnel costs, phased retirement [Altersteilzeit], warranty obligations and buy-back obligations. A breakdown of the provisions is set forth in the Note 28. The key figures or ratios related to the Company's financial position and net assets, such as leverage and equity capital, are described in section 1.9 »The Company's management systems«.

3.2 Financial management

Long-term syndicated loan matures in 2011

The WashTec Group is financed through a long-term syndicated loan, which was granted to WashTec Cleaning Technology GmbH and matures in 2011. The Company's main liabilities are denominated in euro and US dollar terms. The base interest rate of the loans concluded in 2006 is variable and linked to the EURIBOR and LIBOR. To reduce the risk posed by a general increase in interest rates and to improve planning certainty, the variable interest rate was hedged using three interest rate swaps for 65% of the loans.

As of December 31, 2008, the Group had a credit line totaling €72.9m. At year end, the amount of the credit line, which may be used to finance future operations and to meet obligations but which the Company had not drawn down, totaled €22.5m. The utilization of non-drawn credit lines is largely subject to special conditions and requires the prior consent of the banking syndicate (for additional explanations, see Note 29). The subsidiary, WesuRent Carwash Marketing, finances its equipment investments using sale and lease-back arrangements, which are detailed in Note 30.

3.3 Cash flow statement

High cash inflows from operating activities

Cash inflows from operating activities (net cash flow) increased to €33.0m (prior year: €22.2m). This increase resulted primarily from a reduction in working capital. Both inventories as well as receivables were significantly reduced, while at the same time liabilities owed on goods and services were lowered.

Cash outflows from investing activities totaled €11.6m (prior year: €7.6m) in the fiscal year and related primarily to the acquisition of AUWA-Chemie (€4.3m) and to payments made for capital expenditures in non-current assets (€9.8m), above all at the Augsburg location. There were also cash inflows from investing activities totaling €2.5m resulting from the sale of non-current assets (prior year: €3.2m).

Cash outflow from financing activities totaled €20.9m (prior year: €10.1m). This cash outflow trend resulted mostly from the share buy-back, interest payments, the repayment of loans and the repayment of long-term liabilities owed under financial leases.

The cash and cash equivalents as of the balance sheet date rose by €0.4m to €6.4m. The Company was in a position at all times to discharge its payment obligations.

3.4 Investments

As described in subsection 3.3 above, cash outflow from investing activities equaled €11.6m (prior year: €7.6m). The focus of the WashTec Group's investing activities in 2008 was on the purchase of AUWA-Chemie GmbH & Co. KG and on investments in the optimization of manufacturing at the Augsburg site and the expansion of the IT infrastructure. In the previous year, the Company acquired dealers in the United States.

4. Supplementary report

No significant events impacting the condition of the Group and the Company transpired after the balance sheet date.

5. Opportunities and risk management

In connection with its international business activities, the WashTec Group is exposed to opportunities and risks that are inexorably linked to its business trade. In order to manage 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 risks at an early stage and to implement the necessary countermeasures in a timely manner. Since conditions and requirements are constantly changing, risk identification is an ongoing process that is firmly anchored in WashTec's day-to-day processes.

In the opinion of the management board, the installed risk management system permits the Company to reasonably identify all significant risks relating to its ability to continue as a going concern.

Risk management

Multi-stage risk management system installed

WashTec has instituted a multi-stage system for identifying and monitoring all risks that threaten the Company's ability to continue as a going concern. The aim of this system is to identify risks, which are posed by future events, by using short and medium-term forecasts, and to take thereby the appropriate steps for launching suitable countermeasures as part of a structured approach.

All business risks are reconciled with business processes, analyzed and quantified. Risk management involves defining and taking appropriate countermeasures. The individuals responsible for each department use risk identification forms to report and query all identified risks on a regular basis. The status of implementation is regularly reviewed under the risk management system. The risk monitoring process did not identify any risks, which could jeopardize the Company's ability to continue as a going concern.

Monitoring and management system

The following additional tools are utilized for the monitoring and management system:

- extended management board meetings
- management meetings
- annual planning
- ongoing forecast calculations
- monthly and quarterly reporting
- Strategic and Technical Product Committee
- strategic marketing group
- investment planning
- production and capacity planning
- internal audits
- debtor management
- insurance policies
- risk officer
- compliance officer
- purchasing and supply management
- personal planning and development

These arrangements and tools form the basis for the existing risk management system.

Business risks

The following section sets forth the opportunities and risks relating to the WashTec Group as of the balance sheet date December 31, 2008, that could have a material effect on the WashTec Group's further development. There were no material changes to the risk structure compared to the previous year. Ongoing cost optimization and the successful start-up of new sales and service activities are gaining in significance for successful future business development.

Financial and economic crisis

Risks

Financial and economic crisis will influence machine sales in 2009

The current global financial and economic crisis could adversely affect the investment behavior of individual customer groups, whose financing opportunities are limited. The crisis is affecting, above all, individual customers such as independent operators or car dealers as well as individual sub-markets like the United States, Spain or Great Britain, countries that are greatly impacted by the crisis.

Opportunities

The financial and economic crisis could also provide WashTec with an opportunity to expand its innovation and market leadership as a consequence of increasing consolidation pressure. By taking over sales and service organizations in individual markets or given the accelerated consolidation of markets consisting of primarily smaller, locally-focused machinery manufacturers, WashTec could further strengthen its competitive position based on its solid financial foundation.

Climate and environmental risks

Changes in the climate and environmental conditions could have either a positive or negative impact on car wash behavior and therefore on WashTec's business.

Risks

Increasing physical strains on roads, high fuel costs and bans on inner-city driving together with road tolls and greater environmental awareness could result in fewer vehicles on the road in an effort to protect the environment. Such a trend could diminish car wash activity and, accordingly, reduce investments made in car wash facilities. A change in the climate and environmental conditions could also impact car wash behavior and therefore WashTec's business. Milder winters mean less salting and fewer car washes, thereby effectively extending the life of car wash facilities and producing delays/declines in car wash facility investments.

Opportunities

The fact that water as a resource is becoming scarcer and more costly could result in an increase in automatic car washing which, if a water reclaim system is used, could reduce the consumption of fresh water by 90% or at least 150 liters per wash in comparison to manual washing or car wash facilities without water reclaim systems. If the stricter legislation being enacted in various countries becomes more widespread, then the demand for car wash equipment with water reclaim systems could rise.

Ongoing cost optimization

Risks

The continuation of current projects and the continuous definition of new cost cutting measures are key requirements for the further success of the Company. The Company must continue to streamline its cost structures in order to preserve its leading position on the market. Current and new projects are designed to constantly improve the Company's cost structure.

Ongoing cost optimization is key requirement for further increase of earnings

Opportunities

Projects undertaken in the past have permanently improved the WashTec Group's profitability and competitiveness. In the event that further projects are fully realized, the WashTec Group will be able to further improve its cost structures and earnings.

Establishment of new sales and service organizations and product development

Risks

The establishment of new sales and service companies, the increasing horizontal diversification and the development of new products could produce specific risks for WashTec. All of the Company's investments are based on an analysis of the market needs and a corresponding investment analysis. It cannot be ruled out, however, that these analyses or the Company's investment analyses will later prove to be incorrect or incapable of implementation. An expansion of the organization through the acquisition of companies and company business units generally requires the Company to raise additional outside capital. A false assessment or incorrect valuation of the target could have an adverse effect on the Group's net assets, financial position and results of operation.

Furthermore, WashTec could be exposed to risks with respect to start-up losses relating to the establishment of new sales and service organizations or in connection with the takeover of sales partners (e.g., in connection with personnel costs and other operating expenses for new infrastructure).

Opportunities

A favorable start-up and successful integration of any acquired sales and service organizations could improve the WashTec Group's market position and earnings. The successful expansion of the product range, combined with the launch of new products and more extensive market penetration, could increase the Company's market share and improve its profits. By breaking into new markets through the vertical and horizontal expansion of the Company's range of services as well as through possible other acquisitions, WashTec will be afforded the opportunity to expand its position as a full-service provider. Country-specific strategies have been drawn up for all global focus markets as part of the strategic planning process.

Business

Risks
A negative economic outlook or an unstable political situation could constrain consumer behavior. Market and economic volatility (as a result, for example, of the current financial and economic crisis) or dramatically rising oil prices or more difficult financing conditions (specifically for individual operators) could lead to a considerable decline in revenues for WashTec. Any freeze on investments by individual mineral oil companies or the listing of other suppliers due to new tenders for framework supply agreements with major mineral oil companies could trigger a substantial loss in revenues for WashTec.

Risks from aggressive price competition resulting from declining demand could put pressure on margins in individual market segments.

Price increases among suppliers due to raw material price increases or an overall inflation trend could push up manufacturing costs and reduce gross profit margins. In some cases, the offsetting effects from projects designed to lower purchase prices could, however, eliminate the effects of price increases.

WashTec AG has installed a systematic and intensive market tracking system. This means that countermeasures can be taken in the event of negative economic developments or market volatility. 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.

Opportunities
An increase in the market share of the installed carwash base could have positive one-time effects. 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.

Innovations

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

Even if patents by operation of the law have a presumption of validity, 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 lead to generate profits and 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 as well as the development of new substitute innovations in sectors outside of the car wash business, such as the development of car paint designed to repel dirt particles with a »lotus effect«, may permanently impact the demand for

WashTec products. WashTec's R&D department is constantly monitoring new developments in car paints. We currently do not anticipate any sustained impact on the car wash business in the short or medium-term.

Opportunities
WashTec Group's research and development activities are aimed at further developing the existing product range, developing new car wash systems and quickly and efficiently meeting the individual requirements of customers with respect to facility designs and programs. WashTec's innovations have already received numerous awards at industry trade fairs and were then successfully launched on the market. The new wash systems developed on the basis of ongoing research and development activities meet not only the needs of the Company's existing customers, but also help to acquire new customers.

Financial risks

Financing until 2011 by multiannual syndicated loan

Loans and credit lines amounting to €72.9m are made available by a banking syndicate until 2011. 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 a breach of a fundamental contractual obligation), then the covenants stipulate that the agreement may be terminated for cause.

The base interest rate on the loans is variable and is linked to EURIBOR and LIBOR as well as the Company's actual degree of indebtedness. A further aggravation of the financial and economic crisis might directly have a negative impact on the Company's financing situation in the fiscal year 2009.

Detailed information in the hedging policy and on risk management in the area of financial risks, in particular relating to the use of derivative financial instruments in hedging transactions, is presented under Note 33.

Exchange rate risks

Only minor exchange rate risks

A fluctuating exchange rate between the euro and US dollar has only a small impact on the consolidated balance sheet and/or the earnings of the WashTec Group since most of the US business activities are financed with working capital credit lines denominated in the US currency. 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 on financial risks.

Liquidity risk

One of the key business objectives is to ensure that WashTec companies are solid 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. Unutilized credit lines ensure the supply of liquidity.

There is a potential liquidity risk when there might not be adequate cash to discharge the financial obligations as they fall due. Given the high operating cash flow and the Group's long-term financing, this risk is low.

Credit risks

The Group enters into transactions 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 – order acceptances are subject to controls. For new regional customers, the Company requests evidence of credit standing or financing. We assume that the bad debt allowances are sufficient to cover the actual risk. There are no material credit risk concentrations within the Group.

Tax risks

Most of the loss carryforwards relate to the Groups German companies

85% of the capitalized loss carryforwards reported by the WashTec Group relate to its German companies (for further explanations see Note 17).

Further changes in tax legislation relating to the tax rate or the extent to which loss carryforwards can be used could result in expenses arising from the revaluation of capitalized deferred tax assets and have an adverse effect on consolidated equity and/or earnings per share. The loss carryforwards in Germany will presumably be used up in less than five years.

Takeover risks

The Company faces a risk of takeover if its stock market valuation fails to sufficiently reflect the Company's long-term intrinsic value based on discounted cash flow calculations or EBITDA multiples performed by independent research analysts.

A takeover could change the WashTec Group's existing strategy and could, in some cases, result in the forfeiture of loss carryforwards. Some of the WashTec Group's agreements (e.g. loan agreements) stipulate a termination for cause option in the event there is a change in control. A takeover could also result in management changes.

Supplier risks

Input materials are subject to the following risks: Supplier scheduling risks, product availability risks, quality risks and purchase price risks. Dependency on suppliers means that the Company requires a strict supplier and procurement management system.
A clear system is in place for this purpose, allowing WashTec to assess suppliers and employ only those that are reliable and quality-bound.

Risks related to the use of materials

The WashTec Group uses standard costing procedures for calculating the materials required. Any changes in purchase prices, rebates, etc., which occur during the year, are accounted for manually and result in adjustments to the cost of materials ratio in the financial reports. WashTec is in the process of implementing an automatic actual cost billing system for materials using unit lists with a permanent inventory.

Investment risks

The Company has extensive guidelines for approving investments and other expenditures. These guidelines define the expense caps and the individuals with the authority to make the expenditures. Larger capital investments and expenditures are summarized in an annual investment plan and are approved by the supervisory board.

Quality and process risks

Quality and process risks can arise in connection with the new product launches as well as changes to internal processes and the introduction of new IT systems. Furthermore, WashTec is required to meet very high HSSE requirements (health, safety, security, environment). Reckless violations by individual employees could mean that WashTec loses major contracts, prompting a deterioration of the Company's financial position and results of operation over the long-term. Certification and ongoing quality control ensure that all processes in the Company are regularly monitored and documented.

Capacity risks

A decline in demand usually leads to capacity adjustments. By using internal market tracking and ongoing production capacity planning, WashTec aims to identify capacity risks as early as possible. The targeted use of temporary staff and flexible seasonal working models or short-time work facilitates partial short-term capacity adjustments.

Risk management

All operational risks are analyzed and discussed on an ongoing basis by management, the financial accounting department and the management board and are documented in monthly reports. In addition to revenue and all types of expenditure, these reports provide information on cash flow, employee development and all important components of current assets and the balance sheet. A risk assessment with respect of current business and options for future business can be performed on the basis of these figures. The competitive situation and customers' needs are made transparent at regular meetings and by communicating with customers during visits by sales and service personnel. The Management Board is confident that the risks identified will not jeopardize the Company's ability to continue as a going concern.

6. Outlook

Economy and market

Economists are predicting that the recession will continue at least through the end of 2009 (*source: IFO press release dated 11 December 2008*). This development will affect WashTec's business next year and maybe even in 2010. The more difficult financing conditions for individual operators as well as the negative economic outlook for the car dealer and transport company customer segments will have a negative impact on WashTec's sales. It cannot be currently predicted how long and how serious the effects will be on the car wash business.

Nevertheless, WashTec generates the majority of its revenues in the service segment and in its major customer business. The Company believes that these segments will be less affected by the worldwide crisis.

WashTec business development

The medium-term projections are based on the bottom-up plans of various divisions. In this connection, the Cleaning Technology division, with its programs to enhance revenues and earnings, continues to make the largest contribution.

Course of business in fiscal years 2009 and possibly 2010 will be impacted by financial and economic crisis; currently no predication as to general trend

The fiscal years 2009 and possibly 2010 will be significantly impacted by the financial crisis and the global economic trends resulting therefrom. Since there is often less than two months between the point in time when an order is placed and when the installation is made, it is currently not possible to predict exactly what the impact will be on the machine sales in 2009 and 2010. The reluctance to invest by some customer groups – especially individual operators – resulted in the orderbacklog being below the prior year level at year-end 2008.

The management board is expecting a decline in equipment sales for 2009, while efforts are being made to expand the services and wash chemicals segment. In order to compensate the effects on declining equipment sales, various courses of actions have been initiated to reduce costs, including efficiency projects in Eastern Europe and Asia.

The Company's strategic goals remain the same. They include continuing to expand the offerings around car washing, maintaining a dominant position in Europe, and expanding the market position in the focus markets of Eastern Europe and the United States, as well as realizing additional efficiency potentials, which should help improve revenues and earnings. Acquisition-targets to increase the market position in focus markets are constantly and actively monitored.

Augsburg, 19 February 2009

Thorsten Krüger
Spokesman of the Management Board

Christian Bernert
Member of the Management Board

Consolidated Financial Statements of Washtec AG

Consolidated Income Statement

	Note	Jan. 1 to Dec. 31, 2008 €	Jan. 1 to Dec. 31, 2007 €
Revenue	7	285,119,968	279,713,441
Other operating income	8	4,718,717	4,482,476
Other capitalized development costs		1,030,363	905,514
Change in inventories of work in process		–1,172,479	2,843,357
Total		**289,696,570**	**287,944,787**
Cost of materials			
Cost of raw materials, consumables and supplies and of purchased merchandise		103,465,836	107,751,766
Cost of purchased services		19,674,949	18,708,276
		123,140,785	**126,460,042**
Personnel expenses	9	89,407,714	85,859,648
Amortization, depreciation and impairment of tangible assets and property, plant and equipment		7,698,859	7,173,300
Other operation expenses	10	39,342,836	38,822,436
Other taxes		658,035	756,183
Total operating expenses		**260,248,230**	**259,071,609**
EBIT		**29,448,340**	**28,873,179**
Other interest and similar income		1,096,736	983,805
Interest and similar expenses		4,145,596	4,879,159
Financial result	11	**–3,048,860**	**–3,895,354**
Result from ordinary activities/EBT		**26,399,480**	**24,977,825**
Income taxes	12	–11,084,558	–12,402,368
Consolidated profit for the period		**15,314,922**	**12,575,457**
Loss carried forward		**–10,158,374**	**–22,733,831**
Dividend distribution to shareholders		0	0
Consolidated accumulated profit/loss		**5,156,548**	**–10,158,374**
Average number of shares		**14,919,043**	**15,191,939**
Earnings per share (basic = diluted)	13	**1.03**	**0.83**

See notes for further explanations to the consolidated income statement.
The notes to the consolidated statements form an integral part of the consolidated financial statements for fiscal year 2008.

Consolidated Balance Sheet – Assets

	Note	Dec. 31, 2008	Dec. 31, 2007
		€	€
Non-current assets			
Property, plant and equipment	14	39,802,680	38,348,702
Goodwill	15	57,613,241	53,608,947
Intangible assets	15	11,094,942	7,949,870
Financial assets		18,731	0
Tax receivables	19	321,930	354,037
Other assets	21	29,284	25,284
Deferred tax assets	17	10,016,192	16,909,792
Total non-current assets		**118,897,000**	**117,196,632**
Current assets			
Inventories	18	34,565,503	39,482,759
Current receivables	20	39,740,656	42,534,754
Tax receivables	19	225,247	145,238
Other assets	21	2,972,558	4,788,777
Cash and bank balances	22	6,406,677	6,027,720
Total current assets		**83,910,641**	**92,979,248**
Non current assets held for sale	16	**0**	**1,110,428**
Total assets		**202,807,641**	**211,286,308**

See notes for further explanations to the consolidated balance sheet.
The notes to the consolidated statements form an integral part of the consolidated financial statements for fiscal year 2008.

Consolidated Balance Sheet – Equity and Liabilities

Equity and liabilities	Note	Dec. 31, 2008	Dec. 31, 2007
		€	€
Equity			
Subscribed capital	23	40,000,000	40,000,000
whereof contingent capital	23	2,105,264	2,105,264
Capital reserves	24	45,496,959	44,617,194
Treasury shares	25	–9,464,546	–604,342
Other reserves	26	–2,077,716	–1,170,294
Loss carryforward		–10,158,374	–22,733,831
Consolidated profit for the period		15,314,922	12,575,457
		79,111,245	**72,684,184**
Non-current liabilities			
Interest-bearing loans	29	36,992,916	44,879,292
Finance leasing	30	5,998,279	5,282,417
Provisions for pensions	27	6,199,503	6,632,615
Other non-current provisions	28	4,799,115	4,945,731
Other non-current liabilities	31	1,532,799	1,348,985
Total non-current liabilities		**55,522,612**	**63,089,040**
Current liabilities			
Interest-bearing loans	29	8,374,847	7,168,120
Finance leasing	30	1,930,451	2,705,186
Prepayments on orders	31	7,305,178	6,122,406
Trade payables	31	8,779,005	12,604,574
Other liabilities for taxes and levies	31	4,876,780	4,080,467
Other liabilities for social security	31	726,730	699,148
Tax provisions		4,458,745	5,306,203
Other liabilities	31	16,256,240	17,538,824
Other current provisions	28	8,929,937	11,403,243
Deferred income	32	6,535,871	7,884,913
Total current liabilities		**68,173,784**	**75,513,084**
Total equity and liabilities		**202,807,641**	**211,286,308**

See notes for further explanations to the consolidated balance sheet.
The notes to the consolidated statements form an integral part of the consolidated financial statements for fiscal year 2008.

Consolidated Cash Flow Statement

	Note	2008	2007
		€k	€k
EBT		**26,400**	**24,978**
Adjustments to reconcile profit before tax to net cash flows			
not affecting cash			
Amortisation, depreciation and impairment of non-current assets		7,699	7,173
Gain/loss from disposals of non-current assets		–1,064	–505
Share-based payments expense		883	441
Other gains/losses		–1,451	1,621
Interest income		–1,097	–984
Interest expense		4,146	4,879
Movements in provisions		–2,984	–2,413
Changes in net working capital			
Decrease/increase in trade receivables		3,325	1,950
Increase in inventories		5,556	–5,718
Decrease/increase in trade payables		–4,328	–406
Changes in other net working capital		501	–4,217
Income tax paid		–4,548	–4,617
Net cash flows from operating activities		**33,038**	**22,181**
Purchase of property, plant and equipment (without finance leasing)		–9,802	–5,782
Proceeds from sale of property, plant and equipment		2,497	3,179
Acquisition of a subsidiary, net of cash acquired		–4,266	–4,981
Net cash flows used in investing activities		**–11,571**	**–7,584**
Raising of long-term loans		0	8,000
Repayment of non-current liabilities to banks		–8,913	–12,355
Share buy-back		–8,860	–604
Cash inflow from financial instruments		1,862	0
Interest received		1,097	984
Interest paid		–3,756	–4,426
Repayment of non-current liabilities from finance leases		–2,286	–1,670
Net cash flows used in financing activities		**–20,856**	**–10,071**
Net increase/decrease in cash and cash equivalents		**611**	**4,526**
Net foreign exchange difference		**–292**	**–168**
Cash and cash equivalents at 1 January		**5,927**	**1,569**
Cash and cash equivalents at 31 December	22	**6,246**	**5,927**
Bank balances		**6,407**	**6,028**
Current bank liabilities		**–161**	**–101**

See notes for further explanations to the consolidated cash flow statement.
The notes to the consolidated statements form an integral part of the consolidated financial statements for fiscal year 2008.

Statement of Recognized Income and Expense

	2008	2007
	€k	€k
Changes in the fair value of financial instruments used for hedging purposes recognized under equity	–2,187	–365
Adjustment item for the currency translation of foreign subsidiaries and currency changes	–439	–893
Exchange differences on net investments in subsidiaries	993	–783
Actuarial gains/losses from defined benefit obligations and similar obligations	465	636
Deferred taxes on changes in value taken directly to equity	261	110
Valuation gains/losses recognized directly in equity	**–907**	**–1,294**
Result after taxes	**15,315**	**12,575**
Total income and expense and valuation gains/losses recognized directly in equity	**14,408**	**11,281**

Notes WashTec AG – Statement of Changes in Consolidated Equity

€k	Number of shares in thousands	Subscribed capital Note 23	Capital reserve Note 24	Treasury shares Note 25	Other reserves Note 26	Exchange effects Note 26	Loss carried forward	Total
As of December 31, 2006	**15,200**	**40,000**	**44,338**	**0**	**–395**	**519**	**–22,734**	**61,728**
Income and expenses recognized directly in equity					–512	–893		–1,405
Taxes on transactions recognized directly in equity			–161		110			–51
Share-based payment			441					441
Purchase of own shares				–604				–604
Consolidated profit for the period							12,575	12,575
As of December 31, 2007	**15,200**	**40,000**	**44,618**	**–604**	**–797**	**–374**	**–10,159**	**72,684**
Income and expenses recognized directly in equity					–729	–439		–1,168
Taxes on transactions recognized directly in equity			–4		261			257
Share-based payment			883					883
Purchase of own shares				–8,860				–8,860
Consolidated profit for the period							15,315	15,315
As of December 31, 2008	**15,200**	**40,000**	**45,497**	**–9,464**	**–1,265**	**–813**	**5,156**	**79,111**

See notes for further explanations to the statement of recognized income and expense and to the statement of changes in consolidated equity.
The notes to the consolidated statements form an integral part of the consolidated financial statements for fiscal year 2008.

Notes to the Consolidated Financial Statements of WashTec AG (IFRS) for Fiscal Year 2008

General

1. General Information on the Group

The consolidated financial statements of the WashTec Group for fiscal year 2008 were prepared on February 19, 2009 and made available to the supervisory board for review. They are expected to be approved for publication by the management board after the supervisory board meeting on March 19, 2009. The consolidated financial statements and Group management report are available for viewing on the online version of the *Bundesanzeiger* [German Federal Gazette] and the electronic 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 HRB no. 81.

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

The Company's shares are publicly traded.

The purpose of WashTec AG, as the ultimate parent company, is to acquire, hold and sell equity investments in other entities and to assume the function of a holding company for the WashTec Group.

The other purposes of the WashTec Group comprise the development, manufacture, sale and servicing of carwash products, as well as leasing, and all services and financing solutions, which are related thereto and are required in order to operate carwash equipment.

2. Accounting 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. They comply with the accounting standards applicable in the European Union for fiscal year 2008 and are also supplemented by additional information required by Sec. 315a HGB [»Handelsgesetzbuch«: German Commercial Code] and the Group management report.

The requirements under Sec. 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 will be 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 and 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, 2008:

Consolidated entities	Share in capital %	Equity capital at Dec. 31, 2008 in €k	Profit/loss for 2008 in €k
German entities			
WashTec Cleaning Technology GmbH, Augsburg [1]	100	29,846	0
WashTec Holding GmbH, Augsburg	100	82,031	20,960
WesuRent Car Wash Marketing GmbH, Augsburg [2]	100	51	0
WashTec Financial Services GmbH, Augsburg [1]	100	62	0
AUWA-Chemie GmbH & Co. KG, Augsburg	100	354	53
Foreign entities			
WashTec France S.A.S., St. Jean de Braye, France	100	1,471	–101
Mark VII Equipment Inc., Arvada, USA	100	2,701	–4,024
WashTec SRL, Casale, Italy	100	97	–933
WashTec UK Ltd., Great Dunmow, United Kingdom	100	1,277	202
California Kleindienst Limited, Wokingham, United Kingdom [5]	100	0	0
WashTec A/S, Hedehusene, Denmark [4]	100	3,575	504
WashTec Cleaning Technology GmbH, Vienna, Austria	100	856	263
WashTec Spain S.A., Barcelona, Spain [6]	100	1,359	–411
WashTec Car Cleaning Equipment (Shanghai) Co. Ltd., Shanghai, China	100	0	0
WashTec Cleaning Technology España S.A., Bilbao, Spain [5]	100	1	0
WashTec Benelux B.V., Zoetermeer, Netherlands [3]	100	4,060	37
WashTec Biltvättar AB, Helsingborg, Sweden [5]	100	154	0

[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 and WashTec Benelux N.V., Brussels, Belgium whose results are reported in WashTec Benelux B.V., Zoetermeer, NL.
[4] including permanent establishments in Norway
[5] Company is currently inactive.
[6] Subgroup with Svitta Motor, S.L.

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 significant 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 17.

Share-based payments
Under IFRS 2, stock options granted to employees shall be valued at the fair value of the underlying equity instrument on the date the option was granted. The valuation will be made using an appropriate valuation model, which requires assumptions regarding the date for the option exercise, the volatility of the share and dividend payments. The assumptions and models used are disclosed in Note 9.

Pension and other post-employment 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.

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 economical feasibility, usually when a product development project has reached a defined milestone under an established project management model.

Buy-back obligations (buy-back contracts)

The WashTec Group partially sells wash systems through leasing companies to major customers. Under these arrangements, the WashTec Group guarantees that, if necessary, it will repurchase wash systems at the end of the base rental period 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 if the system will need to be repurchased at the end of the base rent period.

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 2008, the Group applied the following new and revised IFRS Standards and Interpretations.

- IFRIC 11 IFRS 2 Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 11 – IFRS 2 Group and Treasury Share Transactions
Under IFRIC 11 – IFRS 2, group and treasury share transactions are any agreements, pursuant to which employees are granted rights to equity instruments of an entity and must account for them as share-based, equity-settled payment transactions, even if the Company acquires the instruments from a third party or the shareholder provides the necessary equity instruments. Moreover, this Interpretation clarifies that subsidiaries, whose employees are granted rights to the equity instruments of the parent company, must account for these facts on their balance sheets pursuant to IFRS 2. IFRIC 11 must be applied for the first time for those fiscal years which commence on or after 1 March 2007. The application of this Interpretation has no effect on the net assets, financial position or results of operation of the WashTec Group.

The facts addressed by Interpretations IFRIC 12, 13 and 14 are not relevant to the WashTec Group.

In the view of the financial crisis, the IASB published the amendments to IAS 39 – reclassifications of financial assets (amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures) in October 2008. The amended Standard takes into account the current trends on the financial markets and should eliminate any differences existing between US GAAP and IFRS with respect to reclassifying certain financial instruments, thereby avoiding any distortions in competition triggered thereby. The amended Standard was published on October 16th in the Official Journal of the EU and entered into effect on the day following its publication. The amendments are applicable retroactively as of July 1, 2008. These amendments to IAS 39 are currently not relevant to the WashTec Group.

Moreover, IASB and the IFRIC enacted additional Standards and Interpretations listed below, but these standards and interpretations did not have to be applied in fiscal year 2008 or were not yet recognized by the European Union. As of December 31, 2008, the WashTec Group had not applied these Standards earlier than required.

- IAS 1 Amendments to IAS 1 – Presentation of Financial Statements (revised September, 2007)
- IFRS 1 First time Adoption of the IFRS in connection with IAS 27 – Consolidated and Separate Financial Statements under IFRS
- IFRS 8 Operating Segments
- IAS 23 Amendments to IAS 23 – Borrowing Costs (revised September, 2008)
- IFRS 2 Amendments to IFRS 2 – Share-based Payments: Vesting Conditions and Cancellations (revised January, 2008)
- IFRS 3 IFRS 3 – Business Combinations and IAS 27 – Consolidated and Separate Financial Statements under IFRS (revised January, 2008)
- IAS 32 Financial Instruments in connection with IAS 1 – Presentation of Financial Statements
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- IAS 39 Reclassification of Financial Assets
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of Net Investment in Foreign Operations
- IFRIC 17 Distribution of Non-Cash Assets to Owners
- IFRS Improvements to IFRS

Amendments to IAS 1 – Presentation of Financial Statements

On September 6, 2007, the IASB published a revised version of IAS 1 – Presentation of Financial Statements, which has been approved by the EU on December 17, 2008 and which must be applied for the first time to reporting periods that commence on or after January 1, 2009. The new version of the Standard provides for a change in the titles of the components of the financial statements, which will be used in all Standards in the future, but which do not have to be used by companies in their financial statements. One of the significant changes compared to the earlier version of the Standard is that all income and expenses, including income and expenses recognized in equity capital but not in the income statement, must now be shown in a statement of comprehensive income. A presentation, which is made solely in connection with owner changes in equity under the statement of changes in equity, is no longer possible, however. Moreover, significantly more information about income and expenses, which are reported in the equity capital (other comprehensive income) and not in the income statement, has been planned. Thus, the focus of the statement of changes in equity in the future will be in presenting all owner changes in equity. The amendment to the Standard has no effect on WashTec Group's net assets, financial position and results of operation.

IFRS 8 – Operating Segments

IFRS 8 – Operating Segments was published in November of 2006 and must be applied for the first time to the fiscal years beginning on or after January 1, 2009. Under IFRS 8, entities must disclose the segment information on the basis of information, which is available to the highest decision-making body for the operating business. The Group has concluded that the operating segments defined under IFRS 8 are the same as the business segments identified under IAS 14. The application in 2009 will presumably result in a changed presentation of the segments.

Amendments to IAS 23 – Borrowing Costs

The revised version of Standard IAS 23 – Borrowing Costs – was published in March of 2007 and must be applied for the first time to fiscal years beginning on or after January 1, 2009. The standard has been revised to require the capitalization of borrowing costs when such costs can be attributable to a qualifying asset. A qualifying asset is an asset, which necessarily takes a substantial period of time to prepare for its intended use or sale. In accordance with the transitional requirements in the standard, the Group will adopt this prospectively. According to the transitional provisions of the Standard, the WashTec Group will apply these Standards for the future. The application of this Standard in fiscal year 2009 will have no effect on the net assets, financial position or results of operation of the WashTec Group.

Amendments to IFRS 2– Share-based Payment: Vesting Conditions and Cancellations

IFRS 2 – Share-based Payments (amendment) has been approved by the EU on December 16, 2008 and is applicable to the fiscal years, which commence on or after January 1, 2009. The amended version defines the phrase »vesting conditions« more specifically and also addresses the cancellation of share-based payments by persons other than the entity. The application in fiscal year 2009 is not expected to have any effects on the net assets, financial position and results of operation of the WashTec Group.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
IFRIC 16 was published in July of 2008. The goal of the Interpretation is to clarify two sets of facts, which arise within an entity and its foreign business operation in connection with the two Standards, IAS 21 the Effects of Changes in Foreign Exchange Rates and IAS 39 Financial Instruments in connection with accounting for a hedge of foreign currency risks. IFRIC 16 clarifies what should be deemed a risk in hedging a net investment in a foreign business operation and where the hedging instrument may be held within the Group in order to reduce this risk. IFRIC 16 must be applied for the first time to fiscal years, which begin on or after October 1, 2008. This Interpretation has no effects for the WashTec Group.

The facts addressed by Standards and Interpretations IFRS 1, IFRS 3, IAS 32, IAS 39, IFRIC 15 and IFRIC 17 are currently not relevant to the WashTec Group.

Amendments to the IFRS
On May 22, 2008, the IASB published the first annual collective project for making small amendments to the IFRS, the so-called »Improvements to IFRSs«. The majority of amendments must be applied for the first time to the reporting periods beginning on or after January 1, 2009. Entities may elect to apply these revised Standards earlier than required. The amendments to the following Standards are currently not relevant to the WashTec Group and will have no effects on the WashTec Group's net assets, financial position and results of operation.

Amendments, which affect accounting, recognition or measurement, are as follows:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Amendment)
- IAS 1 Presentation of Financial Statements (Amendment)
- IAS 16 Property, Plant and Equipment (Amendment)
- IAS 19 Employee Benefits (Amendment)
- IAS 20 Accounting for Government Grants and Disclosure of Government Assistance (Amendment)
- IAS 23 Borrowing Costs (Amendment)
- IAS 27 Consolidated and Separate Financial Statements under IFRS (Amendment)
- IAS 28 Investments in Associates (Amendment)
- IAS 29 Financial Reporting in Hyperinflationary Economies (Amendment)
- IAS 31 Interests in Joint Ventures (Amendment)
- IAS 36 Impairment of Assets (Amendment)
- IAS 38 Intangible Assets (Amendment)
- IAS 39 Financial Instruments: Recognition and Measurement
- IAS 40 Investment Property
- IAS 41 Agriculture

There were also the following changes in phrasing, which had little or no effect on the accounting:

- IFRS 7 Financial instruments: Disclosures
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events after the Reporting Period
- IAS 18 Revenue
- IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
- IAS 40 Investment Property
- IAS 41 Agriculture

In addition, the IASB also made some editorial changes to the following Standards to harmonize the language there with the terminology of other IFRS:

- IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
- IAS 29 Financial Reporting in Inflationary Economies
- IAS 33 Earnings per Share
- IAS 40 Investment Property
- IAS 41 Agriculture

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 with the exception of exchange differences 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 euros 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 is 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 pro rated costs of materials and overhead as well as depreciation (IAS 16). Interest charged for borrowing funds will not be included in the manufacturing costs (IAS 23). 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 carrying value of the plant, property and equipment will be tested for impairment as soon there is evidence that the carrying value of the relevant asset cannot be recovered.

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 10 years
Finance leases	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 year 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.

Non-current assets or divisions will be reported as non-current assets held for sale and discontinued operations pursuant to IFRS 5, if their carrying values can be more likely achieved through their sale than their continued use. This criterion is considered to be met if the sale is highly probable and the asset is available for immediate sale. Management must have approved the sale and must intend to realize the sale within one year following classification as »held for sale«. The asset is measured at the fair value less either the costs to sell or the carrying amount, which yields the lower amount.

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 as well as directly attributable incidental acquisition costs.

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 not only goodwill, but also acquired patents, technologies and capitalized development costs and licenses.

The scheduled amortization of intangible assets is carried out using mostly the following useful lives:

Intangible assets	Useful life
Acquired patents and technologies	8 years
Licenses	4 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 and tested for impairment whenever there is an indication that the intangible asset could be impaired. 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.

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 assets 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, 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 exist or if annual impairment testing for an asset is required, then the Group will estimate the asset's recoverable value. An asset's recoverable value is the higher of an asset's or cash-generating unit's fair value less selling costs 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 value, the asset is considered impaired and is written down to its recoverable value. 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 exist, 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 value since the last impairment loss was recognized. If this is the case, then the carrying value of the asset is increased to its recoverable value. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, 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 value of the cash-generating units, to which the goodwill relates. Where the recoverable value 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.

Investments and other financial assets

In general, financial assets within the meaning of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets on initial recognition.

All regular way purchases and sales of financial assets 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 market value through profit and loss.

Financial assets held at fair value through profit or loss/liabilities

The group of financial assets at fair value through profit or loss includes financial assets held for trading and financial assets (designated upon initial recognition as at fair value through profit or loss). Subsequent measurements are likewise carried at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future. Derivatives, including separated embedded derivatives within the framework of hedge accounting, are also classified as held for trading, unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on investments held for trading are recognized in profit or loss.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. Reassessment occurs only if there is a material change in the terms of the contract that significantly modifies the cash flows, which would otherwise have resulted from the contract.

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 when 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 cost

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.

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.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying value of the receivable is reduced using an allowance account. Impaired debts are derecognized when they are deemed uncollectible.

Financial liabilities

Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and are not designated as at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings 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 portion of a financial asset or a portion of a group of similar financial assets) will be derecognized, if the contractual right to draw the cash flow from a financial asset expires.

Financial liabilities

A financial liability will be derecognized, if the obligation which forms the basis of the liability is performed, terminated or expires.

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.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency 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 un-recognized firm commitment (except for foreign currency risk);
- 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 of this kind 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, 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.

Hedges of a net investments in foreign operations (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: cost of acquisition based on the weighted average cost method

- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

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, net of outstanding bank overdrafts.

Treasury shares

The Group buys back its own shares (treasury shares). The acquisition costs for such shares are deducted from the equity capital account directly. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

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 cost.

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 27.

Provisions for phased retirement agreements

Phased retirement agreements 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 or 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 and is recognized directly and in full once the obligation arises.

Share-based payments

As consideration for the work they perform, management board members and other senior managers of the Group are paid shared-based compensation in the form of equity instruments or cash (so-called »equity-settled transactions« or »cash-settled transactions«).

Equity-settled transactions
The costs from granting equity instruments are measured by reference to their fair value on the date they are granted. The fair value is determined by using an appropriate options pricing model (binomial options pricing model).

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (so-called »the vesting period«), ending on the date on which the relevant employees become fully and irrevocably entitled to the award. The cumulative expense recognized for equity-settled transactions on each reporting date until the full entitlement date (first exercise date) reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest at the end of the vesting period. The income or expense recognized for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

If the terms of a remuneration contract with equity-settled transactions are modified, then minimum expense recognized will be the expense which would have arisen had the terms not been modified. The Company will also recognize the expenses from any modifications, which increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee as measured as of the date of modification.

If a remuneration contract with equity-settled transactions is cancelled, then it will be treated as if it had vested on the date of the cancellation, and any expense not yet recognized at that time will be recognized immediately. If, however, a new contract is substituted for the cancelled contract and is designated as a replacement award on the date that it is granted, then the cancelled and new remuneration contracts will be treated as if they were a modification of the original remuneration contract.

Cash-settled transactions
The costs, which arise from cash-settled transactions, will be measured at fair value as of their grant date by initially using a suitable calculation model (for more details, see Note 9). The fair value will be apportioned over the vesting period in profit or loss while recognizing a corresponding liability. The liability must be newly measured as of each balance sheet date until the settlement date. Any changes in the fair value will be recognized in profit or loss.

Deferred income

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

Leases

In the Company's Systems division, the machines produced by WashTec Cleaning Technology GmbH are sold to a leasing company and then leased back in order to operate the machines for and on behalf of customers in return for usage-based fees. The agreements between the leasing company and WashTec are treated as finance leases pursuant to IAS 17, while the agreements between WashTec and the customer are treated as operating leases as WashTec bears substantially all the economic risks incidental to ownership. Other finance leases relate to vehicles.

Group as lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased property, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present 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 immediately 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

Current 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 reporting purposes.

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

- where the 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; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where 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; and
- 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 only be recognized 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 Systems division are not recognized until the respective carwash 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 leaseback 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).

Segment reporting

A business segment is a distinguishable component of an enterprise, which creates or provides a single product or service or a group of related products or services and which is subject to risks and returns that are different from other business segments. 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 risks and returns that are different from those of components operating in other economic environments

According to IAS 14 (Segment Reporting), certain annual financial statement information must be segmented and reported according to business and geographical areas, although the Company may follow its own internal reporting system in defining the breakdown. The segmentation is intended to create greater transparency about the earnings strength and outlook of the Group's individual activities. The business segments represent the Group's primary reporting segment. The geographical segments constitute its secondary reporting segment.

The segmentation is made between two divisions: Cleaning Technology (development, design, production, sales and servicing of automatic cleaning systems for vehicles) and Systems (system solutions for the operation of car wash systems). For more details regarding the different segments and divisions, see Section 7 below.

Segment assets and segment liabilities include the assets and liabilities, which are used by one segment for its own operations and which are directly attributable to the segment.

Change in accounting policies

In order to improve transparency, tax assets and non-current liabilities have been further itemized in the balance sheet and a change was made in how the »income tax paid« item in the cash flow statement is shown. In this respect, non-current tax assets in the amount of €354k were segregated from other current assets as of December 31, 2007, and other non-current liabilities totaling €1,349k were separated from other current liabilities as of December 31, 2007. Furthermore, and in contrast to the previous year, deferred tax assets, cash and cash equivalents, assets held for sale and derivative financial instruments were no longer included under the segment assets. Segment liabilities no longer include, among other things, income tax liabilities, interest-bearing loans and financial leasing liabilities.

6. Business combinations

Pursuant to an agreement dated May 7, 2008, the Group acquired AUWA-Chemie GmbH & Co. KG. The acquisition went into effect on May 1, 2008.

AUWA-Chemie is a mid-sized manufacturer of washing chemicals and has its registered offices in Augsburg. AUWA-Chemie sells a complete range of chemical wash products specifically for vehicle washing systems, and with its »auwa« brand, is a well-established manufacturer in the mid-sized market for wash chemicals in Europe. With its own distribution network in Germany and independent distributors in Europe, AUWA-Chemie generates annual revenues of approximately €5m with sustained earnings.

The parties agreed to a purchase price of €3.6m, without cash or debt. Moreover, the purchase agreement contains an adjustment clause based on the change in working capital as well as a hold-back provision vis-à-vis the seller.

The transaction and due diligence costs related to the acquisition as well as other incidental acquisition costs totaled €215k. Due diligence were carried out for all key risk areas (including, e.g. legal and business risks as well as environmental risks).

The following table shows the carrying values and fair values of the acquired assets and liabilities as of May 1, 2008:

AUWA-Chemie GmbH & Co. KG in €k	Fair value	Carrying value
Cash and cash equivalents	35	35
Current receivables	532	547
Inventories	657	688
Non-current assets	534	511
Current liabilities and provisions	–1,374	–1,155
Equity capital	**384**	**626**

The goodwill totaling €3.2m (after adjustment of the purchase price due to working capital adjustments) covers the fair value of the anticipated synergies.

The consolidated profit as of December 31, 2008 includes a profit of €53k and revenues of €3,509k. Had the merger occurred at the beginning of the year, Group revenues would have been approximately €287.0m and the Group profit after tax would have been €15.1m.

Company mergers in 2007

Pursuant to an agreement dated December 12, 2006, the Company acquired all the shares in the Spanish company, Motor Mediterraneo S.A. The agreement was concluded subject to a condition precedent. The Company obtained control of Motor Mediterraneo S.A. on January 11, 2007 upon meeting all the contractual conditions.

Motor Mediterraneo S. A., which has its registered office in Barcelona and a branch office in Madrid, has been the WashTec Group's exclusive dealer in Spain since 1964. The company markets, installs and maintains car wash equipment and has more than 30 employees.

The purchase price including incidental acquisition costs totaled €6.2m. The purchase price includes assets and liabilities, which according to IFRS 3 may be broken down according to their fair values and carrying amounts as follows:

Motor Mediterraneo in €k	Fair value	Carrying values
Cash and cash equivalents	2,880	2,880
Trade receivables	2,306	2,306
Other receivables	577	787
Inventories	557	557
Property, plant and equipment	12	28
Intangible assets	685	116
Goodwill (acquired)	543	543
Trade payables	–1,596	–1,596
Other liabilties	–2,381	–2,476
Equity capital	**3,583**	**3,145**

Pursuant to an asset purchase agreement dated July 1, 2007, the Company acquired all assets of CJT Carwash Systems, Inc. (AquaPro), Texas. CJT Carwash Systems, Inc. has its principal place of business in Allen, Texas, and has been the exclusive dealer for Mark VII Equipment Inc. since 2000. This company sells, installs and maintains car wash equipment and has 29 employees.

The purchase price including incidental acquisition costs totaled €1.1m. The purchase price includes assets and liabilities, which according to IFRS 3 may be broken down according to their fair values and carrying amounts as follows:

CJT Carwash Systems in €k	Fair value	Carrying values
Cash	34	34
Trade receivables	323	323
Inventory	586	565
Property, plant and equipment	183	169
Trade payables	–374	–408
Other liabilities	–57	–57
Equity capital	**695**	**626**

7. Notes on segment reporting

The Company divisions engage in the following business activities:

The Cleaning Technology division (or segment) comprises the development, design, production, sale and servicing of automatic wash systems for vehicles.

The Systems segment offers systems solutions for the operation of vehicle washing systems. Machines are sold to a leasing company and then leased back from it in order to sublease them to customers, particularly large operator groups and oil companies, in accordance with their respective operative models. As a rule, these agreements have a term of five to ten years.

The Systems business is consolidated primarily in WesuRent Car Wash Marketing GmbH, Augsburg, Germany. All other entities have been assigned to the Cleaning Technology segment.

The business divisions of the WashTec Group operate worldwide and are divided into the following regions: Germany, Rest of Europe, North America and Rest of World (Other). 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.

According to internal practice, all segment data of the business divisions are reported on a pre-consolidated basis. To reconcile the data to the consolidated figures, the intra-Group items are eliminated in separate columns.

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.

By business segment

In €k	Cleaning Technology		Systems		Consolidation		Group	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenues	**283,086**	**279,465**	**3,869**	**3,525**	**–1,835**	**–3,277**	**285,120**	**279,713**
with third parties	281,251	276,188	3,869	3,525	0	0	285,120	279,713
with other divisions	1,835	3,277	0	0	–1,835	–3,277	0	0
Other income	5,722	5,386	27	2	0	0	5,749	5,388
EBIT	**29,209**	**29,204**	**577**	**738**	**–338**	**–1,069**	**29,448**	**28,873**
Income from interest and financial assets							1,097	984
Interest and similar expenses							–4,146	–4,879
Result from ordinary activities	**26,453**	**25,554**	**285**	**493**	**–338**	**–1,069**	**26,400**	**24,978**
Income taxes							–11,085	–12,402
Consolidated net profit							**15,315**	**12,575**
Equity capital	79,060	72,633	51	51	0	0	79,111	72,684
Liabilities	65,295	73,123	780	675	–621	–536	65,454	73,262
Assets	178,403	178,220	6,634	6,541	0	0	185,037	184,761
Investments in property, plant and equipment	7,217	5,199	781	2,165	0	0	7,998	7,364
Investments in intangible assets	8,409	5,933	0	0	0	0	8,409	5,933
Scheduled amortization, depreciation and impairment losses	–6,525	–6,366	–1,174	–807	0	0	–7,699	–7,173
Non-current assets held for sale	0	1,110	0	0	0	0	0	1,110

Reconciliation of segment assets and liabilities

in €k	2008	2007
Segment assets	**185,037**	**184,761**
Deferred tax assets	10,016	16,910
Tax receivables	547	499
Cash and cash equivalents	6,407	6,028
Non-current assets held for sale	0	1,110
Other financial assets	801	25
Derivative financial instruments	0	1,953
Consolidated balance sheet total	**202,808**	**211,286**

in €k	2008	2007
Segment liabilities	**65,454**	**73,262**
Income tax liabilities	4,459	5,306
Non-current interest-bearing loans	38,293	44,879
Current interest-bearing loans	7,075	7,168
Finance lease liabilities	7,929	7,987
Derivative financial instruments	487	0
Consolidated debt capital	**123,697**	**138,602**
Equity capital	79,111	72,684
Consolidated balance sheet total	**202,808**	**211,286**

The consolidated revenues within our business segments can be broken down according to sales as follows:

in €k	2008		2007		Change	
	Third Parties	Other segments	Third Parties	Other segments	Third Parties	Other segments
Cleaning Technology						
New machines	173,744	676	177,566	2,137	–3,823	–1,461
Spare parts, services	86,079	1,159	82,426	1,140	3,653	19
Used machines	3,412	0	4,115	0	–703	0
Chemicals	14,362	0	9,547	0	4,815	0
Accessories and miscellaneous	3.654	0	2.533	0	1.121	0
Total	**281,251**	**1,835**	**276,188**	**3,277**	**5,063**	**–1,442**
Systems						
Equipment/systems leasing	3,869	0	3,525	0	344	0
Total	**3,869**	**0**	**3,525**	**0**	**344**	**0**
Consolidation	0	–1,835	0	–3,277	0	1,442
Group	**285,120**	**0**	**279,713**	**0**	**5,407**	**0**

By regions

The consolidated assets can be broken down within our business segments as follows:

2008 in €k	Germany	Rest of Europe	North America	Group
Carrying value of property, plant and equipment	32,425	6,094	1,284	39,803
Investments in property, plant and equipment	3,909	3,458	209	7,576
Carrying value of intangible assets	50,166	1,347	17,195	68,708
Investments in intangible assets	3,160	92	1,785	5,037
Assets	**108,373**	**49,975**	**26,689**	**185,037**

2007 in €k	Germany	Rest of Europe	North America	Group
Carrying value of property, plant and equipment	32,380	4,061	1,908	38,349
Investments in property, plant and equipment	4,720	1,642	1,002	7,364
Carrying value of intangible assets	44,807	1,418	15,334	61,559
Investments in intangible assets	3,811	1,333	788	5,932
Assets	**113,106**	**44,749**	**26,903**	**184,761**

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

Consolidated revenues were generated in the following regions:

in €m	2008	2007	Change
Germany	100.9	94.1	6.8
Rest of Europe	154.4	149.1	5.3
North America	23.6	30.5	–6.9
Rest of World*	6.2	6.0	0.2
Total	**285.1**	**279.7**	**5.4**

* primarily Asia and Australia

Notes to the Consolidated Income Statement

8. Other operating income

Other operating income totaled €4,719k (prior year: €4,482k) and consisted primarily of income from the sale of acquired vehicles and from the sale of other property, plant and equipment totaling €1,142k (prior year: €547k), income from the valuation or sale of derivatives in the amount of €356k (prior year: € 903k) and income from the final liquidation of the former Canadian subsidiary in the amount of €161k (prior year: €472k).

9. Personnel expenses

Personnel expenses consist of the following:

in €k	2008	2007
Wages and salaries	73,759	72,590
Social security contributions	7,449	6,785
Pension and phased-retirement costs	1,833	1,287
Expenses for employer share of statutory and voluntary pension insurance (contribution-oriented)	5,522	5,319
Expenses of share-based payments	883	441
Income for cash-settled share-based payments	–38	–562
Total	**89,408**	**85,860**

The share-based remuneration payments may be described as follows:

A phantom stock option plan (i.e. share appreciation rights), with a term expiring December 31, 2008, continues to be in place for a former Management Board member. The plan provides for share price-based payments (stock market price less €15.43 (exercise price) multiplied by 116,667 shares). The stock market price is calculated from the average Xetra price at 5.00 pm, in each case, for the 10 trading days following the publication of the financial statements as of December 31, 2008. Under the stock option plan, the payment is due in 2009.

The provision as of December 31, 2008, which is calculated using the Black-Scholes Option Pricing Model, factors in a stock market price of €5.79 (prior year: €11.20), an average volatility over the last year of 47.09% (prior year: 24.87%) and a risk-free interest rate of 4.6% (prior year: 4.6%), under the assumption that no dividends are being paid. The stock market price and the volatility are based on the publications of reputable German banks in each case. The provisions set aside for the share appreciation rights in fiscal year 2008 equaled €0k (prior year: €38k).

The following table presents the number and the performance of the share appreciation rights during the fiscal year:

Number of shares	2008	2007
Outstanding at beginning of the reporting period	116,667	233,340
Granted in the reporting period	0	70,833
Exercised in the reporting period	0	0
Waived in the reporting period	0	187,506
Expired in the reporting period	0	0
Outstanding at the end of the reporting period	**116,667**	**116,667**
Vested at the end of the reporting period	0	0

On July 23, 2007, 767,000 options were granted to the management board and the first level of management at a strike price of €15.34. The options are settled generally using equity instruments. They may be exercised for the first time, if the share price increases by 20.0% and the two-year waiting period has lapsed. The options expire if the share price increase does not occur during the waiting period. From the date of the grant, these options have a term of five years and will expire worthless, if they are not or cannot be exercised during this term. The fair value is determined using the binomial pricing model as of the date of the grant. The mathematical model is based on a risk-free interest rate of 4.7%, historically derived volatility of 22.8%, a dividend yield of 2.0%, a share price as of the option grant date of €15.00 and an anticipated term of two years. The expenses incurred in 2008 equaled €883k (prior year: €441k). The market price and volatility information is based on published data from reputable German banks.

The average residual contract term for the stock options outstanding as of December 31, 2008 was 3.5 years (prior year: 4.5 years).

The following table shows the number and performance of the equity-based stock options during the fiscal year:

Number of shares	2008	2007
Outstanding at the beginning of the reporting period	767,000	0
Granted in the reporting period	0	767,000
Exercised in the reporting period	0	0
Waived in the reporting period	0	0
Expired in the reporting period	0	0
Outstanding at the end of the reporting period	**767,000**	**767,000**
Vested at the end of the reporting period	0	0

The number of staff members according to their job functions developed as follows as of the reported date:

Average number of employees	Dec 31, 2008	Dec 31, 2007	Change
Sales and servicing	904	907	–3
Production, technology and development	470	483	–13
Finance and administratin	175	171	4
Total	**1,549**	**1,561**	**–12**

10. Other operating expenses

Other operating expenses are itemized as follows:

in €k	2008	2007
Vehicle costs	7,891	7,245
Travel expenses	3,897	3,786
Advertising and trade fair costs	3,257	2,858
Maintenance/repairs	2,360	2,404
Legal and consulting fees	2,300	3,434
Rent/operating leases excluding vehicles	2,285	2,074
Temporary workers	2,279	2,654
Communication costs	2,147	2,021
IT expenses	2,125	2,074
Operating leases – vehicles	1,785	1,465
Exchange rate effects	1,052	702
Training/continuing education costs	983	708
Insurance	947	1,160
Office supplies	835	1,044
Product liability	420	480
Fees, licenses and research costs	396	768
Expenses for own patents and intellectual property rights	345	381
PR work	336	383
Loss on disposals of non-current assets	78	42
Miscellaneous administrative expenses/other expenses	3,625	3,230
Total	**39,343**	**38,822**

Auditors' fees

The following fees were paid to the newly elected auditors (PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Munich, Germany) for services rendered in the reporting year:

In € k	2008	2007*
Annual accounts auditing	176	0
Auditing of consolidated financial statements	37	0
Tax advisory services	83	114
Other certification and evaluation services	12	0
Total	**308**	**114**

* Not audited by PriceWaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Munich, Germany.

11. Financial result

In €k	2008	2007
Interest rate and currency swaps	707	823
Income from interest and similar income	390	161
Financial income	**1,097**	**984**
Interest-bearing loans	3,433	3,909
Interest rate and currency swaps	120	400
Expenses from finance leases	346	297
Expenses from borrowing costs and similar expenses	247	273
Financial costs	**4,146**	**4,879**
Financial result	**–3,049**	**–3,895**

12. Income taxes

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 30.87% (prior year: 39.20%). The effective tax rate of the WashTec Group equaled 42.0% (prior year: 49.7%).

in €k	Tax expense 2008	Tax expense 2007
Expected income tax expense	8,150	9,791
Tax differences due to different foreign tax rates	–156	–121
Effects of the non-recognition of deferred tax assets	649	245
Write-down of deferred tax assets from loss carryforwards	1,522	0
Effect of the use of loss carryforwards from non-recongized deferred taxes	–12	–894
Dividends	16	0
Non-deductible expenses for foreign entity investments	91	0
Capitalisation of corporate income tax credits	–19	–16
Non-deductible expenses	326	161
Withholding tax	22	0
Non-deductible expenses trade tax Germany	161	252
Adjustment Group tax rate to 30.70%	33	3,179
Other	302	–195
Actual income tax expense	**11,085**	**12,402**

Tax expenses consist of the following:

in €k	Tax expense 2008	Tax expense 2007
Deferred tax expenses	7,394	7,894
Actual tax expenses	3,691	4,508
Total income taxes	**11,085**	**12,402**

13. Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing the after-tax consolidated profit 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.

The calculation can be reproduced as follows:

Calculation of undiluted earnings per share for 2008 and 2007

in € k or number of shares	2008	2007
Consolidated profit	15,315	12,575
Weighted average of outstanding number of shares	14,919,043	15,191,939
Earnings per share (undiluted = diluted)	**€ 1.03**	**€ 0.83**

Since the issued stock options, which are settled using equity instruments, are not »in the money« and the stock appreciation rights are paid out in cash, the options do not dilute the earnings per share.

The Company will recommend at the annual shareholders' meeting on May 7, 2009 that no dividends be paid.

Notes to the Consolidated Balance Sheet

14. Property, plant and equipment

Property, plant and equipment developed as follows:

	Land, land rights and buildings	Technical equipment and machines	Other equipment, fittings and fixures	Finance leasing	Prepayments and construction in progress	Total
Costs						
January 1, 2007	**41,918**	**16,283**	**13,881**	**15,059**	**514**	**87,665**
Additions	1,803	1,065	1,027	3,246	28	7,169
Additions from company acquisitions	0	0	195	0	0	195
Disposals	5,194	2,218	1,255	779	0	9,446
Reclassifications	286	89	116	0	–491	0
Currency translation effects	–157	–86	–181	–1	0	–425
December 31, 2007	**38,656**	**15,133**	**13,783**	**17,525**	**51**	**85,148**
Additions	1,072	2,274	1,399	2,769	62	7,576
Additions from company acquisitions	363	49	10	0	0	422
Disposals	0	642	832	2,184	4	3,662
Reclassifications	10	29	–305	–2	–26	–294
Currency translation effects	–36	–45	–95	1	0	–175
December 31, 2008	**40,065**	**16,798**	**13,960**	**18,109**	**83**	**89,015**
Amortisation, depreciation and impairment losses						
January 1, 2007	**19,125**	**11,780**	**10,078**	**8,202**	**0**	**49,185**
Amortisation/depreciation for the year	1,274	859	1,162	1,646	0	4,941
Impairment losses	0	0	0	0	0	0
Disposals	3,186	2,121	1,133	677	0	7,117
Reclassifications	0	–190	190	0	0	0
Currency translation effects	–92	–42	–76	0	0	–210
December 31, 2007	**17,121**	**10,286**	**10,221**	**9,171**	**0**	**46,799**
Amortisation/depreciation for the year	1,256	1,042	1,226	1,968	0	5,492
Impairment losses	0	0	0	0	0	0
Disposals	0	610	620	1.643	0	2.873
Reclassifications	0	0	–34	0	0	–34
Currency translation effects	–3	–57	–114	2	0	–172
December 31, 2008	**18,374**	**10,661**	**10,679**	**9,498**	**0**	**49,212**
Carrying value						
December 31, 2008	**21,691**	**6,137**	**3,281**	**8,611**	**83**	**39,803**
December 31, 2007	**21,535**	**4,847**	**3,562**	**8,354**	**51**	**38,349**
January 1, 2007	**22,793**	**4,503**	**3,803**	**6,857**	**514**	**38,470**

Finance leases

Carrying values in €k	2008	2007
Washing equipment, sale and leaseback	8,294	7,280
Finance leasing, fixtures and fittings	317	1,074
Total	**8,611**	**8,354**

Under the item »Finance leases« in property, plant and equipment (machinery and vehicles), assets are listed, which are attributable to the Group pursuant to IAS 17.

The sale and leaseback agreements relating to the machinery generally provide for a purchase option at the end of the term as well as the option to extend the agreement. Price adjustments may not be made during the term of the agreement

The sale and leaseback agreements are usually concluded by WesuRent Car Wash Marketing GmbH in connection with its operator business. The machines produced by WashTec Cleaning Technology GmbH are sold to a leasing company and then leased back by WesuRent Car Wash Marketing GmbH, which in turn then leases them to customers under its operator model – above all, to large operator groups or major oil companies – in exchange for fees based on the number of washes performed. In general, the leaseback agreements have a term of about 5 years, while the agreements between WesuRent Car Wash Marketing GmbH and its customers have a term of about 10 years. Gains from the sale are generally accrued for the term of the lease agreement.

Revenues under the operator model are generally calculated on the basis of the number of washes performed. The income from this activity in 2008 totaled €3,869k (prior year: €3,525k).

Finance leases, fittings and fixtures relate mainly to vehicle leases. These agreements have a term of between 3 and 5 years.

As of the reporting date, there are no material contractual obligations such as an obligation to purchase plant, property and equipment or intangible assets.

15. Intangible assets

	Patents, licenses and similar rights			Goodwill	Prepayments	Total
	Internally generated	Acquired	Total			
Costs						
January 1, 2007	**4,974**	**8,964**	**13,938**	**74,598**	**376**	**88,912**
Additions	942	791	1,733	0	126	1,859
Additions from company acquisitions	0	685	685	3,389	0	4,074
Disposals	0	1,951	1,951	0	8	1,959
Reclassifications	0	236	236	0	–236	0
Currency translation effects	0	–55	–55	–1,643	0	–1,698
December 31, 2007	**5,916**	**8,670**	**14,586**	**76,344**	**258**	**91,188**
Additions	3,347	900	4,247	0	790	5,037
Additions from company acquisitions	108	4	112	3,260	0	3,372
Disposals	43	18	61	0	0	61
Reclassifications	32	262	294	0	0	294
Currency translation effects	44	26	70	697	0	767
December 31, 2008	**9,404**	**9,844**	**19,248**	**80,301**	**1,048**	**100,597**
Amortisation and impairment losses						
January 1, 2007	**1,903**	**3,059**	**4,962**	**22,735**	**0**	**27,697**
Amortisation for the year	669	1,563	2,232	0	0	2,232
Impairment losses	0	0	0	0	0	0
Disposals	0	253	253	0	0	253
Reclassifications	0	0	0	0	0	0
Currency translation effects	0	–47	–47	0	0	–47
December 31, 2007	**2,572**	**4,322**	**6,894**	**22,735**	**0**	**29,629**
Amortisation for the year	743	1,464	2,207	0	0	2,207
Impairment losses	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Reclassifications	1	33	34	0	0	34
Currency translation effects	28	38	66	–47	0	19
December 31, 2008	**3,344**	**5,857**	**9,201**	**22,688**	**0**	**31,889**
Carrying value						
December 31, 2008	**6,060**	**3,987**	**10,047**	**57,613**	**1,048**	**68,708**
December 31, 2007	**3,344**	**4,348**	**7,692**	**53,609**	**258**	**61,559**
January 1, 2007	**3,070**	**5,905**	**8,976**	**51,863**	**376**	**61,215**

Carrying values in €k	2008	2007
Patents and technologies	1,116	1,469
Licences	2,871	2,880
Development costs	6,060	3,344
Miscellaneous, prepayments, excluding goodwill	1,048	258
Total	**11,095**	**7,951**

Patents relate mainly to the technology acquired in 2006 for the production of hydraulic conveyor tunnel systems.

Licenses relate to the licenses for the SAP ERP-System and related incidental acquisition costs.

The intangible assets include capitalized development costs for new rollover wash system generations in the amount of a carrying value of €6,060k (prior year: €3,334k).

Also incurred were research and development costs of €396k (prior year: €768k), which were not capitalized since the criteria of the capitalization under IAS 38 was not met.

Goodwill

The total goodwill has a carrying value of €57,613k (prior year: €53,609k) and is entirely attributable to the cleaning technology cash-generating unit.

Regular impairment tests were performed on the goodwill with regard to the cleaning technology cash-generating unit based on the value in use calculation, less the costs required for sale.

The impairment test for goodwill is based on the Group's medium-term forecast for 2009 through 2013.

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:

- average increase in revenues of 4–6% per annum
- cost increases of 2–3%
- wage and salary cost increases of approx. 2–4% per annum.

For discounting purposes, an interest rate of 8.21% to 8.72% (prior year: 7.10% through 7.90%) and a long-term growth rate under a perpetual annuity of 0.5% (prior year: 0.5%) was used as a basis.

The discount rate calculation is derived from a weighted borrowing rate of 6.78% (prior year: 5.78%) and a weighted equity rate. The equity rate is based on a risk-free rate of return averaging 4.90% (prior year: 4.60%) as well as a beta factor of 0.90 (prior year 0.81).

In the reporting year, due to the positive development of the WashTec Group, there has been no need to apply any impairment. 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. Non-current assets held for sale

On October 19, 2006, a purchase agreement was concluded, which conveyed title to land and buildings on Argonstrasse in Augsburg, Germany. The agreement contained a conditions precedent, which had not yet been met by the end of fiscal year 2007. Thus, in accordance with IFRS 5, these items have been reported separately in the balance sheet as non-current assets held for sale. The conditions of the purchase agreement were successively met during the first half of 2008. The sales price realized from the sale equaled €1,650k. Factoring in the incidental costs of selling, the Company reported a gain of €515k, which was recognized under other operating income.

The property was reported under the Cleaning Technology segment.

17. Deferred taxes

The net deferred assets totaling €10,016k (prior year: €16,910k) is mostly the result of deferred tax assets from expected tax loss carryforwards.

The loss carryforwards were recognized as deferred tax assets, to the extent that the recoverability of the loss carry forwards could be assured with sufficient certainty. The Group has €31,637k (prior year: €51,379k) in corporate income tax loss carryforwards and €23,513k (prior year: €46,161k) in trade tax loss carry forwards available in Germany and has €4,773k (prior year: €9,309k) in tax loss carryforwards available outside of Germany. This resulted in the recognition of deferred tax assets from loss carryforwards totaling €11,809k (prior year: €17,876k), of which €10,363k (prior year: €15,108k) relates to Germany and €1,446k (prior year: €2,768k) relates to other countries.

The Group also has €3,294k (prior year: €3,344k) in corporate income tax loss carryforwards and €3,468k (prior year: €3,497k) in trade tax loss carry forwards available in Germany, which were not recognized as deferred tax assets.

To the extent that the recoverability of the loss carryforwards does not appear to be sufficiently certain, deferred tax assets reflecting those loss carryforwards are not recognized. Accordingly, foreign loss carryfowards in the amount of €9,601k (prior year: €874k) were not recognized. This corresponds to non-capitalized tax assets in the amount of €3,361k (prior year: €288k).

Deferred tax assets from loss carryforwards totaling €199k (prior year: €263k) were recognized at WashTec Cleaning Technology GmbH, Vienna, Austria, although the entity generated a tax loss in the prior years. These losses involved start-up losses, and based on a conservative earnings forecast, the company expects the loss tax carryforwards to be consumed within the next five years.

Most of the loss carry forwards have no time restrictions with regard to their utilization. Only €2,563k in loss carryforwards are restricted between 2009 and 2013.

During the reporting year, €261k (prior year: €110k) deferred taxes were booked directly under equity capital. The net balance of the deferred taxes recorded under equity capital therefore equals €560k (prior year: €300k).

On the basis of the internal medium-term planning for the years 2009 through 2013, there is sufficient certainty that the tax loss carryforwards can be recovered.

Deferred taxes are calculated in accordance with the so-called »balance sheet liability method« on the basis of a tax rate of 30.71% (prior year: 30.87%).

The deferred tax receivables and tax liabilities are apportioned according to the following balance sheet items and loss carryforwards:

In €k	Deferred tax receivables		Deferred tax liabilities	
	2008	2007	2008	2007
Tax loss carryforwards	11,809	17,876	0	0
Property, plant and equipment	144	390	–3,541	–3,183
Intangible assets	42	12	–2,101	–1,715
Inventories	1,884	2,911	–553	–602
Trade payables	6	74	–219	–38
Pensions	388	528	0	0
Provisions	1,142	1,173	–11	–26
Other liabilities	0	102	–4	–3
Finance lease liabilities	889	413	–229	–535
Miscellaneous	370	82	0	–550
Total	**16,674**	**23,561**	**–6,658**	**–6,651**
of which non-current	10,875	16,668	–6,325	–6,318
of which current	5,799	6,893	–333	–333

Upon off-setting receivables and liabilities, the following amounts are shown in the consolidated annual financial statements:

in €k	2008	2007
Deferred tax receivables	16,674	23,561
Deferred tax liabilities	–6,658	–6,651
Total	**10,016**	**16,910**

18. Inventories

in €k	2008	2007
Raw materials, consumables and supplies, including merchandise	21,525	25,132
Work in progress	4,294	4,392
Finished goods and merchandise	8,738	9,958
Prepayments	9	1
Total	**34,566**	**39,483**

During the reporting year, the addition to the inventory allowances equaled €1,064k (prior year: €1,384k).

19. Tax receivables

in €k	2008	2007
Non-current tax receivables	322	354
Current tax receivables	225	145
Total	**547**	**499**

The non-current tax receivables relate primarily to the discounted receivables held against the German tax authorities and based on corporate income tax credits.

20. Trade receivables

in €k	2008	2007
Current trade receivables	39,741	42,535

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 de-recognized. Bad debt allowances are not charged on a portfolio basis.

As of December 31, 2008, bad debt allowances were charged on trade receivables in the nominal amount of €2,119k (prior year: €2,508k). The bad debt allowance account developed as follows:

in €k	2008	2007
As of January 1	2,508	2,769
Addition from company mergers	0	424
Allocations recognized as an expense	748	388
Utilization	–600	–308
Reversals	–256	–748
Write-offs	–192	0
Income from derecognized receivables	28	10
Currency translation effects	–117	–27
As of December 31	**2,119**	**2,508**

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

in €k	2008	2007
Receivables neither overdue nor written-down	29,986	31,062
Overdue receivables, not written-down, of which		
less than 30 days	5,875	6,743
30–120 days	2,273	3,907
120–365 days	1,463	662
Total	**9,611**	**11,312**
Receivables written-down	2,322	2,669

General bad debt allowances were made for receivables, according to the age structure. In addition, receivables which are unlikely to be recovered and for which legal steps have been instituted, may be subject to individual bad debt allowances.

With respect to receivables, for which no bad debt allowance has been charged and which are not in default, there were no indications, as of the balance sheet date, that the debtors will not meet their payment obligations.

21. Other assets

in €k	2008	2007
Non-current other assets	29	25
Current other assets	2,973	4,789
Total	**3,002**	**4,814**
of which derivatives	0	1,953
of which prepaid expenses	1,156	1,389

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.

22. Cash and cash equivalents

in €k	2008	2007
Bank balances and cash on hand	6,407	6,028

Credit balances held at banks earned interest at variable interest rates based on daily bank account rates. Cash has a fair value of €6,407k (prior year: €6,028k).

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 December 31:

in €k	2008	2007
Bank balances and cash on hand	6,407	6,028
Overdraft account	–161	–101
Cash and cash equivalents	**6,246**	**5,927**

For explanations regarding interest-bearing loans, see Note 29.

Equity Capital

23. Subscribed capital

The subscribed capital totaling €40m is divided into 15,200,000 no-par-value bearer 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.

As of December 31, 2008, the average weighted number of shares issued and outstanding was14,919,043 shares (prior year: 15,191,939 shares).

	2008	2007
Ordinary shares	15,200	15,200
Nominal value of ordinary shares in €	2.63	2.63

	in thousands
Number of issued and outstanding shares	15,200
Number of shares bought back (in '000) average nominal value equals € 2.63 per bought-back share	47
of which issued and outstanding shares as of December 31, 2007	**15,153**
Number of shares bought back (in '000) average nominal value equals € 2.63 per bought-back share	1,176
of which shares issued and outstanding as of December 31, 2008	**13,977**

Authorized capital

Authorized capital I:
Pursuant to a resolution of the shareholders' meeting dated June 15, 2005, the management board was authorized, subject to the consent of the supervisory board, to increase the registered share capital by up to a total of €20m by issuing, on or before June 15, 2010, new no-par bearer shares in exchange for cash or non-cash capital contributions on one or several occasions, and also to stipulate the content of the share rights, the details of the capital increase and the terms of the share issue, including the issue price.

Shareholders must be granted preemptive rights in this respect. The shares may be underwritten by one or more banks to be commissioned by the management board and shall be obliged to first offer these to the existing shareholders (indirect preemptive rights). Subject to the approval of the supervisory board, the management board is also authorized, however, to exclude the shareholders' preemptive rights in certain cases in accordance with Art. 5.1 of the WashTec AG Articles of Association. The management board has made use of the authorization set forth herein.

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.

Contingent capital I:
The registered share capital of the Company will be conditionally increased by up to €2,105,264 through the issue of up to 800,000 shares (contingent capital I). The sole purpose of the contingent capital increase is to grant up to 800,000 subscription rights (stock options) to members of the company's management board and other managerial employees of the Company and its subordinate affiliates in accordance with the resolution of the company's shareholders' meeting held on May 22, 2007. Each individual stock option entitles the bearer to subscribe to one company share at the strike price set under the aforementioned resolution of the shareholders' meeting. The capital increase will be implemented only to the extent that stock options are issued and exercised. The new shares include rights to the profit from the beginning of the fiscal year in which they are issued as a result of the exercise of options. If the new shares are issued after a specific fiscal year has ended but before the supervisory board meeting at which a profit allocation decision for that fiscal year is made, then such share will be entitled to participate in the profit of that fiscal year. The management board is authorized, with the consent of the supervisory board, to set forth any details which have not yet been set forth by the shareholders' meeting. The supervisory board is authorized to amend the language of the Articles of Association to accord with the implementation of the contingent capital reserve.

24. Capital reserves

The capital reserve resulted from contributions made by California Kleindienst Holding GmbH to WashTec AG as of January 1, 2000, in the amount of €26,828k and from the premium paid in connection with the capital increase of August 2005, in the amount of €18,019k – less €1,774k in costs related to the capital increase.

25. Treasury shares

in thousands	No. of shares	Value shares in €k	Share (%) in registered share capital
Jan. 1, 2007	0	0	0.0%
Additions 2007	46,765	604	0.3%
Dec. 31, 2007	46,765	604	0.3%
Additions 2008	1,176,265	8,860	7.8%
Dec. 31, 2008	**1,223,030**	**9,464**	**8.1%**

In exercising the authorization granted to it by the shareholders' meeting of May 8, 2008, the management board, with the consent of the supervisory board, resolved to continue the program to buy back the Company's own shares. The Company is authorized through November 7, 2009, to purchase a total of up to 1,520,000 of its own shares (this represents 10.0% of the Company's registered share capital).

The repurchased shares may be used, inter alia, to satisfy the options, which have been or will be issued to managing directors of enterprises affiliated with the Company or to members of the Company's management board under the stock option plans. The volume of these options also corresponds to 800,000 shares of the Company. The purchased shares could be resold in connection with an direct or indirect acquisition of companies, divisions or holdings in enterprises. The Company reserves the right to redeem and cancel all or part of the repurchased shares.

26. Other reserves and currency effects

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:

	Dec. 31, 2008	Dec. 31, 2007
Recorded changes in the fair value of financial instruments used for hedging purposes	–1,262	925
Exchange differences from net investments in subsidiaries	–392	–1,385
Actuarial gains/losses from defined benefit pension commitments and similar obligations	–171	–637
Deferred taxes on value changes recognised directly in equity capital	560	300
Other reserves	**–1,265**	**–797**
Currency effects	–813	–373
Total	**–2,078**	**–1,170**

27. Provisions for pensions

The provisions relate mainly to WashTec Cleaning Technology 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. Provisions for defined benefit plans are measured in accordance with the projected unit credit method pursuant to IAS 19. The amount of the provision was computed using actuarial methods at a discount rate of 6.25% (prior year: 5.50%). 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 insurances amounts to 4.5% (prior year: 4.5%). 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, 2008, equaled 225 employees (prior year: 219 employees).

The amounts reported on the balance sheet break down as follows:

in €k	2008	2007	2006	2005	2004
Present value of defined benefit obligations	6,200	6,633	6,704	7,238	5,575

Expenses for experience-based adjustments were included in the actuarial gains and losses and totaled €53k (prior year: €21k).

Since fiscal year 2005, all actuarial gains and losses are off-set against equity capital. In the recently completed fiscal year, the actuarial gains and losses equaled €465k. Actuarial gains and losses booked directly against equity capital as of December 31, 2008 totaled –€171k (prior year: –€637k).

In fiscal years 2007 and 2008, the cash value of the pension obligations developed as follows:

in €k	2008	2007
As of January 1	6,633	6,704
Disposals	0	0
Pensions paid	–411	–293
Service cost in the reporting period	79	306
Interest expense	358	566
Actuarial gains and losses	–459	–650
As of December 31	**6,200**	**6,633**

The claims held against the relief fund [Unterstützungskasse] and the employer's liability insurance policies [*Rückdeckungsversicherungen*] taken out in order to cover the lives of the qualifying employees have an indemnity or reimbursement quality. The development of the so-called »reimbursement rights« in 2007 and 2008 can be shown in the following table:

in €k	2008	2007
Fair value of reimbursement claims January 1	334	258
Expected return	15	11
Employer contributions	21	21
Benefits paid	–18	30
Actuarial gains and losses	–6	14
Fair value of reimbursement claims as of December 31	**346**	**334**

The reimbursement claims reported in the balance sheet are as follows:

in €k	2008	2007
Cash value of reimbursement claims	346	334

The costs from making allocations to the pension reserve, which are recorded under personnel expenses in the income statement, consist of the following:

in €k	2008	2007
Service cost in the reporting period	79	306
Interest expense	358	566
Anticipated income from the reimbursement claim	–15	–11
Pension expenses	**422**	**861**

The actual income from the reimbursement claims for 2008 totaled €9k.

The Group is expecting payments of €379k, plus the employer's share of social security for fiscal year 2009.

28. Other provisions

in T€	Phased retirement 2008	Warranty 2008	Repurchase obligations 2008	Restructuring 2008	Share appreciation rights 2008	Other 2008	Total 2008	Total 2007
As of January 1	2,487	6,021	4,249	1,291	38	2,263	16,349	19,150
Addition from company mergers	0	0	0	0	0	0	0	0
Allocation	944	3,755	351	900	0	420	6,370	6,161
Utilisation	–910	–3,561	–1,075	–195	0	–505	–6,246	–7,066
Reversal	0	–741	–94	–1,046	–38	–529	–2,488	–1,609
Reclassification	0	-14	0	0	0	14	0	0
Exchange differences	0	–12	–263	0	0	–21	–296	–261
Expense from accrued interest	0	0	0	0	0	0	0	–26
As of Dec. 31	**2,521**	**5,448**	**3,168**	**950**	**0**	**1,642**	**13,729**	**16,349**
current	444	5,361	603	950	0	1,572	8,930	–
non-current	2,077	87	2,565	0	0	70	4,799	–
Provisions in 2007								
current	732	6,021	1,096	1,291	0	2,263	–	11,403
non-current	1,755	0	3,153	0	38	0	–	4,946

The provision for phased retirement was calculated in accordance with IAS 19 »Employee Benefits«. The calculation was based on an interest rate of 5.25% (prior year: 4.00%) and an annual salary increase of 2.5% (prior year: 2.0%).

The provision for warranty obligations was recognized based on past experience regarding the level of repairs and returns. It is expected that most of these costs will be incurred in the next fiscal year and that the entire amount will be incurred within the applicable warranty period after the balance sheet date. The assumptions used as a basis for calculating the provision of warranties were based on current sales levels and on the currently available information about returns made during the warranty period for all products sold.

The provision for restructuring equaled €950k (prior year: €1,291k) and included mostly the plans to approve efficiency in individual areas, including related 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.

Further information on the phantom stock options (share appreciation rights) can be found in the section on management board remuneration, please see Note 9.

The other provisions totaling €1,642k (prior year: €2,263k) relate, above all, to provisions made for litigation risks in the amount of €1,087k (prior year: €1,595k) and product liability in the amount of €114k (prior year: €220k).

As of the balance sheet date, the WashTec Group believes its contingent liabilities totalled €700k (prior year: €917k) and consisted primarily of contractual performance obligations and potential expenses in connection with repurchasing machinery, and believes that the likelihood that these claims will be enforced is less than 50%.

29. Interest-bearing loans

in €k	2008	2007
Current interest-bearing loans	7,075	7,168
Non-current interest-bearing loans	38,293	44,879
Total interest-bearing loans	**45,368**	**52,047**

As of December 31, 2008, the Group had a credit line totaling €72.9m (prior year: €82.2m). The credit line consists of a variable interest-bearing (adjustable rate) loan, a credit line for future acquisitions, and a working capital facility. The working capital facility consists of several overdraft facilities and a revolving credit line, which is also used to issue guarantees (aval). As of December 31, 2008, €3.9m (prior year: €5.7m) of the facility had been utilized for guarantees. The non-utilized portion of the credit facility, which may be used for future operations and for fulfilling obligations, totaled €22.5m (prior year: €24.5m) as of the balance sheet date.

The variable interest-bearing loan is repaid in annual installments of approximately €7.1m (prior year: €7.5m). The amount still outstanding at the end of the term falls due for payment immediately. In connection with structuring the finance, 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 €390k (prior year: €452k).

The interest rates for the interest-bearing loan, for the credit lines used for future acquisitions and the utilized amount of the revolving credit line are variable/adjustable and are linked to the EURIBOR and to an interest margin, which in turn is tied to the operating performance of the Company. The interest margin ranges between 0.8% and 2.9% and is computed on a quarterly bases.

The costs for extended guarantees are based on the interest margin less a discount of 0.3%. The overdraft facility bears interest according to the applicable conditions of the relevant banks at the time it is drawn down. In the reporting year, the interest rates range between 5.00% and 6.75%.

Key assets of the German companies of the WashTec Group, including receivables, inventories and trademark rights, were assigned or pledged as collateral to secure the working capital facilities granted.

The following table presents the carrying values of the assets that have been used as collateral. These assets have been fully collateralized. In the event of a late payment (if applicable, after the expiration of an applicable cure period), the banks will be entitled to seize and sell the collateral.

Collateral provided in €k	Carrying value 2008	Carrying value 2007
Trademarks, patents, licenses	762	771
Land and buildings	11,322	11,488
Inventories	19,072	20,491
Trade receivables	9,699	11,958

in €k	2008	2007
Weighted, effective average interest rate	5.80%	5.60%

30. Lease liabilities

Finance lease

The Group has concluded finance leases and lease-purchase agreements primarily for wash equipment in connection with the operator model.

The minimum lease payments for these finance lease liabilities equal:

Lease payments due (in €k)	< 1 year	1–5 years	> 5 years	Total
Minimum lease payment 2008	2,347	6,383	384	9,114
Interest expense for lease liability existing on the respective balance sheet date	416	751	18	1,185
Cash value of the minimum lease payment 2008	1,930	5,632	366	7,929

Lease payments due (in €k)	< 1 year	1–5 years	> 5 years	Total
Minimum lease payment 2007	3,073	6,026	0	9,099
Interest expense for lease liability existing on the respective balance sheet date	368	743	0	1,111
Cash value of the minimum lease payment 2007	2,705	5,283	0	7,988

Operating Lease

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

Year	< 1 year	1–5 years	> 5 years	Total
2008	6,087	6,683	58	12,088
2007	5,188	7,204	93	12,485

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

31. Liabilities

in €k	2008	2007
Trade payables	8,779	12,605
Prepayments on orders	7,305	6,122
Liabilities for taxes and charges	4,877	4,080
Liabilities in connection with social security	727	699
Other liabilities	17,789	18,888
Total	**39,477**	**42,394**
of which current (due within 1 year)	**37,944**	**41,045**
of which non-current (due in more than 1 year)	**1,533**	**1,349**

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

The liabilities for taxes and charges relate primarily to unpaid value added tax.

Other liabilities due within one year include debtors with credit balances of €284k (prior year: €300k), liabilities to employees for such things as vacation, overtime work, travel expenses, etc. in the amount of €9,165k (prior year: €9,496k), and liabilities owed to employer's liability insurers totaling €297k (prior year: €326k). Other liabilities also include accruals for miscellaneous debts totaling €5,556k (prior year: €5,909k), which resulted from missing invoices on services already performed, as well as for credits to be granted in the Service division.

32. Deferred income

Deferred income totaling €6,536, (prior year: €7,885k) related primarily to the recognition of revenues for servicing contracts in the periods to which they relate.

33. Financial risk management objectives and methods

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

It is Company policy to avoid or mitigate these risks as far as possible. All hedging measures are largely coordinated and implemented centrally. For example, on a monthly basis, WashTec identifies all items which are subject to interest and currency 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.

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

Interest rate risk

Derivative financial instruments and hedging relationships

The Company has derivative financial instruments, which were designed to act as hedging 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.

During the reporting year, derivative financial instruments were held for hedging purposes in the form of interest swaps and currency swaps. Pursuant to IFRS, derivative financial instruments will 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.

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.

In order to hedge cash flows from the variable or floating rate loans against fluctuations in the market rates, interest rate swaps were concluded, by means of which the Company swaps the variable interest rate under the loan for their contractually agreed, fixed rate with the counterparty. This swap is intended to hedge the underlying obligation. As of December 31, 2008, approximately 67% (prior year: approx. 65%) of the syndicated loan was converted into fixed rates when factoring in the existing interest rate swap. The fair value of the interest rate swaps as of December 31, 2008, equaled –€487k (prior year: €447k) and is reported under other current liabilities (prior year: reported under non-current assets).

Cash flow hedge

As of December 31, 2008, there were two interest rate swaps, which qualify as hedging instruments and served 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 contractually agreed interest rates of the swap amounted to 3.77% and 4.58%, and the variable interest rate is linked to EURIBOR. The agreements expire on December 31, 2009, although the cash flow from the interest rate swaps is expected to be distributed throughout the term of the agreement.

The hedging relationship is considered to be highly effective. The effective portion of the hedging relationship is recorded under equity capital and other reserves. As of December 31, 2008, the amount reported equaled –€338k (prior year: €365k), also factoring in deferred taxes. The amounts, accumulated under equity capital, are transferred to the income statement in the fiscal years in which the underlying transaction is recognized. In the fiscal year, this amount equaled €707k (prior year: €823k).

The following table shows the contractually stipulated due dates for the payments; i.e. when the transaction underlying the hedge is booked as income or expense:

Commencement	End	Nominal values in € k as of December 31, 2008	Reference interest rate
December 31, 2007	December 31, 2009	20,500	3-month EURIBOR
July 1, 2007	December 31, 2009	10,000	3-month EURIBOR

The following table shows the sensitivity of the consolidated profit or loss 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.

2008 EURIBOR				
Increase/decrease in basis points	10	15	–10	–15
Effects on profit/loss before taxes in €k	–15	–23	15	23
2007 EURIBOR				
Increase/decrease in basis points	10	15	–10	–15
Effects on profit/loss before taxes in €k	–18	–27	18	27

Currency risk

Due to the US dollar transactions relating to the subsidiary, Mark VII Equipment Inc., changes in the USD/EUR exchange rate could have a material effect on the consolidated balance sheet. In order to hedge this currency risk, WashTec concluded a cross-currency swaps, under which the Group exchanged USD10m for EUR 8.3m. Since mid-2008, the available US dollar credit line has been drawn down in an effort to hedge against this currency risk.

Hedge of a net investment of a foreign operation

A USD-denominated loan in the amount of USD10m, which is classified as a net investment in a foreign operation, will be hedged by another loan in the same amount and the same currency. The requirements of IAS 39 regarding hedge accounting are met so that the exchange rate fluctuations beginning on July 1, 2008, 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 profit and losses 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.

2008	Rate trend USD	5%	–5%
	Effects on profit/loss before tax €k	105	–104
	Effects on equity capital in €k	0	0
2007	Rate trend USD	5%	–5%
	Effects on profit/loss before tax €k	95	–129
	Effects on equity capital in €k	334	–336

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 monthly 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 29 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, 2008. The non-discounted cash flows for the next few fiscalyears are stated.

The table includes all instruments, which were on the books as of December 31, 2008, 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 interest rates, which were last fixed before December 31, 2008 or December 31, 2007. 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 2008	Cash flows 2009	Cash flows 2010–2012	Cash flows 2013 et seq.
Interest-bearing loans	45,368	10,505	38,457	283
Liabilities from finance leases	7,929	2,347	5,256	1,511
Trade payables	8,779	8,779	0	0
Other financial liabilities	6,116	6,116	0	0

in €k	Carrying value 2007	Cash flows 2008	Cash flows 2009–2011	Cash flows 2012 et seq.
Interest-bearing loans	52,047	12,001	49,437	318
Liabilities from finance leases	7,988	3,073	6,026	0
Trade payables	12,605	12,605	0	0
Other financial liabilities	8,435	8,435	0	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 material credit risk concentrations within the Group. A credit risk concentration is assumed to exist if an individual customer or an oil company contributes more than 15% to the sales. This was not the case in fiscal year 2008.

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.

It also uses a debt-to-equity 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 2.0 as of December 31, 2008. Net financial liabilities comprise interest-bearing loans and liabilities for finance lease less cash.

WashTec's equity capital as of December 31, 2008, must also total at least €71m.

All covenants have been met as of the balance sheet date.

34. 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, 2008	Balance sheet valuation under IAS 39			Balance sheet valuation under IAS 17	Fair value Dec. 31, 2008
			Amortized cost	Fair value in equity	Fair value through profit and loss		
Assets							
Cash and cash equivalents	LaR	6,407	6,407	–	–	–	6,407
Trade payables	LaR	39,741	39,741	–	–	–	39,741
Other financial assets	LaR	801	801	–	–	–	801
Derivative financial assets		–	–	–	–	–	–
Derivatives without hedge relationship	FAHfT	–	–	–	–	–	–
Derivatives with hedge relationship	n.a.	–	–	–	–	–	–
Liabilities							
Trade payables	FLAC	8,779	8,779	–	–	–	8,779
Interest-bearing loans	FLAC	45,368	45,368	–	–	–	45,368
Other financial liabilities	FLAC	6,116	6,116	–	–	–	6,116
Finance lease liabilities	n.a.	7,929	–	–	–	7,929	7,929
Derivative financial liabilities		487	–	487	–	–	487
Derivatives without hedge relationship	FAHfT	–	–	–	–	–	–
Derivatives with hedge relationship	n.a.	487	–	487	–	–	487
Aggregated presentation per IAS 39 measurement categories							
Loans and receivables (LAR)		46,967	46,967	–	–		
Financial assets held for trading (FAHfT)		–	–	–	–		
Financial liabilities measured at amortized cost (FLAC)		60,263	60,263	–	–		

in €k	Measurement category under IAS 39	Carrying Value Dec. 31, 2007	Balance sheet valuation under IAS 39			Balance sheet valuation under IAS 17	Fair value Dec. 31, 2007
			Amortized cost	Fair value in equity	Fair value through profit and loss		
Assets							
Cash and cash equivalents	LaR	6,028	6,028	–	–	–	6,028
Trade payables	LaR	42,535	42,535	–	–	–	42,535
Other financial assets	LaR	25	25	–	–	–	25
Derivative financial assets		1,953	–	–	–	–	1,953
Derivatives without hedge relationship	FAHfT	1,506	–	–	1,506	–	1,506
Derivatives with hedge relationship	n.a.	447	–	447	–	–	447
Liabilities							
Trade payables	FLAC	12,605	12,605	–	–	–	12,605
Interest-bearing loans	FLAC	52,047	52,047	–	–	–	52,047
Other financial liabilities	FLAC	8,435	8,435	–	–	–	8,435
Finance lease liabilities	n.a.	7,988	–	–	–	7,988	7,988
Derivative financial liabilities							
Derivatives without hedge relationship	FAHfT	–	–	–	–	–	–
Derivatives with hedge relationship	n.a.	–	–	–	–	–	487
Aggregated presentation per IAS 39 measurement categories							
Loans and Receivables (LaR)		48,588	48,588	–	–		
Financial Assets Held for Trading (FAHfT)		1,506	–	–	1,506		
Financial Liabilities Measured at Amortised Cost (FLAC)		73,087	73,087	–	–		

Due to their short terms, the fair values of trade receivables, trade payables and cash and cash equivalents match their carrying values. The fair value of the derivatives, liabilities from finance leasing and loans has been calculated by discounting the expected future cash flows at the current market interest rates.

The following table shows the net gains and losses from financial instruments according to the categories under IAS 39:

Net results according to measurement categories

Net result in €k	2008	2007
Loans and receivables	1,173	–339
Financial instruments held for trading purposes	430	161
Financial liabilities valued at amortised cost	–5,688	–3,909

The net results may be attributed primarily to foreign currency evaluation and allowances (loans and receivables), market evaluation (financial instruments held for trading), interest expense as well as foreign currency evaluation (financial liabilities evaluated at net book value).

Other Notes

35. Compliance statement pursuant to § 161 AktG

WashTec AG has issued the statement required under § 161 AktG for fiscal year 2008 and has made the statement available to its shareholders at www.washtec.de.

The management board approved the consolidated financial statements on February 19, 2009 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 19, 2009.

36. Information regarding the Company's governing bodies

Management Board

Thorsten Krüger (Dipl.-Ing.), Weißenhorn, Germany
Spokesman of the Management Board
Sales, Marketing, Strategic Service and Development

Christian Bernert (BBA/MBA), Augsburg, Germany
Finance, Personnel, IT, Legal Affairs and Supply Chain

Supervisory Board

Michael Busch (Dipl.-Kfm.), (Chairman),
Independent business consultant and managing partner of Cobe Consult GmbH, Berlin, Germany
Supervisory board member of the following entities:
- Kampa AG, Minden, Germany
- Hamatech AG, Kahl am Main, Germany (Deputy Chairman)
- Schimmel Verwaltungsgesellschaft mbH, Braunschweig, Germany (Chairman of the Advisory Board)

Jürgen Lauer (Deputy Chairman),
Business administrative graduate and MBA, managing director of JüLa Beteiligungs GmbH, Weißenhorn, Germany
Member of the advisory board of the following company:
- Medica Medizintechnik GmbH, Hochdorf, Germany

Roland Lacher (member),
Engineering graduate and businessman, Gelnhausen-Meerholz, Germany
Supervisory board member of the following entities:
- Singulus Technologies AG, Kahl am Main, Germany (Supervisory Board Chairman)
- OPTIXX AG/Kriens, Switzerland, member of the administrative board (Vice-president)

37. Related party transactions

In fiscal year 2008, 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 or the management report.

Management Board

Total remuneration paid to the entire management board in the fiscal year was €966k (prior year: €874k) , plus the expenses for the current stock option program amounting to €691k (prior year: €345k). These options are currently not »in the money«.

Shares held by the management board members developed as follows:

Shares held by members of the management board	2008	2007
Thorsten Krüger	0	0
Christian Bernert	33,794	0
Total	**33,794**	**0**

Supervisory Board

Shares held by members of the supervisory board developed as follows:

Shares held by members of the supervisory board	2008	2007
Michael Busch	0	0
Jürgen Lauer	0	0
Roland Lacher (since May 22, 2007)	0	0
Alexander von Engelhardt (until May 21, 2007)	0	0

Former members of the management board

In the prior year, costs totaling €251k were paid to a former member of the management board as consideration for enforcing a contractually agreed non-compete covenant. In addition, there was also a share appreciation program with a term that expired December 31, 2008. The provisions made for the share appreciation program totaled €0k as of December 31, 2008 (prior year: €38k).

For additional information regarding the share appreciation program, see Note 9 on personnel expenses.

There were also pension obligations owed to a former management board member and bereaved in the amount of €142k, which are covered by a pension fund.

38. Notes after the balance sheet date

No significant events occurred after the balance sheet date.

Augsburg, Germany, February 19, 2009

WashTec AG

Thorsten Krüger
Spokesman of the Management Board

Christian Bernert
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.«

Thorsten Krüger
Spokesman of the Management Board

Christian Bernert
Member of the Management Board

Auditor's Report

We have audited the consolidated financial statements prepared by the WashTec AG, Augsburg, comprising the balance sheet, the income statement, statement of recognised income and expense, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the WashTec AG, Augsburg, for the business year from 1 January 2008 to 31 December 2008. The preparation of the consolidated financial statements and the combined 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) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined 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 combined 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 combined 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 Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined 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 provisions. The combined 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, 25 Februay 2009

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Franz Wagner	Petra Justenhoven
(Wirtschaftsprüfer)	(Wirtschaftsprüferin)
[German Public Auditor]	[German Public Auditor]

Financial Statements of WashTec AG (HGB)

Balance Sheet Washtec AG

Assets	Dec. 31, 2008	Dec. 31, 2007
	€	€
Non-current assets		
Intangible assets	942	1,749
Property, plant and equipment	16,217	23,838
Shares in associated companies	128,028,320	124,674,653
	128,045,479	**124,700,240**
Current assets		
Receivables and other assets		
Receivables from affiliated companies	20,233,697	10,733,342
Other Assets	507,658	405,315
	20,741,355	**11,138,657**
Securities		
Treasury shares	7,081,344	604,342
Cash	**405**	**39,139**
	7.081,749	**643,481**
Prepaid expenses	**0**	**20,834**
	155,868,583	**136,503,212**

Equity and liabilities	Dec. 31, 2008	Dec. 31, 2007
	€	€
Equity		
Subscribed capital	40,000,000	40,000,000
thereof contingent capital	2,105,264	2,105,264
Capital reserve	90,413,931	89,531,151
Revenue reserve		
Reserve for treasury shares	7,081,344	604,342
Retained earnings	5,863,950	3,656,314
	143,359,225	**133,791,807**
Provisions		
Provisions for taxes	2,664	125,670
Other provisions	1,192,596	963,027
	1,195,260	**1,088,697**
Liabilities		
Liabilities to bank	0	0
Trade liabilities	132,080	67,532
Liabilities to affiliated companies	9,409,546	642,963
Other liabilities	1,772,472	912,213
	11,314,098	**1,622,708**
Total equity and liabilities	**155,868,583**	**136,503,212**

Income Statement of WashTec AG (HGB)

	Dec. 31, 2008	Dec. 31, 2007
	€	€
Revenue	1,895,684	1,376,735
Other operating income	203,243	624,406
	2,098,927	**2,001,141**
Personal expenses		
a) Wages and salaries	2,054,279	1,685,094
b) Social securiy, pension and other benefit costs	40,942	78,396
thereof for old-age pensions €60 (prior year: €47,329)	2,095,221	1,763,490
Amortization, depreciation and impairment of intangible assets and property,		
plant and equipment	7,057	7,324
Impairment of current assets	2,383,202	0
Other operating expenses	1,905,267	1,189,072
	–6,390,747	**–2,959,886**
	–4,291,820	**–958,745**
Income from profit and loss transfer agreement	–8,304	110,156
Income from affiliated companies	13,000,000	0
Other interest and similar income	165,791	98,709
thereof from affiliated companies €20,209 (prior year: €19,241)		
Interest and similar expenses	–181,033	–7,867
thereof for affiliated companies €181,033 (prior year: €7,867)		
	12.976,454	**200,998**
EBIT	8,684,634	–757,747
Income taxes	3	–2,963
Profit/loss for the year	8,684,637	–760,710
Profit carryforward	3,656,314	5,021,366
Allocation to reserve for treasury shares	–8,860,203	–604,342
Liquidation of reserves	2,383,202	0
Retained earnings	**5,863,950**	**3,656,314**

WashTec Worldwide

Subsidiaries

Austria
WashTec Cleaning Technology GmbH
Wehlistraße 27 b
A-1200 Vienna
Tel. 00 43 1 334 30 65 127
Fax 00 43 1 334 30 65 150
rsprings@washtec.de

Belgium
WashTec Benelux
Humaniteitslaan 415
B-1190 Brussels
Tel. 0032 2 376 00 35
Fax 0032 2 376 98 51
nfo@washtec.be

Denmark
WashTec A/S
Guldalderen 10
DK-2640 Hedehusene
Tel. 00 45 70 10 15 33
Fax 00 45 70 10 15 36
wt@washtec.dk

France
WashTec France S.A.S.
84, Avenue Denis Papin
F-45 808 St. Jean de Braye Cedex
Tel. 00 33 2 38 60 70 60
Fax 00 33 2 38 60 70 71
washtec@washtec.fr

Great Britain
WashTec UK Ltd.
Unit 14 A Oak Industrial Estate
Chelmsford Rd.
Great Dunmow
Essex CM 6 1 XN
Tel. 00 44 1371 87 88 00
Fax 00 44 1371 87 88 10
info@washtec-uk.com

Italy
WashTec Srl.
Via Achille Grandi 16/E
I-15033 Casale Monferrato
Tel. 0039 01 42 41 87 75
Fax 0039 01 42 45 37 04
gmeschi@washtec.it

Netherlands
WashTec Benelux
Industrieterrein Lansinghage
Radonstraat 9
NL-2718 SV Zoetermeer
Tel. 00 31 79 368 37 20
Fax 00 31 79 368 37 25
info@washtec.nl

Norway
WashTec Bilvask
Bedriftsveien 6
N-0950 Oslo
Tel. 0047 22 91 81 80
Fax 0047 22 16 17 17
md@washtec.no

Spain
WashTec Spain, S.A.
Josep Taradellas 100–102
E-08 029 Barcelona
Tel. 0034 93 363 78 78
Fax 0034 93 405 32 94
gherbst@washtec.es

USA
Mark VII Equipment Inc.
5981 Tennyson Street
CO-80003 Arvada
Tel. 001 303 432 49 10
Fax 001 303 423 01 39
markvii@markvii.net

Sales Representatives

Algeria
TopNet
Hai Ain Al-Soltane
Les Vergers/Birkhadern
Algiers
Tel. 00213 21 541 570
Fax 00213 21 541 573
mourad@topnet-dz.com

Argentina
Ingeser
Oleodinamicos S.A.
Catulo Castillo 3142
Ciudad de Buenos Aires
Tel. 0054 11 4912 3000
Fax 0054 11 4912 3000
ingeser@arnet.com.ar

Armenia
Ovne LLC
43/10 str. Myasnikyan
0025 Yerevan
Armenia
Tel. 0037 491 46 48 66
info@ovne.am

Australia
Car Kleen Australia Pty. Ltd.
1,33 Maddox Street
P.O. Box 6038
AUS-Alexandria NSW 2015
Tel. 00 61 28 994 5000
Fax 00 61 28 394 5099
aw@carkleen.com.au

Bahrain
E. K. Kanoo Company B.S.C.
Bld No. 1572 Road No. 4631
Block No 646
BRN-Nwaidrat, Sanad
Tel. 00 973 1748 48 08
Fax 00 973 1748 48 47
skalibhat@ekkanoo.com.bh

Bosnia-Herzegowina
Tehnounion Sarajevo doo
Alipasina br. 8
71000 Sarajevo
Bosna i Hercegovina
Tel. 00387 33 668 108
Fax 00387 33 444 000
akirlic@tehnounion.ba

Bulgaria
Euromarket Industrial
Autoservice Equipment J.S. Co
51 Andrei Liaptchev blvd.
Mladost-1
1784 Sofia, Bulgaria
Tel. 00 359 2 97 67 302
Fax 00 359 2 97 67 312
automotive@embrd.net

Belarus
Akvatechnika
Dolgobrodskaja str. 14
Minsk 220037
Republic of Belarus
Tel. 00375 17 230 87 31
Fax 00375 17 230 87 31
aquatechnika@tut.by

Canary Islands
Dican Auto D.M., SL
C/Ferrallista n°11
Polignono Industrial Salinetas,
Parcela 36
E-35219 Telde
Las Palmas – Gran Canaria
Islas Canarias – Espana
Tel. 00 34 902 11 77 16
Fax 00 34 928 132 354
cmp@dicanauto.com

China
KW-Tec. (Shanghai) Co., Ltd.
Office/Factory: No. 5343,
Nanting Rd., Jinshan District
201100 Shanghai
China
Tel. 0086 21 3728 3035
Fax 0086 21 3728 3510
steffen.wetzel@kw-tec.com

Columbia
Agriclean Ltda
A.A. 101925
Bogota
Colombia
Tel. 0057 1 86 10 615
Fax 0057 1 86 21 337
agriclean@etb.net.co

Corsica
Ets A. Lavios
Lot. St Francois n°34
Boite Postale 76
F-20290 Borgo
Tel. 00 33 4 95 36 29 75
Fax 00 33 4 95 36 74 66
armand.lavios@libertysurf.fr

Croatia
Auto enigma d.o.o.
Ivana Sopica 10
10431 Sv. Nedelja
Croatia
Tel. 00 385 1 561 74 74
Fax 00 385 1 561 32 19
auto.enigma@zg.t-com.hr

Czech Republic
WashTec CZ, spol. S.r.o.
U Trati 1440/48
100 00 Praha 10
CZ-Strasnice
Tel. 00420 2 7402 1231
Fax 00420 2 7402 1238
washtec@washtec.cz

Egypt
Ferrum Egypt
8 M. Youssef Selim Street
Cairo
Tel. 0020 2 633 97 97
Fax 0020 2 633 97 97
korayemferrum@yahoo.com

Estonia
MC Rolls/Balti Rehviseadmete A/S
Reti tee 12-3
75312 Peetri küla, Rae vald
Estonia
Tel. 00372 6 599 545
Fax 00372 6 599 546
info@mcrolls.ee

Finland
MC Rolls/ProWash Oy
Tiilenpolttajankuja 4
FIN-01720 Vantaa
Tel. 00 358 9 350 81 00
Fax 00 358 9 350 81 049
mikael.lindholm@mcrolls.fi

Greece
Impeco
Commercial and Industrial S.A.
Panagi Tsalderi 17–19
GR-176 76 Kallithea Athen
Tel. 00 30 2 10 923 45 22
Fax 00 30 2 10 921 64 78
impeco@hol.gr

Guadeloupe
SODM
26, rue Henri Becquerel
Z.I. de Jarry
97122 Baie Mahault
Guadeloupe
Tel. 00590 590 26 71 29
Fax 00590 590 56 09 14
gerard.darnis@gbh.fr

Hong Kong
Titan International Ltd.
Hong Kong/China
Unit 1, 13/F, Wong's Ind. Bldg.
368–370 Sha Tsui Road
Tsuen Wan
Hong Kong
Tel. 00852 2549 48 88
Fax 00852 2549 52 22
mgt@titanhk.com

Hungary
Acis Benzinkuttechnika
Gyar u 2.
H-2040 Budaörs
Tel. 0036 23 503 962
Fax 0036 23 503 961
vigh@acis.hu

India
AZZIEON IMPEX PVT. LTD.
P.O.Box 7,
Amloh – 147203
State Punjab
India
Tel. 0091 17 65 23 31 51
Fax 0091 17 65 23 31 52
Powerxpo@sify.com

Indonesia
P.T. Jagat Sentosa Adijaya
Corporation
Jalan Majapahit No. 28 C–D
Jakarta 10160
Indonesia
Tel. 00 62 21 380 69 02
Fax 00 62 21 380 46 36

Iran
Parizan Sanat
3th Floor, No. 85,
Corner of Street Ghasemi
Akbari Blv. ,Azadi Blv.
1459973113
Teheran – Iran
Tel. 0098 21 66 01 22 91
Fax 0098 21 66 05 88 72
hb@parizansanat.com

Ireland
WashTec Ireland Ltd.
Unit 72A
Western Parkway Business Park
Ballymount Road
Dublin 12
Ireland
Tel. 00 353 1 429 42 94
Fax 00 353 1 822 44 45
dbergin@wesumat.ie

Israel
Laak-Hary Ltd.
2, Shpindel Street
Givat Shmuael (Orli) 51905
Israel
Tel. 00 972 3 53 22 082
Fax 00 972 3 53 21 447
toyuval@yahoo.com

Kasakhstan
Atameken TransService TOO
Gagarin Str. 236-B
Almaty
Kasachstan
Tel. 0077 771 11 40 11
baurzhann@mail.ru

Korea
ROHÉ Korea Corporation
302-12 Chamsilbon-Dong
Songpa-Gu
ROK-Seoul
Tel. 00 82 2 425 22 24
Fax 00 82 2 412 22 24
rohe@chol.com

Latvia
JSC »Cosmica«
P.O. Box 2068
LT-3000 Kaunas
Tel. 00 370 7 302080
Fax 00 370 7 302090
tomas.bitinaitis@cosmicaservisas.lt

Lebanon
Ste. Michel A. Cordahi Fils
Avenue Charles Malik
Centre DéDé, 1er étage
16 6920 Beyrouth-Achrafieh
Lebanon
Tel. 00 9611 20 02 69
Fax 00 9611 20 27 04
mcf@terra.net.lb

Lithuania
Cosmica Servisas Ltd.
H. ir O. Mionkovskiu 87,
LT-3018, Kaunas, Lithuania
Tel. 00 370 37 302 080
Fax 00 370 37 302 090
tomas.bitinaitis@cosmicaservisas.lt

Luxembourg
spk s.a.
6A, rue du commerce
L-3895 Foetz
Tel. 00 35 2226 55 11 22
Fax 00 35 2226 55 13 22
spk@pt.lu

Malaysia
Far East Motors
Ground Floor, Bangunan O'Connor
Lot No 13, Jalan 223
MAL-46 100 Petaling Jaya,
Selangor Darul Ehsan
Tel. 00 60 3 79 57 53 96
Fax 00 60 3 7957 32 80
jckooi1@streamyx.com

Martinique
Autonickel
Imm. Les Amandiers,
Zl de la Lezarde
97232 Le Lamentin
Martinique
Tel. 00 596 596 57 21 74
Fax 00 596 596 51 74 96
autonickel@wanadoo.fr

Morocco
Matam
209, Boulevard Moulay Ismail
Route de Rabat
Casablanca
Morocco
Tel. 00 212 2 240 40 24
Fax 00 212 2 240 40 21
p.lancry@matam.ma

New Caledonia
Soprotec Equpements Véhicules
SARL
Complexe Usine Center
Rond point de Doniambo, BP 8747
98807 Nouméa Cédex
Nouvelle Calédonie
Tel. 00 687 26 90 89
Fax 00 687 26 37 87
soprotec.ev@canl.nc

New Zealand
Car Kleen New Zealand Ltd.
Unit E 1066 Great South Road
Penrose
Auckland
New Zealand
Tel. 00 64 9 276 19 60
Fax 00 64 9 276 19 62
cknz@xtra.co.nz

Oman
Hani Oilfield Supplies & Sercices
LLC
P.O. Box 1618,
112 Oman
Tel. 0096-82 45 62 477
Fax 0096-82 45 64 703
Siham@shaksygrp.com

Philippines
Power-Check Inc.
B-14 Commonwealth Avenue
Old Balara, Diliman
RP-Quezon City
Tel. 00 63 2 932 31 75
Fax 00 63 2 932 63 24
power-check@pldtdsl.net

Poland
PHU Mayco-WashTec
ul. Wadowicka 8H
PL-30-415 Kraków
Tel. 0048 12 269 18 00
Fax 0048 12 269 19 00
jan.olszewski@washtec.pl

Portugal
Neoparts Lda.
Av. Infante D. Henrique, Lote 35
P-1800-218 Lisboa
Tel. 00 351 21 855 83 25
Fax 00 351 21 855 83 20
isabel.juliao@neoparts.pt

Neoparts Lda.
Zona Industrial
Rua do Outeiro, Pavilhao 5
P-4470 Maia
Tel. 00 351-21-395 00 40
Fax 00 351-21-397 05 49

Qatar
Qatar Trading Company
Ibn. Dirhem Street, 25B Ring Road
Q-Doha
Tel. 00 974 443 11 66
Fax 00 974 432 86 42
qtc@qatar.net.qa

Réunion
Cadis, Groupe Caillé
ZAC 2000,
14, rue Claude Shappe
97420 Le Port
Tel. 00 262 262 55 27 00
Fax 00 262 262 55 23 49
pierre.Baillif@caille.com

Romania
PRO WASH Distribution SRL
Bd. Preciziei, 1 etaj 3-D
Tronson 1 Sector 6
052202 Bucharest
Romania
Tel. 0040 21 317 02 36

ACIS Petrolservice Srl.
Str. Gábor Áron Nr. 20
Vlahita-535800
Romania
Tel. 00 40 266 246 154
Fax 00 40 266 246 154
tamas@acis.ro
jszocs@acis.ro

Russia
ACIS
Avtomotornaja, 2
125438 Moscow
Russia
Tel. 0074 95 456 45 11
Fax 0074 95 784 60 90
info@acis.ru

Sweden
WashTec Sverige AB
Sagvagen 40
S-184 40 Akersberga
Tel. 00 46 8 540 6 09 80
Fax 00 46 8 540 832 09
mail@washtec.se

Switzerland
ESA Einkaufsorganisation
des Schweizerischen Auto-
und Motorfahrzeuggewerbes
Maritzstraße 47
CH-3401 Burgdorf
Tel. 00 41 34 429 00 21
Fax 00 41 34 429 03 28
info@esa.ch

Serbia and Montenegro
Tecon Sistem
Proleterske solidarnosti 21b
11070 Novi Beograd
Serbia & Montenegro
Tel. 00381 11 311 66 50
Fax 00381 11 311 66 50
tecon@eunet.yu

Singapore
Kims Marketing Pte Ltd.
18 Tuas Avenue 9
Singapore 639 177
Tel. 0065 68 96 8000
Fax 0065 68 61 9909
kimin@kimsgroup.com.sg

Slovakia
Tensumat a.s.
Frana Mojtu 1
SLK-949 01 Nitra
Tel. 00421 37 77 223 92
Fax 00421 37 77 220 56
tensumat@tensumat.sk

Slovenia
Tehnounion Zastropstva d.o.o.
Masljeva ulica 3
SI-1230 Domzale
Slowenien
Tel. 00386 1 513 50 07
Fax 00386 1 513 52 93
caba.gere@tehnounion.si

Thailand
Inter Auto Process Co., Ltd.
647/12 Ramkhamhaeng Road
Huamark, Bangkapi
Bangkok 10240
Thailand
Tel. 0066 2 735 23 84
Fax 0066 2 735 23 85
wesuasia@ksc.th.com

Tunesia
EIP Industrie
Route MC 130
2042 Cité Ettahrir – Tunis
Tel. 00 216 71 516 053
Fax 00 216 71 518 806
eip.industrie@planet.tn

Turkey
HIO Carwash Systems Technology
Ivedik Caddesi 106/E
Yenimahalle/Ankara
Tel. 0090 312 344 87 27
Fax 0090 312 344 22 72
bilgi@hio-carwash.com

U.A.E.
Al Futtaim Motors
p.o. Box 11052
Dubai
U.A.E
Tel. 00 971 4 285 98 81
Fax 00 971 4 285 75 68
mike.waterhouse@alfuttaim.ae

Ukraine
DP Acis Ukraina
Chervonogvardeisky side str. 8
02002 Kiev
Ukraine
Tel. +38-044 5735594
Fax +38-044 5741863
info@acis.kiev.ua

Glossary

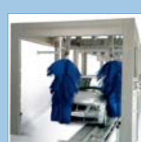
Associated companies	see Subsidiaries
automechanika	World's largest trade fair for the automobile industry, among others for petrol stations and petrol station equipment providers. Held every two years in Frankfurt am Main, Germany
Cash flow	Cash balance from inflows and outflows of funds
Cashflow Hedge	Hedge of the risk associated with future interest payments on variable rate balance sheet transactions using a swap. The valuation is marked to market.
Cash flow statement	Consideration of liquidity development/cash flows taking into account the source and application of funds during the financial year
Compliance	Compliance with laws, directives and codes.
Consolidation	Group financial statements prepared as if all the group companies were dependent sub-operations of a commercial unit. Accordingly, intra-group balances are eliminated
Corporate governance	Responsible corporate management and supervision aimed at generating a sustainable increase in corporate value
Cross-Currency Swap	Currency swap by which a contractually stipulated exchange of principal amounts in different currencies and the interest payments related thereto (fixed against fixed) is made
Current assets	Assets intended to be used for business operations on a short-term basis
DAX	German stock market index. Calculated on the basis of the weighted prices of 30 leading German shares
Deferred items	Transactions in the period under review that relate to a period after the balance sheet date
Deferred taxes	Timing differences between taxes calculated in the financial statements and their tax base intended to allow the reporting of the tax expense in accordance with commercial law
German Corporate Governance Code	A body of rules and regulations, which are developed by a government commission of the Federal Republic of Germany and consist of suggestions and recommendations for good corporate governance.
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBIT	Earnings before interest and taxes
EBT	Earnings before taxes
Equity	Funds made available to the company by the owners through contributions and/or deposits or from retained profits
External funding	Overall term for the provisions, liabilities and deferred income reported on the liabilities side of the balance sheet
General Standard	Stock market segment of Deutsche Börse AG for listed companies engaged in official trading. In existence since 1 January 2003, see also Prime Standard
Goodwill	Difference between the fair value and net worth of an acquired company
Hedge	A position, which is taken to protect against possible risks
HGB	Abbreviation for Handelsgesetzbuch (German Commercial Code)

IAS/IFRS	International Accounting Standards. Internationally applicable standards issued by the International Standards Board (IASB) governing the external reporting of companies designed to achieve global harmonisation in accounting practices.
IFRIC	International Financial Reporting Interpretations Committee. The IFRIC's duty is to publish interpretations for the IFRS.
Net indebtedness	Balance of interest-bearing assets and liabilities (amounts due to banks and bills payable less current securities and cash and cash equivalents)
Non-current assets	Assets intended to be used for business operations on a permanent basis
Roll-over washing system	A washing system, into which the customer drives his or her vehicle that he or she then usually exits. During the washing process, the washing portal – which includes cleaning brushes, water and chemical applicators and drying nozzles – moves independently over the vehicle.
Prime Standard	The new Prime Standard segment for shares and share certificates with uniform follow-up obligations for listings – in addition to the General Standard with the statutory minimum requirements of the Official Market or Regulated Market – in existence since 1 January 2003. The Prime Standard is tailored for companies that also want to position themselves for international investors. They must meet high international transparency requirements in addition to those of the General Standard
Return on equity	Ratio of net profit for the period to equity
Risk management	Systematic procedure to identify and evaluate potential risks, select and implement measures for countering risks
SCC	(Safety Certification Contractors) A body of rules and regulations for a certifiable management system for (work place) safety, health and environmental protection
SDAX	SDAX is the prime index for 50 smaller businesses, »smallcaps«, which follows the values contained in the MDAX® in respect of order book sales and market capitalization
Self-service wash system	A wash system, with which the car owner can manually clean his vehicle mostly under canopied modules. The car owner will have access to foam and high pressure lances as well as typically vacuum cleaners for cleaning inside the vehicles.
Swap	Exchange of receivables or payables denominated in the same currency or in a foreign currency, with the goal of achieving a financing or interest/yield advantage
Subsidiaries	All companies that are directly or indirectly subject to the control of a parent company as a result of a majority holding and/or common management
Wash conveyor	In this system, the vehicle is transported passed stationary and linearly installed cleaning brushes and drying nozzles. The customer need not exit his or her vehicle during the wash. A wash conveyor has significantly higher capacity but also greater space requirements than a roll-over washing system.
Water reclaim system	A system for chemically or biologically treating the water, which is used to wash vehicles and which is thereafter re-circulated for use in additional washes. The fresh water needs can be thereby lowered by up to 90%.
WKN/ISIN	Securities Identification Number/International Securities Identification Number. Numbers or number and letter combinations used to identify securities
WpHG	Abbreviation for Wertpapierhandelsgesetz (German Securities Trading Act)
Xetra	Electronic stock market trading system

WashTec Product Range

Products (around 2/3 of revenues)


Roll-over systems


Wash conveyors


Self-service wash systems


Commercial wash systems


Water reclaim systems

Service (around 1/3 of revenues)


Service

- Full service
- Call-out service
- Spare parts


Wash chemicals


Remote Management

Facility management

- WesuRent Carwash Marketing

Financing

- WashTec Financial Services

Corporate Structure

- WashTec AG, Augsburg, Germany
  - WesuRent Car Wash Marketing GmbH[1], Augsburg, Germany
  - AUWA-Chemie GmbH & Co. KG, Augsburg, Germany
  - WashTec Holding GmbH, Augsburg, Germany
    - WashTec Financial Services GmbH[1], Augsburg, Germany
    - WashTec Cleaning Technology GmbH[1], Augsburg, Germany
      - Mark VII Equipment Inc., USA
      - WashTec Italia Srl., Italy
      - WashTec Denmark AS[4], Denmark
      - WashTec France SAS, France
      - WashTec Cleaning Technology GmbH, Austria
      - WashTec UK Ltd., United Kingdom
      - WashTec Spain SA, Spain
      - WashTec Benelux BV[2], Netherlands
      - WashTec Biltvättar B.V.[3], Sweden
      - California Kleindienst Ltd.[3], United Kingdom
      - WashTec Cleaning Technology SA[3], Spain
      - WashTec Car Cleaning Equipment (Shanghai) Co. Ltd., China

1) Controlling and profit and loss transfer agreement
2) Subgroup with California Kleindienst Administrative B.V., Zoetermeer, NL and WashTec Benelux N.V., Brussels, Belgium, whose results are disclosed by WashTec Benelux B.V, Zoetermeer, NL.
3) The company is currently inactive
4) Incl. offices in Norway.

Financial calendar 2009

March 31, 2009	Annual report 2008
May 7, 2009	Annual General Meeting, Augsburg
May 5, 2009	Q1 report
August 11, 2009	Q2 report
November 4, 2009	Q3 report
November 9–11, 2009	Analysts' conference
	German equity forum, Frankfurt am Main

Publication details

Publisher	WashTec AG
	Argonstrasse 7
	86153 Augsburg
	Germany
Design/layout	Büro Benseler
Text	WashTec AG
Printing/litho	Biering Mediahaus
Paper	Cover: Munken Polar
	Internal section: PhoenixMotion/Munken Polar
Circulation	German, 500
	Englisch, 500

Contact

WashTec AG
Argonstrasse 7
86153 Augsburg
Germany
Phone +49 821 5584-0
Fax +49 821 5584-1410