Partner of **Choice**

Annual Report 2013

Unaudited translation for convenience purposes only

WashTec

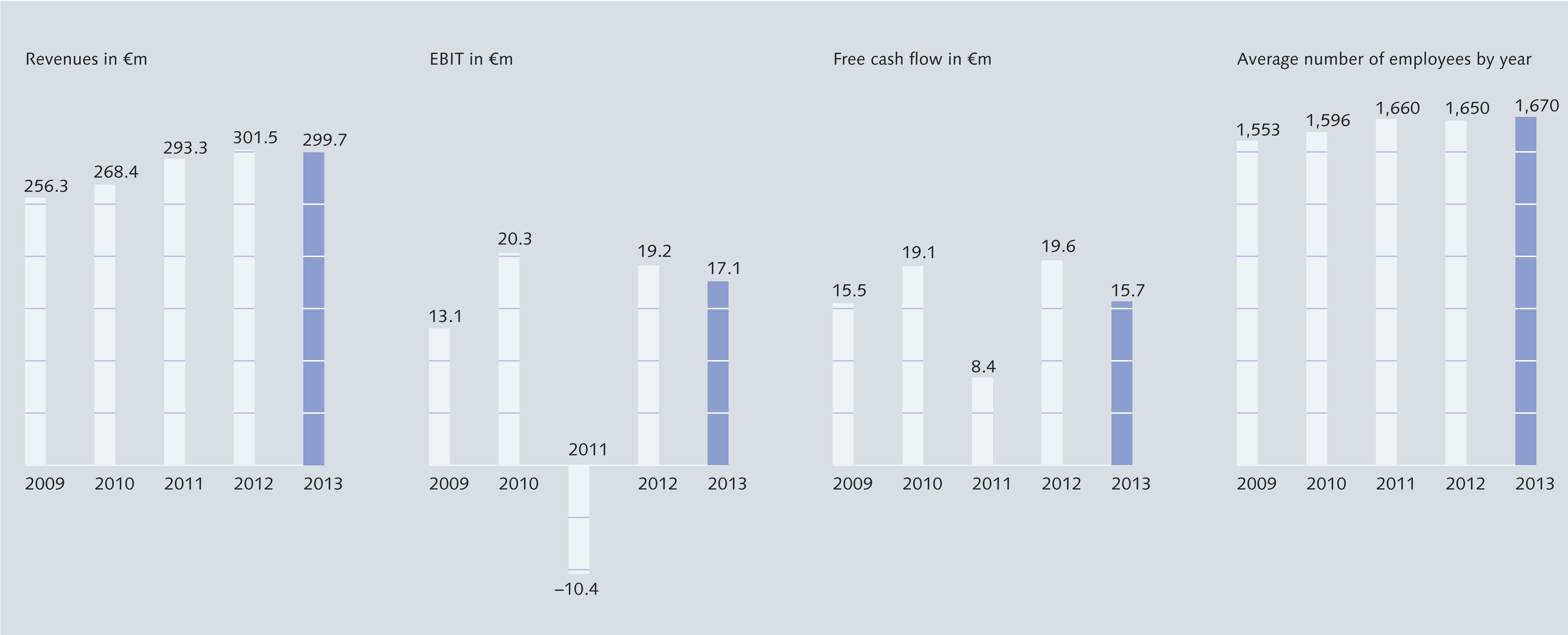
Group Level KPIs 2009 through 2013

		2013	2012	2011	2010	2009
Revenues	in €m	299.7	301.5	293.3	268.4	256.3
Domestic	in €m	100.3	100.9	102.9	97.4	97.8
Abroad	in €m	199.4	200.6	190.4	171.0	158.5
EBITDA	in €m	27.0	29.2	19.2	29.9	22.2
EBIT	in €m	17.1	19.2	–10.4	20.3	13.1
EBIT margin	in %	5.7	6.4	–3.5	7.6	5.1
EBT	in €m	15.8	16.5	–11.9	18.6	10.5
Net income	in €m	11.2	10.1	–14.6	10.8	5.8
Earnings per share[1]	in €	0.80	0.72	–1.04	0.77	0.41
Free cash flow	in €m	15.7	19.6	8.4	19.1	15.5
Balance sheet total	in €m	174.2	183.6	195.0	217.1	199.9
Equity	in €m	87.8	84.4	75.3	94.4	85.6
Employees[2]		1,670	1,650	1,660	1,596	1,553

1 Weighted average number of outstanding shares: 31 Dec 2008: 14.9m, since 31 Dec 2009: 14.0m, since 31 Dec 2013: 13.9m

2 Year average

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



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Interview with the **Management Board**

As WashTec is positioned very well today – with its attractive products, innovations, distribution channels and production sites, and also its financial opportunities.

Dr. Rautert, you have now been a member of the WashTec management board for a year and its spokesman since March 1, 2013. From your perspective, how does WashTec look?

Jürgen Rautert: WashTec is a traditional company with an eventful past. In the last few years, the company has experienced many highs but also several lows and overcome numerous challenges. As WashTec is positioned today – with its attractive products, innovations, distribution channels and setup, but also its financial opportunities – WashTec has excellent prospects of becoming the leading supplier of solutions for the car wash business worldwide. This does not mean that everything is always perfect at our company: we must address the needs of our end customers more vigorously and thereby help them to do more business. We must also listen more closely during our discussions with the system operators, and our goods and services should not be limited to the sale of the equipment.

From your perspective, what are some of the other positive things about WashTec?

Jürgen Rautert: The WashTec business model is solid, our equity ratio is high, as is our cash flow. Our employees are extremely motivated; they feel a very close link to the company – and share the same goal as we do: they want to develop and push WashTec further.

You were not aware of this a year ago. Why did you personally decide to join WashTec?

Jürgen Rautert: I was motivated by the opportunity to work for a company that was – at the same time – large enough to have a true global strategy but small enough to achieve substantial changes within a reasonable period of time. This was the exact situation that I discovered upon my arrival at WashTec.

Ms. Kalb, you have worked for WashTec since 2001 and joined the management board in November 2013. From your perspective, what has changed the most during the past year?

Karoline Kalb: We have become more customer oriented – in our strategic positioning as well as the operating business. This fact is also reflected in the new management board area of responsibility, "Sales", which I have assumed. I am very excited about the challenges of this new position.

The motto of this year's annual report is "Partner of Choice". What does this mean?

Jürgen Rautert: The motto is inextricably tied to the strategy we developed in the second half of 2013. "Partner of Choice", makes it very clear who has the choice: the customer! Everyone in the company must understand this and translate it in his or her field of work. And indeed, everyone does make a difference. It begins with the need-based functionality of the products, when this is defined during the development, encompasses the expected quality of the production and each customer interaction with sales or service. If we can do all of this somewhat better than the competition and offer reasonable prices, we will be exactly that: our customers' "Partner of Choice".

Karoline Kalb: To ensure that we become that choice, we are endeavoring to look at the business more and more through the eyes of our customers. Their needs and wishes shall guide us more strongly – to strictly match their requirements. If we can solve our customers' problems, we too will be successful. We want to convince customers with our business model as well as all our products and services and to provide them added value; investing into WashTec products should be a profitable investment for them. This begins with a deep understanding of our customers' business mod-

We have become even more customer oriented – in terms of both our strategic positioning and the operating business.

Only with a correct understanding of the market demands will it be possible for Development to produce innovations that create true added value for the customers.

els; an understanding which can be different for markets which are in different phases of development. R&D will only be able to develop innovations creating real value added for our customers if they have a real understanding of the market needs. It is therefore important that an ongoing dialogue is taking place between Sales and Development.

Jürgen Rautert: In addition, we have bundled the development activities and have organized them according to product lines. Working together with new product managers, the developers are focusing on customer-based solutions. The goal is to make the end customers' wash experience simpler and more valuable and to thereby solicit more car wash business from gas station customers. This includes state-of-the-art methods of payment, changes in the program procedures or the combination of shine and speed.

In other words, does your motto, "Partner of Choice", apply exclusively to your customers?

Jürgen Rautert: Not only, but primarily. If we are the customers' partner of choice in all key markets (in other words, if we can offer what the customers need or even ideally anticipate their requirements), our profits will grow. Only then – and I am now touching upon a second group that is important to us – we can also offer our shareholders a competitive return on their investments. In fact, our stock price has performed quite well in the last year: climbing from € 9.00 on the first trading day of the year to € 10.70 on December 30, 2013; an increase of 18.9%. Moreover, our shareholders in the past year have also profited from the distribution of a € 0.29 per share dividend plus a special dividend in the same amount. With our mid-term planning, we are seeking to generate an attractive shareholder return and, at the same time, invest in growth.

You want to offer your clients what they need and offer the shareholders an appealing return. How do you wish to do this?

We want to offer our shareholders an appealing return. Streamlined and efficient processes, the right growth strategies in the relevant regions and smart investments are absolute requirements.

Jürgen Rautert: We have to work on all levels. Streamlined and efficient processes, the right growth strategies in the relevant regions and smart investments are absolute requirements. We have combined our ideas into a strategy and are implementing them in a disciplined manner. A program office is providing us with the transparency with respect to more than 40 individual initiatives, which are continuously monitored. We are aware that any strategy will remain nothing but pure theory, unless the employees of the WashTec Group are committed to the implementation. I already mentioned the high commitment and strong identity of the employees. Through good communication, transparent objectives, successes and, last but not least, fair income, we want to be an attractive employer. Entrepreneurial thinking, trust and integrity serve as our guiding principles. In November, we carried out for the first time a worldwide employee survey at all WashTec branches and subsidiaries. An unusually high percentage of the staff members participated in the survey (78%).

Have there been any findings already?

Karoline Kalb: We are now in the phase of analysis and implementation of improvements – everyone is involved and responsible across all hierarchical levels.

What were the defining hallmarks of the business in 2013?

The formation of a new management team, the creation of a strategy, the intense effort to develop new ideas for increasing customer value, the communication with the capital markets: those were important internal elements.

Jürgen Rautert: The formation of a new management team, creation of the strategy, intense efforts to develop ideas for increasing customer value, communication with the capital markets: those were important internal elements. Naturally, the list also includes Ms Kalb's appointment to the management board, which has provided an additional catalyst. We are pleased with the successful turnaround in North America. I indicated at the annual general meeting in May that North America would catch-up to the Group's profitability in the mid-term, but this already happened in 2013. New and promising customers in China were also big developments.

Ms. Kalb, the same question to you:

Karoline Kalb: I have known WashTec for some years, but the perspective on business and the company is now, of course, a bit different. Yet even ignoring the personal changes, 2013 was an exciting year. One defining hallmark for WashTec was the very heterogeneous development of the individual areas, and consequently great variety of demands on us. In Core Europe the market is very competitive in a stagnant environment. In North America, we were able to complete the turnaround and generate substantial contributions to profits for the first time. North America has even helped us offset the weaker results reported in Europe. In Eastern Europe, our focus is currently on investments into structures, we are seeking sustainable growth, and are therefore building up our sales system in this region and working extensively on winning new customers. On the other hand, the Asia/Pacific region has developed stable. Here, we continued to work on penetrating the relatively new market for automated car washing in China.

Jürgen Rautert: As Ms. Kalb just explained, based on the development of the segments, we were able to generate Group revenues of EUR 299.7 million and EBIT (in other words, earnings before taxes and interest) of EUR 17.1 million in 2013. We are therefore in the higher range of our forecast of between 5 and 6 percent EBIT and even grew a bit after adjusting for exchange rate differences. Another good year for WashTec, but certainly not a benchmark for the future.

What are your goals for 2014?

Jürgen Rautert: To implement our strategy, modify it where necessary and first of all, let our customers know that WashTec is working hard at remaining or becoming their Partner of Choice.

And once again the same question to you, Ms. Kalb?

In Europe, we will work hard to keep our leading position and provide our customers with innovative offers that will allow them to operate an attractive car wash business.

Karoline Kalb: In Europe, we will work hard to keep our leading position and provide our customers with innovative offers that will allow them to operate an attractive car wash business. We are therefore investing into innovations and in the necessary structures. Growth initiatives in North America and Asia are on our agenda. In these markets, we also would like to be our customers' Partner of Choice and hence the leading player in the market.

We wish you much success in this endeavor and would like to thank you very much for the discussion.

Dr. Jürgen Rautert (*1958),
Spokesman of the Management Board (since March 1, 2013)
Supply Chain, Product Management & Marketing,
Development, Quality, Personnel, Finance and IT

Dr. Jürgen Rautert is Dr.-Ing. (Engineering). After studying and doctoral course at the technical university of Darmstadt, he started his career at Heidelberger Druckmaschinen AG, where he has served until 2010 inter alia as Chief Sales and Chief Technology Officer. Most recently he was, as Senior Vice Executive, responsible for the worldwide product development at Dematic S.a.r.l., a private equity controlled company in the intralogistics. Since January 2013, Dr. Rautert is member of the Management Board of the WashTec AG. In March 2013 he assumed the function of the Spokesman of the management Board.

Karoline Kalb (*1972),
Member of the Management Board
Sales, Service, Carwash Operations, Investor Relations, Law,
and Internal Audit/Compliance

Ms. Karoline Kalb is a lawyer. She did an apprencticeship with Siemens Nixdorf AG and studied law at the University of Augsburg. Since 2001 she has been working for WashTec in various management functions, most recently as director Key Account Management and Compliance. Since November 2013, Mrs. Kalb is member of the Board of Management of WashTec AG.

Partner of **Choice**
Roll-over wash systems – significant revenue driver

The operation of roll-over wash systems is an attractive business model particularly for our major clients such as oil companies. In the gas station business, automated washing represents approximately 25% of the revenue and is therefore a significant revenue driver alongside shopping and fuelling. Our innovative packages help advance the wash business. For example, our drive-in concept, in which driver and passenger do not need to exit the vehicle during the wash process, offers users great convenience and, thanks to the accelerated washing process, provides our customers with additional revenue. Moreover, users and customers benefit from our wide selection of chemical products such as RainTecs®, an exclusive care wax which creates a water-resistant and high gloss finish. With an installed base of over 30,000 automated car wash facilities, we are the world's leading supplier of roll-over systems.

Partner of **Choice**
Wash tunnels – large capacity, high throughput

Our wash tunnels can service up to 120 vehicles per hour. A key element here is the linear technology developed by WashTec: wash and drying equipment accompany the vehicle along the conveyor track and thus ensures an excellent wash, even when there is a quick throughput. For our customers, who are often independent individual operators, the decisive factor is that there is seldom a standstill with the equipment. The high quality of our products ensures that this is the case. Our efficient service network is immediately available, especially where downtime urgently needs to be rectified. In Europe, WashTec is the market leader in matters related to wash tunnels*.

*WashTec market research

Partner of **Choice**
Self-service technology – individually combinable

At facilities where the end customer washes his vehicle himself using self-service technology, we give our customers an opportunity to run a profitable business through reduced operating costs and low maintenance. We provide specific tailored solutions by supplying devices that can be individually combined. This approach allows regional demands and customs to be taken into account. In addition, our chemical products (e.g., SelfTecs®) allow us to meet the demand for high-value programs.

Partner of **Choice**
Hand washing – the entry market for WashTec

Even today, manual car washes still predominate in many countries. Scientific studies have shown that this procedure routinely scratches the varnish. The cause is the grime embedded in the cleaning tools. In contrast, automated car washes are significantly more gentle due to the use of state-of-the-art wash materials and chemicals, a reasonable dosage of water and a consistent degree of pressure. Based also on the increasing demands for greater capacity and better environmental protection, the trend towards automated car washes will continue to increase. Thus, particularly in growth markets such as China, we are offered considerable growth potential.

Partner of **Choice**
Nation-wide network with 500 service technicians

With the largest service network in the industry, which includes approximately 500 of our own qualified technicians as well as outside partners, we are always on standby to service our customers' needs. This network guarantees that the equipment is available for use as much as possible and that downtimes are minimized. This represents a significant advantage over our competitors in terms of professionalization and efficiency. We generate approximately one-third of our revenue in the service sector (which is largely immune from economic cycles).

Partner of **Choice**
Complete range of cleaning and care products

Our complete range of cleaning and care products and chemicals is checked reconciled and matched exactly to the requirement. This approach gives our customers the ability to offer a differentiated set of goods and services with optimal results. We also offer chemical products for water reclaim and for cleaning and caring for the wash equipment and wash bays. In recent years, we have been able to significantly increase our business in this area and see considerable future growth potential in this segment as well.

Report of the **Supervisory Board**

Michael Busch, Chairman of the Supervisory Board

Dear Shareholders,
Ladies and Gentlemen,
Dear Employees,

For WashTec AG, 2013 was a year of significant challenges and important turning points:

As of March 1, 2013, Dr. Rautert became the Company's management board spokesman. At the same time I have returned to my role as the chairman of the supervisory board and Mr. Pedrazzini assumed his position as deputy chairman of the supervisory board. I would like once more to thank my colleagues in the supervisory board for their unwavering support during my temporary tenure as management board spokesman.

After Dr. Vieweg resigned from the board on his request as of the end of May 2013, the management board was strengthened with the appointment of Karoline Kalb on November 1, 2013. Ms. Kalb has worked for WashTec since 2001, serving most recently as Director of Key Account Management and Compliance, and will be responsible specifically for global sales in the future.

Strategic repositioning was a focal point in the reporting year. Its goal is to strengthen and extend WashTec's market leadership. WashTec will remain successful in the future if it consistently follows its motto "Partner of Choice", by making the car wash business attractive to its customers, and simultaneously winning over its shareholders and employees.

Dr. Rautert and Ms. Kalb will continue to push ahead defending and strengthening the Group's market position in Core Europe and exploit growth potential by concentrating in the focus regions North America and China.

The cooperation with the management board is characterized by a high degree of trust and communication. The supervisory board would like to take the opportunity here to express its gratitude for this work. We also owe a special thanks to all our employees for their enduring commitment to work, and we are happy to see that the collaborative teamwork at WashTec is constantly improving.

Work of the supervisory board

Main focus of the work of the supervisory board involved revising the strategy, making changes on the management board and examining the current course of business, above all the increased competition in Core Europe.

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 was directly involved in all decisions of fundamental significance to the Company. In fiscal year 2013, the supervisory board, among other things, regularly obtained updates on the status of business and the condition of the Group.

In fiscal year 2013, the supervisory board regularly obtained information about the condition of the Group and supervised the managerial activities of the management board

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

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

In fiscal year 2013, the plenary supervisory board held a total of thirteen ordinary and extraordinary meetings, of which five were held in the form of conference calls ("CC"). Moreover, a resolution approving Ms. Kalb's appointment to the management board was adopted by the board members without a meeting and pursuant to a draft resolution circulation and signing procedure. At least one meeting was held each quarter. In addition, six committee meetings were held. The committee work report was presented to the supervisory board during the plenary meetings. The work of the committees will be separately adressed in this report.

The topics at the regular conferences of the supervisory board were the development of revenues, earnings and staffing at the WashTec Group, the financial position and the major participation projects, and the risk management system. 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 and courses of action, which required the consent of the supervisory board, were reviewed and then discussed and decided with the management board.

Significant other topics addressed at the plenary supervisory board meetings in fiscal year 2013 were:

- At all meetings: discussions about the then-current business and earnings situation and the tracking of actual figures against budgeted figures, with special focus placed on Core Europe and on upgrading structures in the growth markets;
- Extraordinary meeting (CC) held on February 26, 2013: supervisory board and management board matters;
- Extraordinary meeting (CC) held on March 1, 2013: supervisory board and management board matters, discussion regarding the draft management report and the recommendation on the use of profits;
- Ordinary meeting held on March 20, 2013: discussion concerning the annual financial statements of WashTec AG and the consolidated financial statements for fiscal year 2012 as well as the adoption and/or approval of the annual financial statements and management report each time in the presence of the annual accounts auditor, the report of the supervisory board, resolution regarding the agenda for the annual general meeting of the shareholders and draft shareholder resolutions, supervisory board and management board matters;

Focus in 2013

- *Current business and earnings situation*
- *Revision of the strategy*
- *Supervisory board and management board matters*

- Ordinary meeting held on May 15, 2013: information about China, status of Jetwash, status key account, supervisory board and management board matters;
- Extraordinary meeting held on May 23, 2013: management board matters;
- Extraordinary meeting (CC) held on May 31, 2013: termination of the working relationship with Dr. Vieweg;
- Extraordinary meeting (CC) held on July 1, 2013: capitalization measures for Italy, purchase of the service provider, Scrubtech (Australia);
- Ordinary meeting held on July 18, 2013: introduction of the strategy, supervisory board and management board matters;
- Ordinary meeting (CC) held on July 26, 2013: report concerning the audit committee, discussion of the half-year (H1) report;
- Ordinary meeting held on October 17, 2013: report on the audit committee, development on the markets of Southern Europe, compliance organization;
- Extraordinary meeting (CC) held on October 30, 2013: discussion about the 2013 quarterly report, refinancing of the WashTec Group;
- Ordinary meeting held on December 11, 2013: Strategy and mid-term planning 2014-16, annual resolutions regarding the remuneration system of the management board and corporate governance declaration, business model update, supervisory board and management board matters.

Report on the work of the committees

In order to efficiently discharge its duties and to comply with the requirements of the Code, the supervisory board formed an audit committee, a personnel committee and a nominating committee. The current constitution of the committees is printed on page 76. The committees have the task of preparing the topics and resolutions for the supervisory board meetings. They do in fact execute some decision-making authority, which is delegated to them by the supervisory board pursuant to mandatory laws and regulations. We provide below a brief overview of the committee work.

The **audit committee** convened four times in the recently completed fiscal year:

- Meeting held on February 26, 2013: in the presence of the annual accounts auditor, consolidated financial statements 2012, management report, management letter 2013, compliance/risk report;
- Meeting (CC) held on May 2, 2013: report on the first quarter of 2013, determination of the focus of the audit for the 2013 H1 report;
- Meeting held on July 26, 2013: in the presence of the annual accounts auditor, results concerning the H1 report, report on the Auditor's review, review focus of the supervisory board, follow-up management letter;
- Meeting held on October 17, 2013: report on the third quarter 2013, approval of the audit focus for the 2013 annual financial statements (operations, financing).

The **personnel committee** met two times in the recently completed fiscal year:

- Meeting held on May 23, 2013: cancellation agreement with Dr. Vieweg;
- Meeting held on November 22, 2013: management board contract with Ms. Kalb.

The **nominating committee** had no reason to meet in the recently completed fiscal year.

The members of the supervisory board have exhibited efficiency and professional competence in their collaborative work on the board. No conflicts of interest arose for the supervisory board members.

Corporate Governance

The management board and supervisory board jointly reviewed the corporate governance and issued a new declaration of conformity, which is printed on page 79.

Remuneration system for the management board

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

All of the components of remuneration are structured in such a way that each of them is reasonable both in and of itself and in the aggregate, and that they do not encourage the directors to take unreasonable risks. The remuneration of the management board and the supervisory board members is more closely described in the remuneration report found on pages 81–83 (remuneration report). The supervisory board most recently approved the annual resolution about the management board remuneration system at its meeting of December 11, 2013.

Audit of the annual and consolidated financial statements

The management board prepared the annual financial statements of WashTec AG as well as the consolidated financial statements and the combined management report of WashTec AG and of the Group as of December 31, 2013. These financial statements and reports were audited by the annual account auditors and the Group auditors – PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Munich – who were selected by the annual general meeting of shareholders, and they were each issued an unqualified audit opinion.

PricewaterhouseCoopers also audited the annual financial statements of the main WashTec AG subsidiaries.

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

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

The audited annual financial statements of WashTec AG, the audited consolidated financial statements, the combined management report of WashTec AG and of the Group as of December 31, 2013, as well as the management board's proposal on the use of the non-appropriated distributable profits had been presented to all members of the supervisory board in a timely manner so that the latter could carry out their own review. Financial statements and reports were the topic of the supervisory board meeting, which was held on March 25, 2014 in order to approve the accounts. As part of that supervisory board meeting, the management board also issued a report regarding the development of the Company's earnings.

The annual accounts auditor attended the meeting on March 25, 2014 and provided the supervisory board with a direct and extensive report on the findings of his audit and on the focus of the 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 distributable profits. The supervisory board's review did not yield any objections. At its meeting held for purposes of approving the accounts, the supervisory board approved the annual financial statements of WashTec AG (as prepared by the management board) and the consolidated financial statements. The annual financial statements of WashTec AG are thereby formally adopted. The management board's proposal on the use of the non-appropriated distributable profits was approved by the supervisory board after it reviewed the proposal.

The supervisory board would like to take this opportunity once again to expressly thank all employees for their commitment and loyalty to the Company. We wish them much success in fiscal year 2014!

Changes after the reporting period

Mr. Pedrazzini and I will resign with effect as of the end of this year's ordinary annual shareholder's meeting. Our thanks go particularly to the employees for the long-term trusting cooperation.

Augsburg, March 2014

For the Supervisory Board

Michael Busch
Chairman of the Supervisory Board

Sustainability Report

As the worldwide leading supplier of products and services along the car wash value chain, WashTec meets the highest standards not only in matters involving product and service quality, but also in matters of environmental protection.

WashTec is committed to the principle of environmental sustainability, and therefore always manages its business affairs in a manner that uses resources and materials as efficiently as possible. Our environmentally-friendly products allow us to help preserve the globally scarce sources of energy and raw materials.

We would like to explain to you below how sustainability is implemented at WashTec.

Product responsibility

1. WashTec Products

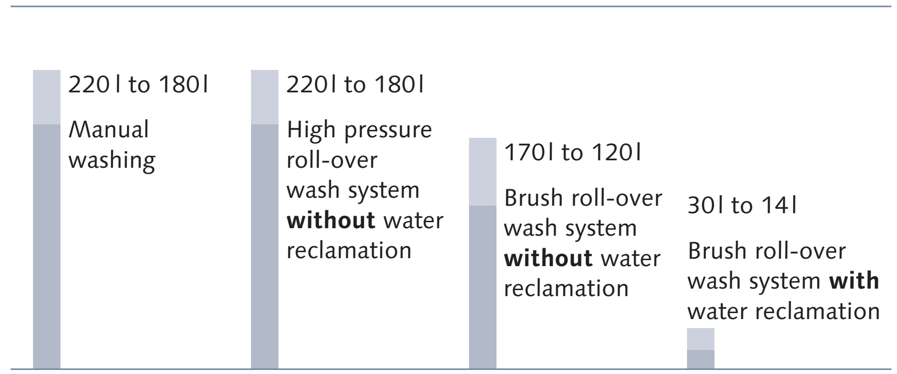
The WashTec Group's business model and its products actively contribute to protecting the environment. We are convinced that as water becomes more and more scarce as a natural resource, the requirements for water recovery or water reclamation will continue to rise. As this trend materializes, we will be best equipped with our products to handle these new demands.

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

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

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

Minimized consumation of fresh water



Source: WashTec Analysis

2. WashTec or AUWA chemical products

WashTec and AUWA stand for vehicle cleaning and care (including upkeep and polish/shine), which is at once both thorough and environmentally sound.

The range of products begins with a line-up of cleaning and care products for car wash facilities that have a low environmental impact and are optimally reconciled with one another and spans from our special solutions for water reclamation to a comprehensive assortment of cleaning and care of wash equipment and wash bays.

Environmental compatibility is a priority for all chemical products. Strict and seamless quality controls ensure that all products always satisfy all currently valid statutory requirements and that, for example, the wastewater thresholds are always met. For the Company, the need to have seamless quality controls is just as obvious as the imperative of meeting the highest environmental and health standards. Thus, for example, all AUWA "ecoline" products are exceptionally bio-degradable, environmentally friendly and non-abrasive.

The entire product portfolio is free and clear of hydrofluoric acid and nitrilotriacetic acid (NTA). This potential carcinogenic substance is used to soften water in conventional car care products. The environmentally-friendly substitute used by WashTec is the best example in showing that an uncompromisingly high level of car care can be achieved even with formulations that have a low environmental impact.

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

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

Production

1. Equipment

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

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

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

2. Wash chemicals
The wash chemical products sold by AUWA and WashTec are conceptualized and produced in our laboratory in Augsburg and Grebenau in close cooperation with the WashTec R&D Department.

During the production of the products, the available resources are always handled conservatively. Accordingly, any raw materials such as dye, fragrances, emulsifying agents, or similar products, which are not required for the effectiveness of the product, will be avoided to the largest extent possible. At the same time we factor in our customers' own needs. All wash chemical products are concentrates that are automatically diluted and apportioned in the wash equipment. In addition to saving weight, this process also saves packaging materials, thereby reducing the transport costs to a minimum.

The use of high-value ingredients in a highly concentrated and optimized mixture allows chemical consumption per wash to be reduced. By using concentrated cleaning agents, the use and related transport costs and exhaust fume emissions can be reduced by 30–70% per product.

In the production and development of all AUWA products, the general slogan is "quality before quantity"; i.e. preference is always given to using an optimally reduced quantity of an efficient raw material or a performance-enhanced raw material combination instead of a larger quantity of standard raw materials.

Moreover, there are as a rule no poisonous ingredients used in producing AUWA products. If a raw material is classified as "environmentally hazardous", then it will no longer be used or will be replaced by a non-hazardous raw material. In addition, reviews are constantly being made as to whether a raw material not requiring a label can be used instead of (i.e., a potentially hazardous) one that does in fact require a label.

WashTec environmental scorecard

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

1. Energy
At WashTec, the vehicle fleet makes up the largest percentage of overall energy needs (63%). All vehicles newly acquired by WashTec are equipped with economical diesel motors with particle filters. These filters reduce the discharge of particles by up to 99% per vehicle. In addition, the fuel consumption is lowered to the highest extent possible by equipping the service vehicles with GPS navigation systems, which facilitate better route planning and thereby keep travel times as low as possible. The company car policy provides for limits and penalty rules for CO_2 emissions.

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

The electricity, which WashTec procures for the corporate headquarters and the main production site in Augsburg, is derived up to 34% (prior year: 30%) from renewable energy. This figure is significantly higher than the national average of 24% (prior year: 18%). WashTec thereby actively contributes to reducing radioactive waste and lowering its CO_2 emissions.

2. Waste

In 2013, WashTec generated 1.990 tons of waste material in Germany by having taken back old equipment and due to production waste. This waste is systematically sorted and recorded. Through the resolute separation of disposable waste (e.g., metal and sheets), the sale of these waste materials in 2013 yielded proceeds of € 260k (prior year: € 380k). Disassembled old systems are either refurbished or professionally removed by authorized service providers.

GoGreen Initiative

GoGreen is a global climate protection program, which was instituted by Deutsche Post DHL and allows for carbon-neutral shipping service. Any emissions generated during transport and handling are measured, offset and reduced to the extent possible. Deutsche Post offers its customers the opportunity to offset CO_2 emissions when sending mail, by supporting climate protection projects such as hydropower plants or biomass power plants. Since 2011, WashTec has shipped its mail using GoGreen and has thereby further contributed to environmental protection.

Certifications

Since 2000, WashTec is certified under ISO 9001:2008 and ISO 14001:2004, which are standards that set forth the globally recognized requirements in responsible quality management and environmental management systems. In addition, WashTec is certified under SCC**:2011. "SCC" stands for "Safety Certificate Contractors". The fufilment of this standard by engaging in preventative measures serves to protect the safety and health of our employees and also covers other requirements of environmental protection. The certifications, which are routinely performed by DEKRA, also validate whether there has been compliance with the statutory provisions and rules and establish legal certainty.

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

Environmental Certificate from the State Government of Bavaria

With the environmental management system set up pursuant to ISO 14001:2004, WashTec participates in the "Environmental Pact Bavaria". This is a voluntary agreement between the Bavarian state government and Bavarian industry which, among other things, creates an obligation to provide additional environmental protection work that goes far beyond the standards required by law. In recognition of its many years of involvement in the "Environmental Pact Bavaria", WashTec was awarded the so-called "Umweltschutz-Urkunde" (Environmental Protection Certificate) from the state of Bavaria in 2011.

UM WELT PAKT BAYERN

Stakeholder Dialogue

WashTec as a sustainable investment

Due to the Company's sustainable business model, WashTec shares are included as components in investment funds that focus on sustainable investment. In 2007, WashTec received the "SRI Pass-Status" as a sustainable investment (Sustainable & Responsible Investment).

Customer satisfaction

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

In order to review the extent to which we can satisfy this goal, we constantly carry out customer satisfaction surveys in which we review the level of satisfaction with our products (e.g., regarding quality, price-performance ratio, introductory operational training) and our customer service (e.g., regarding quality, reaction time, friendliness). The surveys reveal that our customers have been consistently very satisfied with the service we provide. According to the most recent survey conducted in Germany, the overall customer satisfaction with WashTec service and our products is very high. In connection therewith, almost 1,200 service deployments and approximately 500 machine installations were analyzed in 2013. Over 500 of our chemicals customers were also surveyed. Our customers are particularly satisfied with the quality of the product assembly (grade: 1.7) and the supply of replacement parts (grade: 1.2). The quality of work has also been given a very good grade of 1.3. None of the categories was graded worse than 2.0 (grading based to the German school grading system where 1 represents the highest grade and 6 the lowest grade).

Personnel and Compliance

1. WashTec Code of Ethics

Since 2005, a standard Code of Ethics applies to all companies of the WashTec Group, and its main tenet requires that all employees comply with all laws and directives (compliance). The Code includes the key directives on how employees ought to interact with one another and how to interact with customers, suppliers, advisors and government officials. The managers at WashTec Group are required each year to sign an avowal to comply with the directive. Any violations will be pursued. The WashTec Code of Ethics can be downloaded from www.washtec.de.

2. Employee handbooks

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

3. Internal compliance audits

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

4. Training and human resource development

Human resource development plays an important role at WashTec. WashTec offers all its employees the opportunity to participate in internal and external continuing education and training programs. These programs include, for example, foreign language courses or courses in current Office programs. A budget is planned each year for the ongoing training of employees.

Most of the employees in the WashTec Group's subsidiaries are service technicians who install and regularly maintain the car wash systems. The service technicians are under a special obligation to learn and understand the issue of safety (for details on this issue, please see the heading "Health and Safety").

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

5. Employee satisfaction

The employees of WashTec are a key to our business success. The satisfaction of our employees in Germany, for example, is reflected in the low employee turnover and in the average number of years of company service. At the end of 2013, WashTec performed a worldwide employee survey. An extraordinarily high participation rate of 78% (compared to the usual 60%) revealed the loyalty and trust of our employees. The results of the employee survey will be comprehensively analyzed in 2014 in order to extrapolate therefrom specific measures or programs for further improving the organization.

6. Health and safety

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

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

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

7. Balancing family and career

Balancing of family and career is a matter that lies close to every parent's heart. WashTec actively seeks to meet this need for a work-life balance among its employees. For this reason, WashTec entered into cooperation with the operator of children's daycare center. This agreement provides that WashTec staff will be given preference in the allotment of spots in the daycare program and that WashTec will provide financial assistance in covering the daycare costs. WashTec also offers a flextime work model.

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

WashTec **Share**

Karoline Kalb, Member of the management board

Stock market rally in 2013

The world's stock markets performed favorably in 2013. After a muted start to the year and a strong jump in the spring of 2013, stock prices came under pressure in May and June after news broke that the US Federal Reserve would possibly reduce its multi-billion dollar government bond buying program. As a consequence of this news, the German DAX index, for example, lost roughly 900 points during that time because investors tend to cash in their gains when there are signs of monetary policy change, even though the Federal Reserve Chairman immediately allayed many fears. Moreover, concerns about the slow-down in economic growth in China and the sovereign debt problem in Europe soured the mood on the stock markets.

During the second half of the year, stock prices climbed to an all-time high. This trend is attributable to the fact that interest rates were very low, which triggered, among other things, increased liquidity on the markets and greater interest in equity investments. In addition, potential crises surrounding the European sovereign debt problem and the US budget dispute were able to be defused. Despite the decision in December to taper the Federal Reserve's quantitative easing, more and more signs began to emerge toward the end of the year that the global economy was on the verge of recovery, which meant that 2013 ended with considerable gains on the stock markets.

Compared to the rest of the world, the German stock market can be seen as one of the big winners in 2013. The DAX climbed above 9,500 points for the first time in its history and hit its all-time high during the last trading day of the year (9,594 points) before closing 2013 at 9,552 points. Thus, the DAX gained 25.5% for the year. The SME index, the SDAX, gained 29.3% to 6,789 points, and the European benchmark stock exchange, Euro Stoxx 50, reported a 18% gain to 3,109 points.

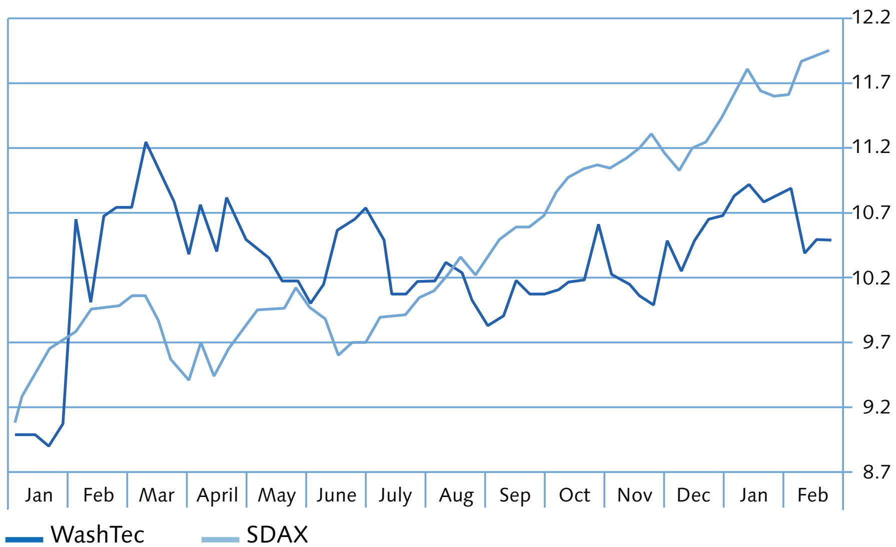
WashTec share price climbs 18.9% during the course of the year

At the beginning of the stock market year, the WashTec share price was approximately € 9.00, which thereby reflected, among other things, the uncertainties surrounding the course of business specifically with respect to North America; indeed, the stock hit its lowest price of the year at the end of January (€ 8.90). In early February, WashTec published its preliminary earnings for the year. This figure revealed a positive development based on a very solid final quarter. WashTec was thereby able to successfully achieve its goal of revenue and earnings improvement compared to the prior year. Accordingly, the share price rose significantly and reached its high of € 11.40 on March 18th. Despite the announcement of an extraordinarily high dividend payment, the share price trended downward during the remainder of the year, trading in a range of between € 9.83 and € 10.84. The half-year and third quarter figures, which were lower than the prior year, as well as the disclosure of the new corporate strategy in early November did not have a substantial effect on performance. Accordingly, the share price ended the year on December 30, 2013 at € 10.70. Thus, WashTec share price gained 18.9% in 2013.

Market capitalization of approximately € 149m

With a total number of shares only slightly lower than in the prior year (2013: 13,932,312 shares; 2012: 13,944,736 shares), the Company's market capitalization rose to € 149.1m. WashTec remains committed to its midterm goal of gaining inclusion in the SDAX as a component. In the ranking which is published by Deutsche Börse AG and relates to prime standard companies that are not included in the DAX or TecDAX indexes, WashTec – as of the end of 2013 – achieved a ranking of 101 in terms of market capitalization (based on the shares held in free float) and 134 in terms of trading volume. In order to be included in the SDAX, WashTec must rank in the top 110 under both criteria. No significant changes occurred in the Company's shareholder structure. At the end of 2013, 70.2% of the shares were held by institutional investors. The remaining 29.8% were widely held in free float.

Price development of WashTec shares 2013/2014 compared to the SDAX (index)



As of February 28, 2014, WashTec shares were trading at € 10.50.

Dividend policy is continued

WashTec remains committed to its dividend policy

Pursuant to a resolution adopted by the annual general meeting of shareholders on May 15, 2013, the Company paid its shareholders a dividend of € 0.58 per share for fiscal year 2012, which dividend consisted of a € 0.29 per share dividend payment plus a special dividend payment of € 0.29 per share after no dividend had been distributed for fiscal year 2011.

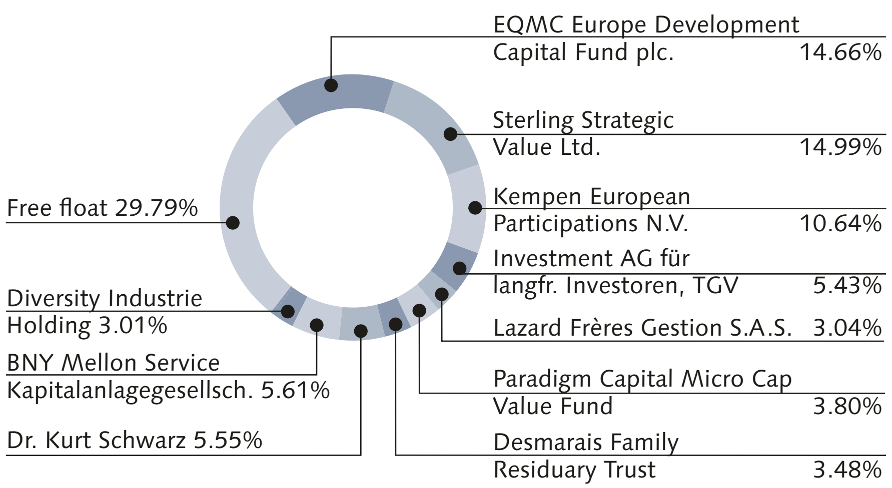
In the future, WashTec will stick with its return policy to distribute roughly 40% of its net result. In addition, the Company henceforth will also make use of the opportunity of share buybacks and will also check on a regular basis granting special dividends. As a precondition, the Company must maintain a conservative gearing ratio of less than 1 and have adequate resources to expand the market position and achieve moderate growth.

In accordance with this dividend policy and upon exercising the authority granted to it by the annual general meeting on May 5, 2010, the management board of WashTec, with the consent of the supervisory board, resolved on August 14, 2012 to institute a program for buying back the Company's own shares. In the period through May 4, 2013, the Company was thereby authorized to buy up to 400,000 of its own shares (corresponding to approximately 2.86% of the Company's registered share capital) on the open stock market. The Company implemented this resolution by buying back 44,658 of its own shares by March 19th, 2013 at an average price of € 9.32 per share. At this date the share buyback was stopped. Details about the buyback may be found in the investor relations section of the Company's website, www.washtec.de. The stock buyback is a reflection of the Company's high cash flow and operational profitability and is consistent with the dividend policy of WashTec AG. Pursuant to a resolution adopted on May 15, 2013 by the annual general meeting, the Company was once again authorized to buy back – on or before May 14, 2016 – its own shares up to an amount totaling 10% of the registered share capital as it existed at the time the resolution was adopted.

Numerous changes in the shareholder structure

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

Shareholder structure as Februar 28, 2014



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

In fiscal year 2013, WashTec received numerous voting rights notifications pursuant to the German Securities Trading Act (WpHG):

Dr. Kurt Schwarz, Germany, reported that his voting shares on December 27, 2012 exceeded the 5% threshold and equaled 5.55% on that day. EQMC Europe Development Capital Fund plc, Dublin, Ireland, reported that its voting shares dropped below the 15% threshold on April 2, 2013 and equaled 14.66% on that day. The Bank of New York Mellon Corporation, New York, New York (USA) and two of its subsidiaries reported that their voting shares in WashTec AG declined below the 3% threshold on June 6, 2013 and equaled 0.0% on that day. BNY Mellon Service Kapitalanlage-Gesellschaft mbH, Frankfurt a.M.(Germany) reported that its voting shares exceeded the 5% threshold on June 7, 2013 and equaled 5.61% on that day. Sterling Strategic Value Ltd., Roadtown, Tortola, British Virgin Islands, reported that its voting shares in WashTec AG fell below the 15% threshold on August 27, 2013 and equaled 14.99% on that day. The Desmarais Family Residual Trust, Montreal, Quebec (Canada) reported that its voting shares exceeded the 3% threshold on October 9, 2013 and equaled 3.48% on that day. Thus, six investors held at least 5% of the voting shares; 29.79% of the voting shares were held in free float. According to the definition used by Deutsche Börse, free float is even at 100%.

Active investor relations work initiated

WashTec shares are covered by a number of independent analysts

In 2013, management cultivated an extensive dialogue with shareholders, the financial community and journalists. In addition to the detailed quarterly reporting they receive, the shareholders of WashTec AG were updated in a timely manner about all important events. In addition, the Company was introduced to institutional investors at road shows and in a number of individual discussions. On the occasion of its publications, the Company held a financial press conference as well as conference calls for analysts and investors. The management board also attended numerous analyst and investor conferences on WashTec's behalf, such as the German Investment Conference, the Equity Capital Forum and the German Mittelstand (SME) Conference.

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

Key data on WashTec shares

		2013	2012	2011
Annual closing price*	€	10.70	9.03	7.35
Annual high*	€	11.40	9.45	11.09
Annual low*	€	8.90	7.20	6.46
Annual opening price	€	9.00	7.16	9.10
Number of shares as of Dec 31	million	13.9	14.0	14.0
Free float on Dec 31	%	29.8	28.0	43.2
Market capitalization as of Dec 31	€ million	149.1	126.8	103.4
Development over the year	%	+19	+26	–19
(for comparison: SDAX)	%	*+29*	*+17*	*–15*
Earnings per share**	€	0.80	0.72	–1.04
Dividends per share	€		0.58	0.00

* based on Xetra-closing prices

** weighted average number of outstanding shares: approx. 14.0m

Additional information and contact:

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

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

Telephone: +49-(0)821-5584-0
Fax: +49-(0)821-5584-1135
Email: washtec@washtec.de

We look forward to communicating with you!

Management Report
WashTec AG and the Group

2013 at a Glance

WashTec Group

- Significantly improved contribution to earnings from North America
- Revenues of € 299.7m at the prior year level
- € 17.1m EBIT yields an EBIT margin of 5.7%
- EPS increases to € 0.80

Core Europe

- General business development stagnating
- Continued growth in the chemicals segment
- Revenues: € 244.5m; EBIT: € 15.5m

Eastern Europe

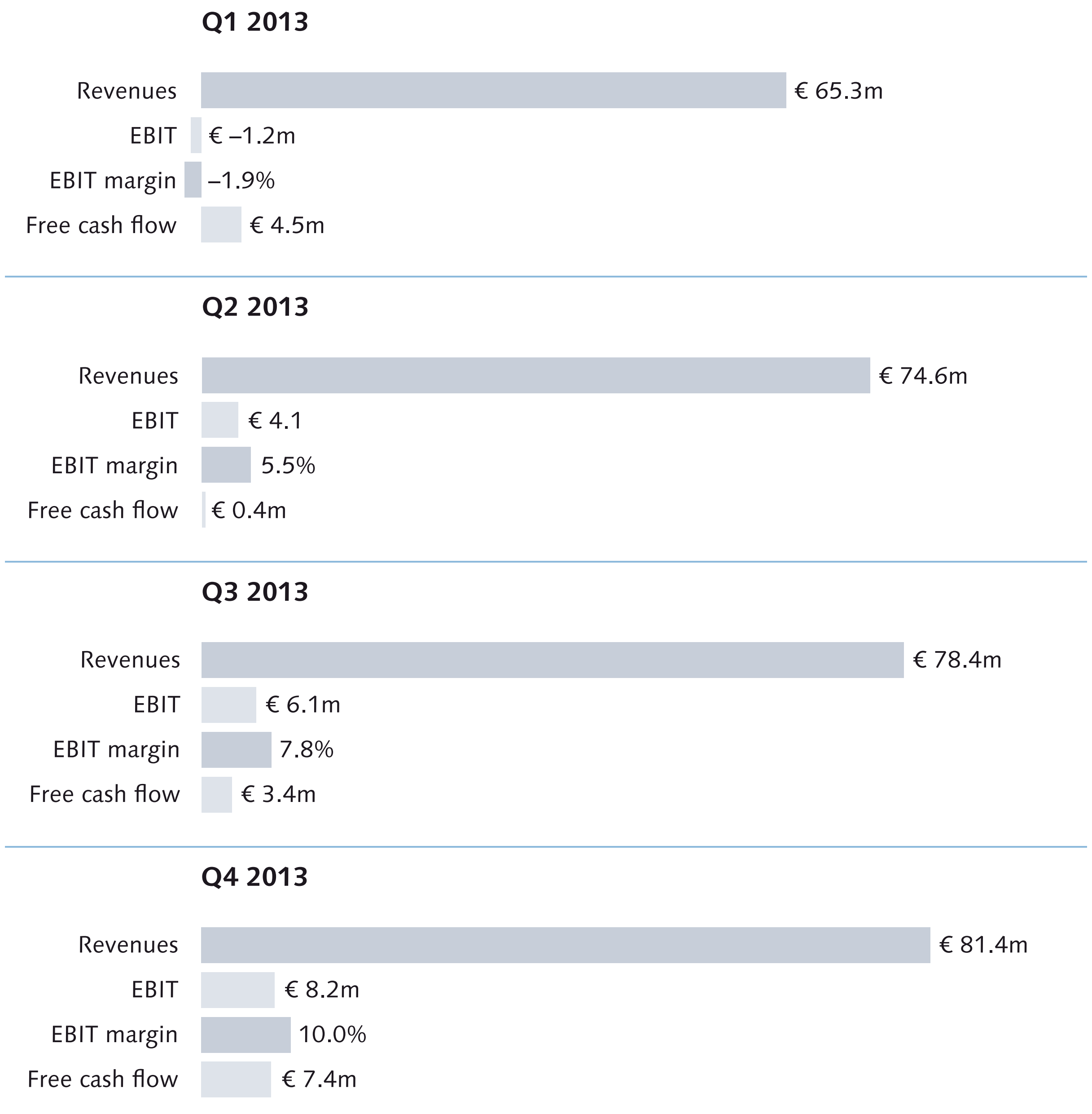
- Slight decline in revenues and earnings
- Expansion of the sales and service structures
- Revenues: € 13.2m, EBIT: € 0.6m

North America

- Stable revenues – slightly higher in local currency – with significantly better earnings due to the successful restructuring
- Positive development in the direct account and key account business
- Revenues: € 45.0m, EBIT: € 1.5m

Asia/Pacific

- Slight increase in revenues and break-even achieved
- Continued expansion of the China business
- Revenues: € 12.3m, EBIT: € 0.0m



Basic background of the Group

1.1 Business model

WashTec is the leading provider of innovative solutions for worldwide car wash. The WashTec product range comprises all types of car wash equipment as well as the associated peripheral devices, wash chemicals and water reclaim systems. WashTec also offers comprehensive service packages covering the entire lifecycle of the products sold, including the maintenance of the equipment, operator models and brokering the financing for the equipment. The sale of roll-over (or gantry) wash systems and related services are the Company's major revenue drivers.

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

Revenues by products in €m, 2013

New and used equipment
- Roll-over wash equipment
- Self-service wash equipment
- Commercial carwash equipment
- Wash tunnels
- Water reclaim systems

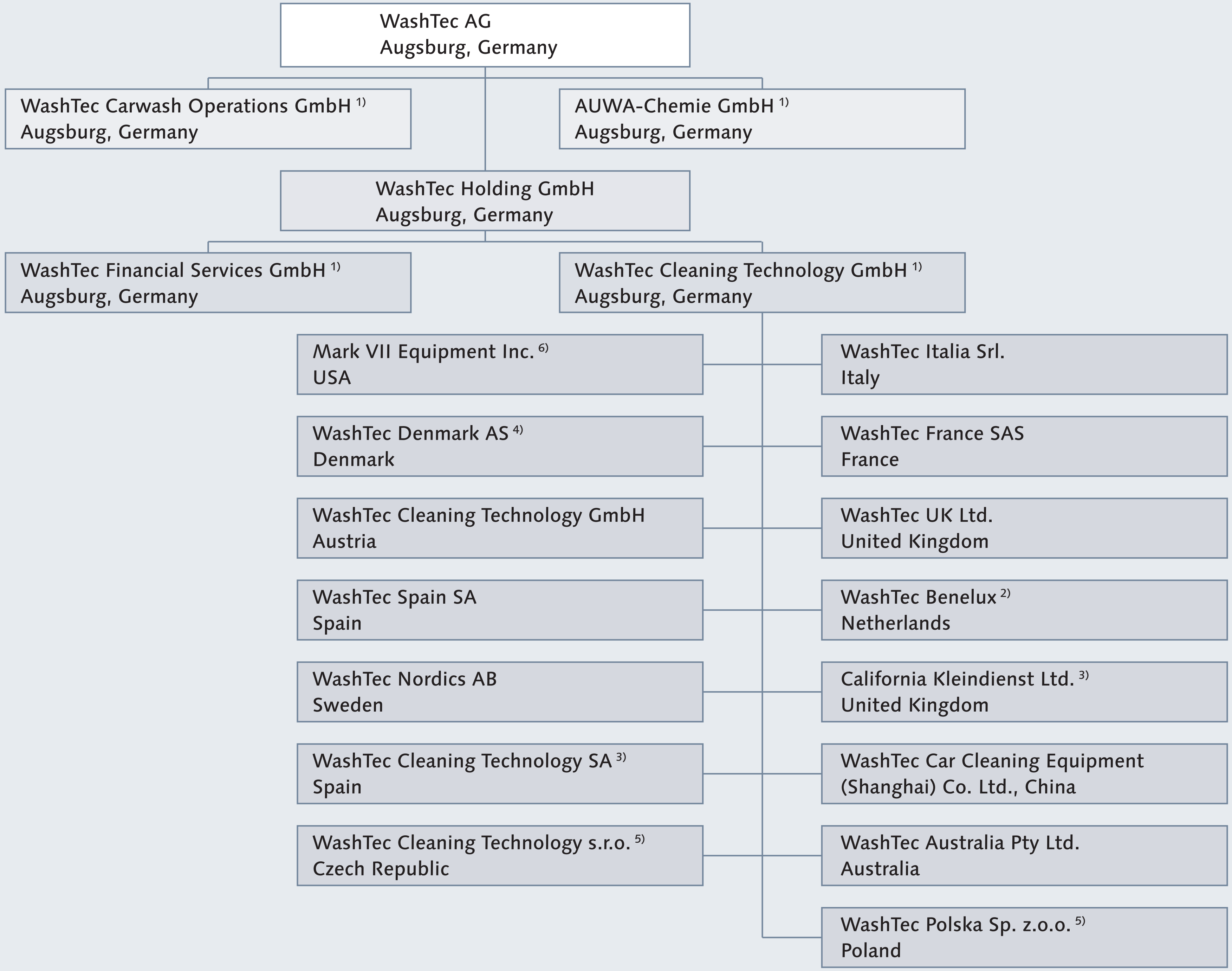
Spare parts and service
- Full Service
- Call-out Service
- Spare parts

Chemicals
- Detergents
- Care products
- Special products

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

1.1.1 Group and organizational structure

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



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

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

WashTec AG

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

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

WashTec Holding GmbH

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

Foreign subsidiaries

The WashTec Group has subsidiaries in all key markets of Europe, North American and Asia/Pacific. Subsidiaries in the US, Canada, Australia, China, Spain, the UK, France, Belgium, Denmark/Norway, Sweden, Poland, Austria, Italy and the Netherlands are responsible for selling and servicing WashTec products. Furthermore, the US subsidiary assembles car wash equipment primarily for the North American market. The subsidiary in China also serves as a supplier of components and assembles equipment for the markets in the Asia/Pacific segment. The Czech subsidiary manufactures components for final assembly in Augsburg.

WashTec Financial Services GmbH

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

AUWA-Chemie GmbH

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

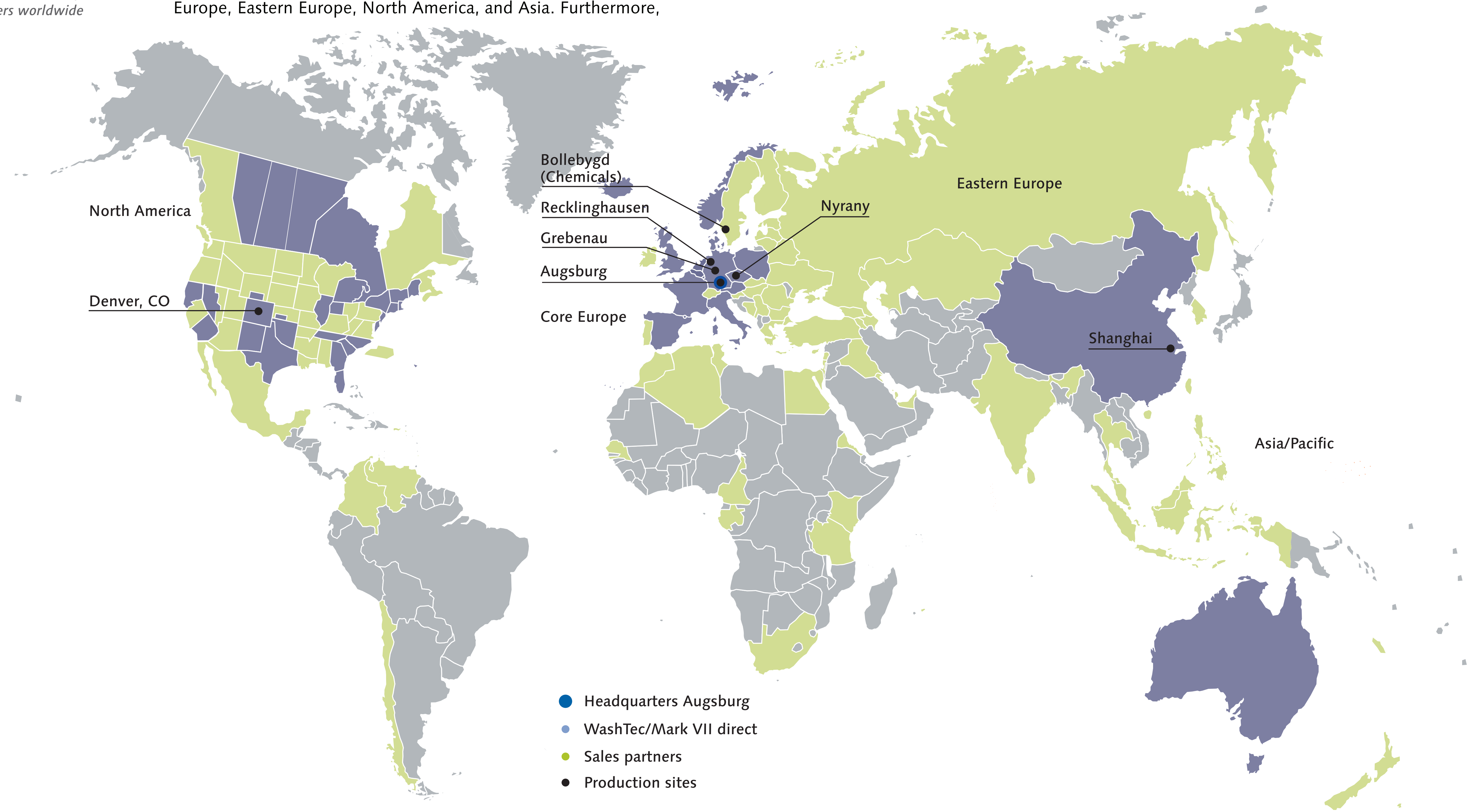
WashTec Carwash Operations GmbH

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

1.1.2 Locations

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

The WashTec Group has a global presence with over 1,600 employees worldwide and subsidiaries in all major markets including Core Europe, Eastern Europe, North America, and Asia. Furthermore, WashTec has a broad network of independent sales partners and thus is represented in over 60 countries throughout the world.



1.1.3 Production, sourcing and logistics

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

WashTec has an international procurement and production chain with production facilities in China, the Czech Republic, the US and Germany. The final assembly of various pre-fabricated components and parts accounts for the majority of work performed at the production sites in Augsburg, Denver and Shanghai. The Czech production site handles most of the sheet metal productionas well as the preassembly of components. WashTec uses modern and constantly evolving production methods to produce all of its products.

With WashTec's international production and purchasing network, fluctuations in demand can be reacted to flexibly and favorable labor costs of individual locations can be used. Economies of scale can be realized through increasing standardization of components.

The majority of the equipment for Europe is assembled in Augsburg, Germany. Final assembly of car wash equipment is carried out in Denver (Colorado, USA) for the North American market and in Shanghai (China) for the markets in Asia.

The Company has two additional sites in Germany, where control units for the entire group (Recklinghausen) and wash chemicals (Grebenau) are produced.

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 equipment – are combined under the umbrella of a single responsible unit. Sourcing of spare parts within Europe is performed centrally from the warehouses of a external logistic service provider. The Company has concluded long-term supply agreements with the suppliers of key components.

1.1.4 Reporting by segment

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

1.1.5 Management and control

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

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

The monitoring is carried out through regular committee meetings held in all reporting units. These include monthly management board meetings with the division directors, regular international management meetings with heads of the subsidiaries, strategic and annual planning including investment planning, production and capacity planning, regular reporting and forecasting, ongoing market analyses, and regular unit revenue, sales, order backlog and market share analyses. In this connection, all investment projects are reviewed separately and monitored throughout the establishment period. Portfolio optimizations, such as corporate acquisitions, must undergo a very detailed due diligence process, which is likewise reviewed at the divisional and management board levels.

1.1.6 External factors influencing the business

Key market drivers

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

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

The number of newly-registered cars is increasing in some regions of the world, predominantly in Asia, but also continuously in North America (source: IHS Automotive, Global Passenger Vehicle Market, January 2014). Aside from country-specific consumer behavior, a higher density of vehicles needing washing is a major influencing variable for automatic car washes.

As labor costs increase, the rise in per capita income and the rapidly increasing vehicle density in the Emerging Markets will open the door to sustained market growth in these regions with the transition from manual washers to various kinds of automated car washes.

Technology/Convenience: Increasing demands with respect to speed, convenience and quality of the washes

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

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

Automated car washing is environmentally friendly because, in combination with water reclaim systems, it saves fresh water and other materials such as shampoo and oils remain in a closed cycle and thus cannot end up in the soil or groundwater. In Asian countries in particular, the favorable environmental aspect of automated car washes is becoming more and more of a catalyst for installing modern equipment.

Additional trends and influences:

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

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

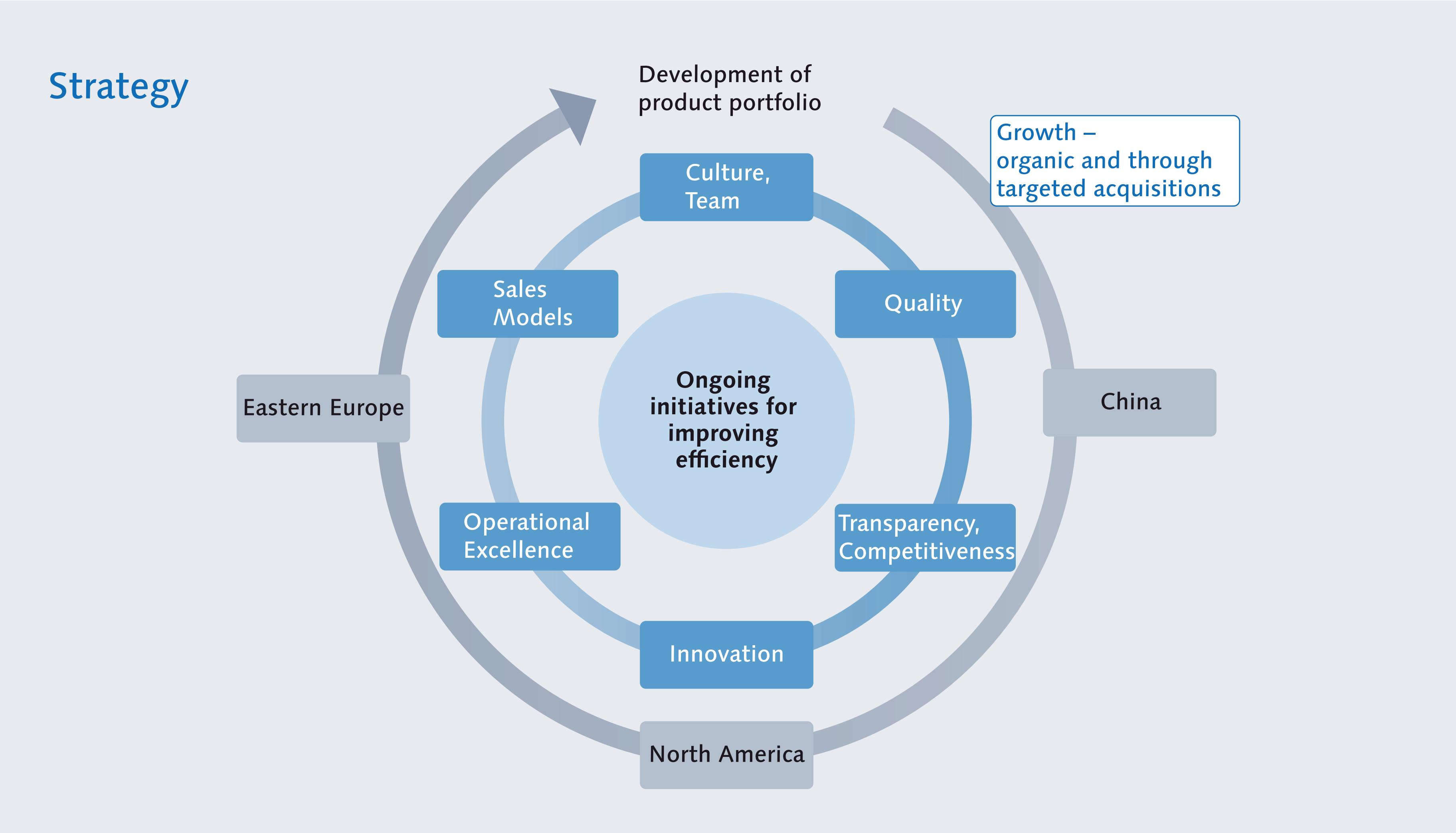
1.2 Goals and strategies

1.2.1 Group strategy

By the third quarter of the year, the Group strategy was revised and adopted in connection the medium-term budgeting and planning process. As part of the strategic review, the product portfolio, market development and customer development and WashTec's current direction were analyzed in detail.

The goal of WashTec is to be the preferred "Partner of Choice" for automated car washing. Based on the pillars of "operational excellence", "innovation" and "growth", the strategy is implemented by way of strategic initiatives, which are managed by a project office with projects in the categories of Bottom line, Top line, Competitiveness and Quality.

The main priority is defending and strengthening our market position in Core Europe. Focus regions for additional growth are Eastern Europe, North America and Asia, where the emphasis is on China.



In addition to the regional aspects of our growth strategy, WashTec is focused on extensive and high-earning service offerings and additional offerings such as the chemicals business or innovative business models, in which the customer receives extensive support in the operation of its equipment.

Innovations focused on the car driver will create added value for the operator of car wash systems and will form the basis for ongoing success

On the product side, WashTec is focusing its innovations on the needs of car drivers, in order to enable each of its customers to achieve stable or increasing wash figures and create a profitable car wash business with an attractive return on investment.

1.2.2 Quality and environmental management, sustainability

Technical market leadership is founded upon good ideas rooted in a deep understanding of customer needs and high quality products emerging therefrom. WashTec has a comprehensive management system for quality, environment, safety and health protection, which is inspected by Dekra in regular intervals. WashTec thereby meets internationally recognized standards and is ISO 9001, ISO 14001 and SCC** (Safety Certificate Contractors) certified.

WashTec feels committed to the principle of ecological sustainability and therefore always operates its business under the condition that materials and resources be used as efficiently as possible. The Company assumes that the demand for water reclamation or water retention will grow since the shortage of water as a resource will continue to increase. Thus, the WashTec Group's business model and products actively contribute to the protection and preservation of the globally limited resources of energy and raw materials.

WashTec offers water reclaim systems for all car wash equipment in order to guarantee environmentally-friendly car washes. In this way, the amount of fresh water used by a roll-over car wash can be reduced from between 120 and 220 liters per wash down to between 14 and 30 liters per wash. The chemical product program is harmonized with all water reclaim systems and also supports the retention of a high level of water quality. Thus, for example, all products under the AUWA "ecoline" are superbly bio-degradable, environmentally-friendly and non-abrasive.

The strong focus of WashTec products on matters involving environmental protection and sustainability is also reflected in the stake held by shareholders who select their investments on the basis of clearly defined criteria relating to the sustainability of the corporate group in question.

Detailed information about sustainability can be found in the sustainability report.

1.3 Management system

1.3.1 Financial quantitative targets and performance indicators

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

Key financial performance indicators

- Revenue
- EBIT
- EBIT margin (EBIT/revenue)

In addition, the following figures are used at the Group level:

- Equity ratio (equity capital/balance sheet total)
- Leverage (gearing) ratio (net financial indebtedness /EBITDA)
- Free cash flow (cash inflow from operating business activities (net cash flow) – cash outflow from investment activities)

Key non-financial performance indicator

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

- HSE (work injuries/million man hours worked)

1.3.2 Risk management

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

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

1.4. Research and development

WashTec is an innovation leader

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

- Convenience
  In terms of increased convenience, the drive-in system, for example, allows the driver to remain seated in the vehicle during the roll-over car wash – which is considerably more convenient in many weather conditions. In addition, this solution provides a higher wash capacity through shorter cycle times.
- Wash and dry quality
  The interaction between hardware and chemicals is essential. The synchronized development of WashTec chemicals and wash technology ensures an optimal wash and dry result. For example, in the context of improving the wash process, a new insect cleaner was developed, a new, measurably improved drying aid was formulated and a new shine care product, RainTecs®, was launched on the market.
- User friendliness and process stability

The range of products should be resolutely enhanced by innovations

In total, more than 50 employees work at the WashTec head office in Augsburg in the area of research, development and testing. WashTec attaches great importance to the protection of its innovations through the use of patents. The WashTec Group is holding more than 700 patents.

In 2013, the capitalized development costs of the Group amounted to € 0.4m (prior year: € 1.4m). In addition costs which were not capitalized totaled € 0.6m (prior year: € 0.8m).

Multi-year comparison of capitalized development costs/ development expenses

in €m, Differences possible due to rounding-off	2013	2012	2011
Capitalized costs	0.4	1.4	1.4
Expenses	0.6	0.8	0.5
Total costs	**1.0**	**2.2**	1.9

Total expenses in the area of reseach, development and testing were almost unchanged from the prior year and amounted to more than € 5.0m.

2 Report on economic position

2.1 Overall economic and industry-specific environment and conditions

2.1.1 Overall economic development

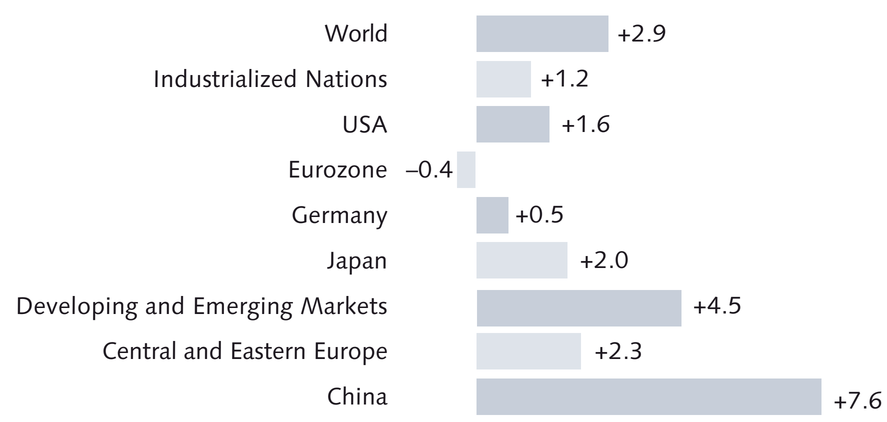
Product portfolio should be systematically refined through innovation

Slowdown in global financial growth persists in 2013
According to statements by the International Monetary Fund (IMF), the global economy grew by 2.9% in 2013, whereby forecasts had to be corrected downwards several times during the course of the year. This rate is lower than 2012; thus, the slowdown of the global economy persisted in 2013. Reasons behind the slowdown include the ongoing difficult conditions in the national economies of some euro countries, the slowing growth dynamics of the emerging economies and the weakening economic development in the USA due to the budget discussions. Even though the situation in the euro zone at year end was estimated by experts as cautiously more optimistic than at the start of the year, the economic performance in that region fell by 0.4% in the reporting year. While Germany's development, with a growth rate of 0.5%, was moderately positive, the southern EU countries such as Italy and Spain remain in a recession; France's economy also continued to cause some concern in 2013.

In the second half of the year, the national economy of the United States was adversely affected by uncertainties surrounding the budget dispute, which put the brakes on consumer and government spending, thereby producing a growth rate of 1.6%, which was significantly lower than the prior year rate. Growth in Japan was somewhat stronger (+2.0%). Although at 4.5%, the economic growth in developing countries and emerging economies remained significantly higher than in the industrialized world (+2.3%), these local economies continued to lose momentum during this past year. With a growth rate of 7.6%, China continued to rank at the top of the list of highest growth countries, even though a slowdown is evident in that country as well.

The industrial countries reported low rates of inflation (1.73% in the Euro area, 1.83% in the USA), while local prime rates remained at historically low levels. The commodity prices of steel and oil trended upward in the second half of 2013.

Economic growth 2013 in %



Source: International Monetary Fund (IMF) World Economic Outlook, October 2013

Impact on the operation of car wash equipment
Economic trends in general have have only a limited impact on the wash conduct of the end customers, which overall has remained mostly stable even during the financial and economic crisis. Markets such as Spain or Portugal were the exception, where the continued economic crisis has led to deteriorating wash figures. Weather-related fluctuations in wash figures have compounded this situation. Economic development certainly affects behavior with regard to making investments in new equipment or replacing equipment. The general conditions under which (individual) customers are able to secure financing to acquire a new wash system have deteriorated significantly as a consequence of the financial and economic crisis. In established markets, this has led to post-

- *Wash conduct of end customers remains largely stable*
- *Uncertainty about future development and limited financing have led to postponement in investments in car equipment*

ponements in investments in new car wash equipment or, with respect to replacement car wash equipment, to an extension of equipment life cycles.

The wash equipment manufacturing sector is a late-cycle industry, therefore as the industry's development lags behind general economic development.

The specific effects of the financial and economic crisis on the business of WashTec and on the business of the equipment operators vary tremendously from region to region and are described in more detail in the segment report.

2.1.2 Market for car wash equipment

Customer groups

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

Competition

Key competitors in Europe:

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

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

The largest competitors in the North American market, which is more fragmented on the customer and provider side, are Ryko Solutions Inc., PDQ Manufacturing Inc., Belanger Inc. and SONNY'S Enterprises Inc. Here, with respect to the installed base and market share, WashTec's market share is just around 10%.

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

WashTec continuously monitors the development of the competitor situation in all key markets to enable it to take suitable measures in a timely manner.

Sales markets

The global structure of WashTec is also reflected in the regional distribution of revenues. In 2013, approximately 66.5% of Group revenues was generated outside of Germany. Business in Core Europe (with over 75% of the Group's net income) still dominates the picture. In the mid-term, however, revenues in growth regions such as Asia/Pacific (currently approximately 5%), Eastern Europe (currently approximately 5%) and the North America region (currently approximately 15%) should gain significance.

The global market for car wash equipment is divided into a number of sub-markets, depending on the degree of development within the respective markets. The special features of these sub-markets are set forth in more detail as part of the segment report.

2.2. Business performance

The results for the year confirm the outlook issued by the management board in the half-year report. Gauged against the mid-term goals formulated in previous years, however, we should not be completely satisfied with this business performance. Initiatives relating to innovations, efficiency improvements and regional growth projects have been launched. The focus of our work in this regard will be on Europe, while at the same time we will strengthen our efforts around the world in growth markets.

in €m	2012	Goals 2013	2013
Revenues (adjusted for exchange rate effects*)	301.5	+1–2%	303.7
EBIT	19.2	Proportionate increase	17.1
Consolidated net income	10.1	Slight increase	11.2
Equity ratio (in %)	46.0	over 35%	50.4
Leverage (gearing) ratio	0.3	less than 2.5	0.1

*On the basis of the prior year exchange rate

Adjusted for exchange rate effects, revenues increased by 0.7% in 2013 to € 303.7m (prior year: € 301.5m). Hence, despite the stagnant business development in Core Europe, particularly in France and Germany, the 2013 goal to increase revenues by 1–2% compared to the prior year was almost achieved.

The EBIT for 2013 totaled € 17.1m and thus declined by –10.9% (prior year: € 19.2m). The forecast for an increase, which would be proportionate to the 1–2% revenue growth, could not be realized. The key reasons for this shortfall are the slightly declining revenues in Core Europe, cost increases in major markets in Core Europe and negative exchange rate effects of € 0.6m.

The consolidated net income could be increased by 10.9% to € 11.2m (prior year € 10.1m). In this respect, the goal of a slight increase in 2013 compared to the prior year was greatly exceeded. The reason is an improved financial result, resulting from the reduction in net financial debt by € –5.4m as well as lower tax rates.

The equity ratio as of December 31, 2013 totaled 50.4% (prior year: 46.0%). This increase is attributed primarily to the improved consolidated net income and an optimized balance sheet structure. The goal of attaining an equity ratio of over 35% was therefore greatly surpassed.

The leverage (gearing) ratio as of 31 December 2013 is 0.1 (prior year: 0.3). Due to reduced net financial liabilities, the goal of a attaining leverage ratio of less than 2.5 was met.

2.3 Position

Multiple year comparison of key planning and management figures

Differences possible due to rounding-off	2013	2012	2011
Revenue	299.7	301.5	293.3
EBIT	17.1	19.2	–10.4
EBIT margin in %	5.7	6.4	–3.5
Equity ratio in %	50.4	46.0	38.6
Leverage (gearing) ratio	0.1	0.3	1.3
Free cash flow	15.7	19.6	8.4

Despite continued difficult general conditions in some submarkets, particularly in Core Europe, WashTec succeeded in keeping revenues at a stable level, generating € 299.7m compared to € 301.5m in the prior year. EBIT declined from € 19.2m to € 17.1m.

2.3.1 Order backlog

Order backlog as of December 2013 lower than prior year

The Company reported as of December 31, 2013 a significantly lower order backlog than at the end of the prior year. Since WashTec's orders generally cycle-through within six to ten weeks, the order backlog is an indicator for the upcoming quarter, but has only limited indicative value for how the entire 2014 fiscal year will develop.

2.3.2 Results of operation

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

2.3.2.1 Income statement

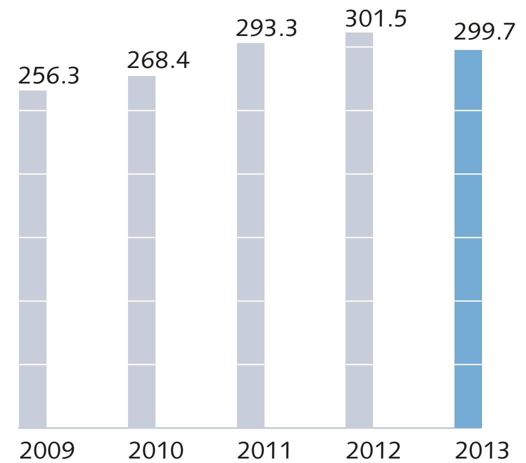
The following table shows the income statement of the WashTec Group:

in €m Differences possible due to rounding-off	2013	2012	Change (absolute)
Revenues	299.7	301.5	–1.8
Cost of materials	–119.2	–126.9	7.7
Other operating income	4.0	4.3	–0.3
Personnel expenses	–106.4	–100.2	–6.2
Other operating expenses (incl. other taxes)	–48.8	–51.7	2.9
EBITDA	27.0	29.2	–2.2
Depreciation and amortization	–9.9	–10.0	0.1
Operating result (EBIT)	17.1	19.2	–2.1
EBIT margin	5.7	6.4	–0.7
Financial result	–1.3	–2.7	1.4
Earnings before taxes	15.8	16.5	–0.7
Taxes	–4.6	–6.4	1.8
Consolidated net income	**11.2**	**10.1**	**1.1**

2.3.2.2 Revenue development

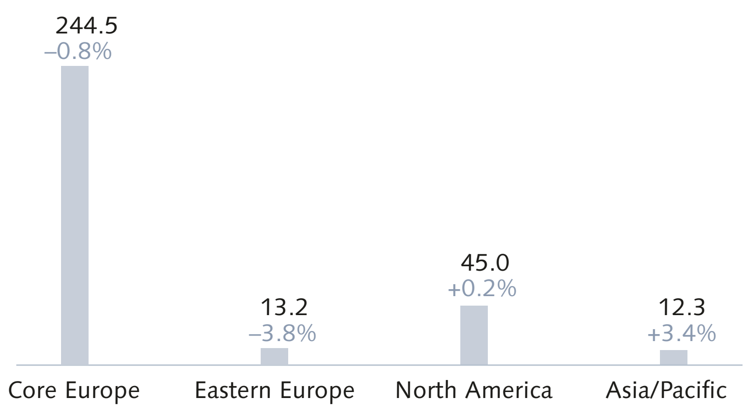
WashTec Group's revenues totaled € 299.7m and thus were only slightly lower, by € –1.8m or –0.6% than prior year (€ 301.5m). In the fourth quarter, revenues declined by € –3.0m or –3.6% (revenues in Q4 2013: € 81.4m; revenues in Q4 2012: € 84.4m). In the comparison of the same quarter of the prior year, it must be noted that revenue growth in that prior year quarter was unusually high – even on the basis of a multi-year comparison.

Revenues over multiple years (in €m)



After adjusting for exchange rate effects, revenues for the entire year equaled € 303.7m and were therefore 0.7% above the prior year level (€ 301.5m).

Revenues by segments in €m, change in % versus 2012



In **Core Europe**, revenues of € 244.5m were slightly below prior year (€ 246.5m). This is especially due to a modest business development in Germany and France. Revenues in **Eastern Europe** declined by approx. € –0.5m to € 13.2m (prior year: € 13.7m). In **North America**, revenues totaled € 45.0m and were slightly higher than the prior year (€ 44.9m). The same revenues in US dollars amounted to USD 59.7m (prior year: USD 58.0). Revenues in the **Asia/Pacific** of € 12.3m were also higher than the prior year (€ 11.9m).

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

Revenues by products

Chemical revenues increased again

in €m Differences possible due to rounding-off	2013	2012	Change (absolute)
New equipment and used equipment	165.9	170.0	–4.1
Spare parts, service	89.3	90.1	–0.8
Chemicals	32.0	29.8	2.2
Operations business and others	12.5	11.6	0.9
Total	**299.7**	**301.5**	**–1.8**

Revenues from **new and used equipment** declined from € 170.0m in 2012 to € 165.9m in 2013. A slight decrease from € 90.1m to € 89.3m was recorded for revenues from **spare parts and service**. In contrast, revenues from **chemicals** grew again, climbing by € 2.2m to € 32.0m (prior year: € 29.8m). The revenues generated by WashTec Carwash Operations GmbH and WashTec Financial Services GmbH are reported under **operations business and others**. Revenues in that segment rose from € 11.6m to € 12.5m.

2.3.2.3 Expense items and results

2.3.2.3.1 Expense items

Cost of materials

The cost of materials includes, above all, purchased raw materials, consumables and supplies. The largest items relate to the purchase of, e.g., steel, plastics and other raw materials. The cost of materials fell relative to the prior year, from € 126.9m to € 119.2m.

Despite the drop in revenues, gross profits rose from € 175.4m to € 177.8m (gross profit margin climbed from 58.2% to 59.3%). The main reason for this increase is a change in the product mix and regional mix, which included higher revenues from chemicals and improvements in efficiency in the areas of materials and purchased services.

Personnel expenses

Personnel expenses rose from € 100.2m in the prior year to €106.4m

Personnel expenses rose primarily due to wage scale increases under collective bargaining contracts from € 100.2m to. € 106.4m. It must be noted in this respect that the prior year figures included a non-recurring effect from the reversal of restructuring provisions in the amount of € 1.4m. The increased personnel expenses can be attributed primarily to wage scale increases under collective bargaining contracts in Core Europe (above all, Germany) as well as the expansion of sales and service structures in the "Eastern Europe" and "Asia/Pacific" segments. The personnel expense ratio (personnel expense as a percentage of revenues) rose from 33.2% to 35.5%, with an average number of employees at 1,670 (prior year: 1,650).

Other operating expenses (including other taxes)

Other operating expenses (including other taxes) fell from € 51.7m in 2012 to € 48.8m. The cost reduction resulted from the implementation of cost saving measures, lower write-downs of receivables as well as lower trade fair expenses. Other operating expenses include a foreign exchange loss of approximately € –2.1m compared to € –1.1m in 2012.

Other operating income (including other capitalized development costs) fell due to lower capitalized development costs from € 5.7m in the prior year to € 4.4m.

2.3.2.3.2 Foreign exchange effects

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

2.3.2.3.3 EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) equaled € 27.0m and was therefore € –2.2m less than prior year (€ 29.2m).

2.3.2.3.4 Depreciation and amortizations

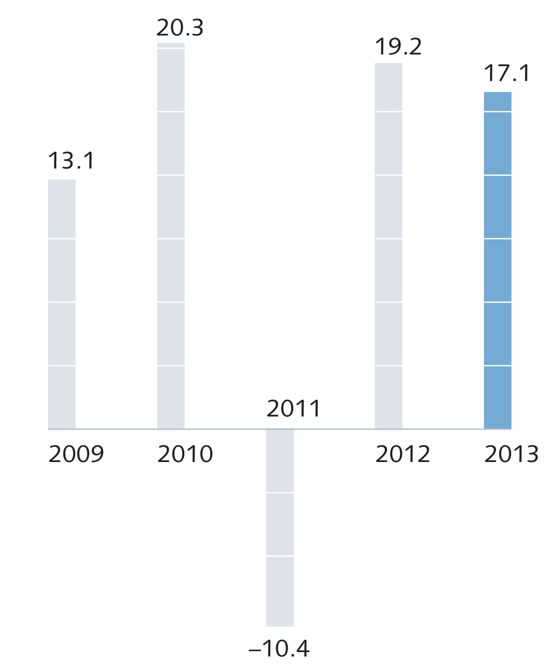
Depreciation and amortization amounted to € 9.9m (prior year: € 10.0m).

2.3.2.3.5 EBIT

Earnings before interest and taxes (EBIT) fell to € 17.1m (prior year: € 19.2m).

EBIT fell by € 2.1m to € 17.1; EBIT margin 5.7%

EBIT over multiple years (in €m)



EBIT by segments

in €m, Differences possible due to rounding-off	2013	2012
Core Europe	15.5	19.3
Eastern Europe	0.6	0.8
North America	1.5	–0.2
Asia/Pacific	0.0	–0.7
Consolidation	–0.5	0.0
Group	**17.1**	**19.2**

2.3.2.3.6 EBIT margin

The EBIT margin was 5.7% (prior year: 6.4%).

2.3.2.3.7 Financial result

Net financial result fell from € 2.7m to € 1.3m as a result of repaid bank liabilities.

Financial result € 1.3m

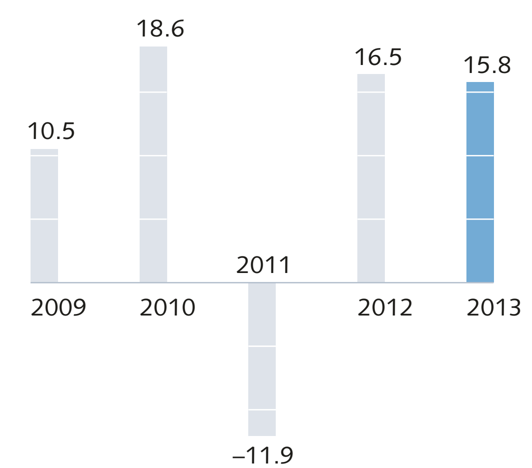
Breakdown of financial result

in €m, Differences possible due to rounding-off	2013	2012
Income from the valuation of interest swaps	0.1	0.0
Income from bank interest and similar income	0.1	0.1
Financial income	0.2	0.1
Interest-bearing loans	–0.4	–0.5
Interest rate swaps	–0.4	–1.3
Expenses from finance leasing	–0.3	–0.4
Expenses from financing costs and similar expenses	–0.4	–0.6
Financial expense	–1.5	–2.8
Financial result (net financial expense)	**–1.3**	**–2.7**

2.3.2.3.8 EBT

The earnings before taxes (EBT) equaled € 15.8m (prior year: € 16.5m) due to significantly reduced financial expenses.

EBT over multiple years (in €m)



2.3.2.3.9 Taxes

Taxes equaling € 4.6m (prior year: € 6.4m) consist of the use of deferred tax credits and current tax expenses. The tax rate (relative to EBT) fell from 38.8 % to 29.0%. The main reason for this decline was because deferred tax assets, which had not been used in prior years, were used in the reporting year to lower the income tax exposure resulting from the favorable business development in North America.

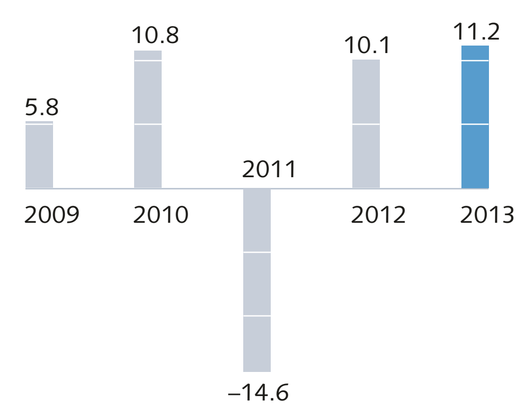
Loss carry-forwards are held mainly by international companies, while the loss carry-forwards in Germany have been largely exhausted.

2.3.2.3.10 Consolidated net income

Consolidated net income rose by € 1.1m to € 11.2m

Consolidated net income after taxes rose by € 1.1m to € 11.2m (prior year: € 10.1m). Earnings per share (diluted = undiluted) rose considerably to € 0.80 (prior year: € 0.72) because the average number of shares had fallen slightly to 13,934,113 shares compared to the average of the prior year (13,962,989 shares) as a result of the share buy-back program.

Consolidated net income over multiple years (in €m)

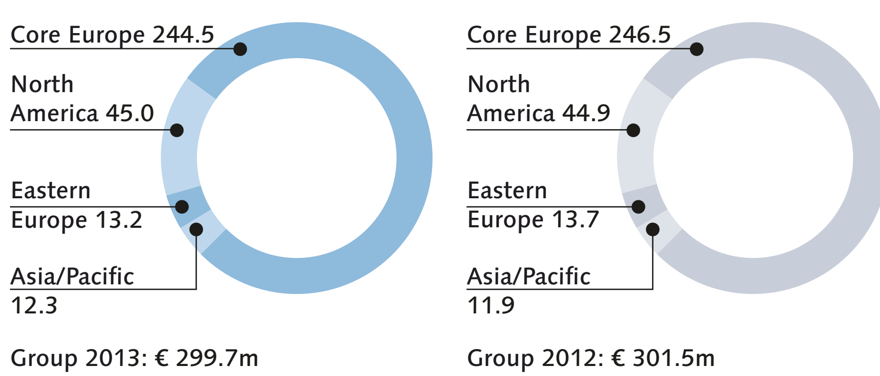


2.3.2.4 Use of funds/dividends

WashTec wants to continue to pay out an attractive dividend in the future while simultaneously investing the generated cash flow in expanding the market position and improving systems and processes. At the same time, the low gearing ratio should be maintained. WashTec defines a conservative leverage ratio as a ratio of EBITDA to net bank debt and finance leases of less than one (1). After carefully weighing the aforementioned parameters and the necessary balance of the interests of the Company, its employees and its shareholders, management board and supervisory board intend to recommend to the annual general meeting of shareholders, which is scheduled for June 4, 2014, to appropriate the distributable profit of € 9,682,126.67 for the fiscal year 2013 as follows: paying a dividend in the amount of € 0.64 for each no-par value share which is entitled to dividends, thereby yielding an aggregate dividend payment of €8,916,679.56, and carrying forward the remaining distributable profit of € 765,447.11. In the recommendation to pay a dividend to the shareholders, the declared dividend of € 0.64 per entitled no-par share contains a dividend of € 0.32 per share and a special dividend payment of € 0.32 per share.

2.3.3 Segment report

Revenues by segments 2012/2013 (in €m)



EBIT by segments 2012/2013 (in €m)

2.3.3.1 Core Europe

Key figures Core Europe

Revenues in Core Europe fell by € –2.0m to € 244.5m

Differences possible due to rounding-off		2013	2012
Revenues	€m	244.5	246.5
EBIT	€m	15.5	19.2
EBIT margin	%	6.3	7.8
Employees (as of Dec 31)		1,340	1,354

Market environment and competition
In recent years, the number of vehicles in Core Europe has been relatively stable. In the Company's opinion, this trend will also not change significantly in the future. Except for individual regions (e.g., in Southern Europe), the wash behavior of the end customer depends largely on weather.

The wash equipment market in Core Europe is by far the most developed vehicle wash market in the world, with the highest proportion of installed car wash equipment, the most professional structures in terms of sales and service as well as the highest product quality. Major clients are multinational oil companies that operate car wash facilities in their petrol (gas) station networks either themselves or through lessee-operators. Yet other clients include independent customers such as supermarket chains, individual operators, logistics companies or car dealerships.

The competition in Core Europe is intense and limited to only a few manufacturers. The current main competitors are Otto Christ AG (Germany) and Istobal SA (Spain). Ceccateo S.p.A. (Italy) is no longer a major player. The most important markets are dominated by the direct sales networks of the manufacturers and a direct manufacturer-tied servicing business. A portion of the sales and service is performed through dealers. It is very important to have a geographically expansive service structure. Accordingly, the barriers for new competitors to enter this market are very high. According to its own research, WashTec is the clear market leader in terms of market coverage and market share and has by far the largest established direct sales and service network as well as the largest installed base of over 20,000 roll-over (gantry) car wash systems. With this wide-coverage basis, WashTec is very well-positioned in terms of professionalism and efficiency.

In 2013, the markets in Core Europe developed similarly to the prior year. While the Southern European markets recovered slightly in the course of the year, the business development in Germany and France in 2013 was modest. However, the Company does not view this as an underlying trend.

Based on the current state of affairs, it can be assumed that the European market will remain stagnant at the current level over the medium term, and yet a future downturn in Europe cannot be ruled out. WashTec will address this trend through increased innovations, further professionalization and intelligent cost-cutting and efficiency projects.

Earnings development

As a result of the declining revenues and increased personnel costs as well as negative influences due to exchange rate effects (€ –0.6m), the EBIT in Core Europe fell to € 15.5m (prior year: € 19.2m). The EBIT margin was 6.3% (prior year: 7.8%).

2.3.3.2 Eastern Europe

Key figures Eastern Europe

Differences possible due to rounding-off		2013	2012
Revenues	€m	13.2	13.7
EBIT	€m	0.6	0.8
EBIT margin	%	4.5	5.8
Employees (as of Dec 31)		16	10

Market environment and competition

Future positive market development expected; growth potential for WashTec

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

WashTec expects the market in this segment to grow in the future and intends to continue strengthening its dealer network and expanding its own presence and direct access to major customers in individual regions, for example by setting up sales offices. In this context a separate company was formed in Poland in early 2012.

Revenue development

Revenues in Eastern Europe fell by € –0.5m to € 13.2m

Despite considerably higher revenues in the private customer business, total revenues fell slightly from € 13.7m to € 13.2m due to unusually high revenues earned from some major customers in the prior year.

Earnings development

Earnings dropped to € 0.6m (prior year: € 0.8m) as a result of expenditures made to expand sales structures. The EBIT margin was 4.5% (prior year: 5.8%).

2.3.3.3 North America

Key figures North America

Differences possible due to rounding-off		2013	2012
Revenues	€m	45.0	44.9
EBIT	€m	1.5	–0.2
EBIT margin	%	3.4	–0.4
Employees (as of Dec 31)		236	229

Market environment and competition

The new vehicle registrations for cars and light trucks have increased significantly in recent years. Some slight population growth and growth in the number of vehicles is expected in the future.

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

USA: Fragmented market featuring a large number of manufacturers and dealers

In comparison to Europe, the car wash equipment market in North America is highly fragmented and characterized by a number of manufacturers that work with different sales structures (mainly dealers and direct sales). The leader in the area of friction system car washes in the convenience stores segment is Ryko Solutions Inc., a local manufacturer which covers the market mainly using its own sales and service teams. In the growing area of wash systems at car dealerships, Broadway Equipment Company is the established market leader. European manufacturers without any local production have so far been unable to establish any noteworthy competitive position in the market. In terms of installed base and market share, WashTec occupies third place in North America in the area of roll-over wash systems, according to its own research. The other biggest competitors in the North American market are PDQ Manufacturing Inc. and Belanger Inc. in the area of touch-less washes, as well as SONNY'S Enterprises Inc. in the area of car wash tunnel systems.

Following the successful restructuring, business in North America developed favorably in 2013. Options for strategic alliances continue to be examined.

Revenue development

Mostly due to stable development of WashTec's direct and key account business, WashTec's revenues in North America developed in a stable manner and, at € 45.0m, were at the prior year level (€ 44.9m). Regional revenues in USD totaled USD 59.1m (prior year: USD 57.5m).

Earnings development

Following the successful restructuring in 2012, 2013 featured further improvements in the areas of procurement, product optimization and service efficiency. This led to a significant improvement in EBIT to € 1.5m (€ –0.2m). Thus, the segment made a significant positive contribution to the Group result. The EBIT margin was 3.4% (prior year: –0.4%).

EBIT of € 1.5m from North America

2.3.3.4 Asia/Pacific

Key figures in Asia/Pacific

Differences possible due to rounding-off		2013	2012
Revenues	€m	12.3	11.9
EBIT	€m	0.0	–0.7
EBIT margin	%	0.0	–5.9
Employees (as of Dec 31)		48	47

Market environment and competition

On the Australian market, the major American and European manufacturers are in direct competition with one another. The market in Australia, where until now most of the business in the "Asia Pacific" segment was generated, has developed in a stable manner.

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

In the medium term, the Chinese market should become a significant part of this segment. It is witnessing very strong growth in the number of vehicles and has extraordinary growth potential. Based on the current, still relatively low labor costs there, the market for car washes is still dominated by manual (hand) washes. The Company is assuming that the consistently increasing demand for car washes, as well as rising wage and property costs, will lead to a transition to automated car washes.

Until now, the competition in this market has been limited to Japanese and local manufacturers and to providers from other Asian countries with limited experience in the field of professional automated car washing. Since 2008, WashTec has had its own production and procurement site near Shanghai. In mid-2011, the first direct sales structures were created and the local organization was expanded in order to help actively shape the important Chinese focus market. The expansion of structures is yielding some initial results, even though that market is only expected to develop to European levels over the mid- to long term; premium brand car dealerships are the most important customers currently. At the same time, the Company is working intensively on developing customers in the areas of professional manual washes and local oil companies.

WashTec's goal is to help actively develop the Chinese market as a pioneer, to adjust the product portfolio to meet the local needs and to build-up its own sales and service structures in key regions. By continuing to expand the global supply chain and sourcing activities, the Company will also be leveraging the manufacturing and procurement advantages from this region for the entire product portfolio.

In Japan and Korea, there are a number of dominant local manufacturers. All of the European and the major US competitors have distributors in New Zealand. All other countries in the Asian market are still far behind China in their development and offer potential for the medium term.

Revenue development
At € 12.3m, revenues were slightly above the prior year's level (€ 11.9m). The market in Australia, where the major portion of activities in this segment has been generated to-date, shows stable development. In China, the revenues and order backlog are developing favorably, although starting from a low level given that the market here is still in an early stage of development.

Earnings development
A break-even result of € 0.0m was achieved in 2013 in this segment (prior year: € –0.7m). This is primarily attributable to positive revenue development and increased efficiency. The EBIT margin was 0.0% (prior year: –5.9%).

2.3.4 Net assets

2.3.4.1 Asset and capital structure

Condensed consolidated balance sheet

in €m, differences possible due to rounding-off	2013	2012	2011
Non-current assets	85.3	88.8	93.1
Receivables and other assets	46.7	48.5	50.9
Inventories	34.3	36.6	39.3
Deferred tax assets	4.3	5.9	7.1
Cash and cash equivalents	3.8	3.8	4.6
Equity	87.8	84.4	75.3
Provisions (including income taxes)	26.3	27.8	32.3
Liabilities	49.3	59.6	74.0
of which trade payables	8.8	6.7	9.9
Deferred revenues	7.7	8.8	10.4
Deferred tax liabilities	3.1	3.0	3.0
Balance sheet total	**174.2**	**183.6**	**195.0**

Balance sheet total declines to € 174.2m

The **balance sheet total** of the WashTec Group declined from € 183.6m to € 174.2m.

2.3.4.1.1 Assets

As in the prior year, the WashTec Group's non-current assets include goodwill totaling € 42.3m. Management subjects the capitalized goodwill to an annual impairment test. The test is based on a mid-term forecast for the period 2014 to 2016 at the Group level. Non-current assets include the items "real properties and buildings" (€ 15.6m), "technical equipment and machines" and "finance leasing" (collectively totaling € 15.4m), and "intangible assets (excluding goodwill)" (€ 7.7m).

Receivables and other assets declined from €48.5 to € 46.7m due to the active management of receivables. Compared to last year, the term of receivables remained unchanged at 48 days.

Inventories decreased from € 36.6m to € 34.3m due to an improved inventory management.

Deferred tax assets totaling € 4.3m resulted from timing differences (€ 3.5m) and from deferred tax assets based on loss carry forwards (€ 0.8m).

As of the balance sheet date, **cash and cash equivalents** remained stable compared to the prior year at € 3.8m.

2.3.4.1.2 Liabilities and equity

Equity ratio at 50.4%

Due to favorable earnings development, **equity** rose from € 84.4m to € 87.8m. Details concerning the income and expenses recognized directly in equity capital pursuant to IFRS may be found in the Statement of Changes in Equity (see page 90). The equity ratio increased substantially to 50.4% (prior year: 46.0%). This increase is attributable above all to the significantly improved Group results and a more optimal balance sheet structure. The equity ratio target of 35% was therefore greatly surpassed.

Compared to December 31, 2012, **bank debt** declined significantly from € 5.3m to € 1.0m specifically due to high cash flows and an active cash management.

Net bank debt (long-term and short-term bank debt less bank credit balances) was € –2.8m (liabilities 1.0, bank credits 3.8) and likewise also clearly lower than the prior year (€ 1.5m). **Net finance debt** (net bank debt plus long-term and short-term finance leasing debt) was € 2.9m and therefore € –5.4m below the prior year (€ 8.3m).

Trade payables rose from € 6.7m to € 8.8m as of the balance sheet date.

The **deferred tax liabilities** climbed slightly to € 3.1m (prior year: € 3.0m).

Provisions (incl. income tax liabilities) consist primarily of provisions made for personnel, phased retirement obligations, warranties and buy-back obligations. As of the balance sheet date, this item equaled € 26.3m (prior year: € 27.8m).

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

Internally generated intangible assets, which have a positive effect on the WashTec business, include, above all, the comprehensive know-how and the experience of WashTec employees as well as the knowledge-base, which has been built up and expanded over the years with respect to research and development. Another key factor of success has been the WashTec Group's own sales and service network which has been developed and cultivated over many years. Mostly due to its global presence, the Company is in the position to offer WashTec products and services in close proximity to the customers.

There are no off-balance sheet financial instruments.

2.3.5 Financial position

2.3.5.1 Capital structure

As part of the centralized financial management, the companies of the WashTec Group are financed through WashTec Cleaning Technology GmbH. The Company's main liabilities are denominated in euro. The base interest rate of the loan is variable and linked to EURIBOR. To reduce the risk posed by a general increase in interest rates and to improve planning certainty, WashTec uses customary instruments like interest rate swaps. For the swaps, interest rates ranging from 2.572% to 2.580% are set. As of the end of 2013, a new syndicated agreement with a revolving credit line totaling € 50.0m was concluded on "investment grade" conditions for a term of five years. The Group has a credit line totaling €51.3m. The credit line, which was not utilized but which could be deployed for future operations and for discharging obligations, equaled € 44.3m as of the balance sheet date. The subsidiary, WashTec Carwash Operations GmbH, finances its equipment investments using sale and leaseback transactions.

The **gearing ratio** (net financial debt/EBITDA) was only at 0.1 as of the end of the year (prior year: 0.3) due to the significantly reduced net finance debt. The goal of achieving a gearing ratio below 2.5 was therefore exceeded.

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

2.3.5.2 Capital expenditures and write-downs

The focus of the Company's capital expenditures was on Core Europe (€ 5.6m) and related primarily to improving manufacturing processes, upgrading the IT infrastructure and expanding the sites operated by WashTec. In addition, investments were made in Eastern Europe (€ 0.4m), North America (€ 0.5m) and Asia Pacific (€ 0.4m). In the prior year, the Company made capital expenditures primarily in the manufacturing plants located in the Czech Republic, in new product development and in IT.

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

To the extent goodwill was capitalized, it is not amortized on a scheduled basis. Management does, however, subject capitalized goodwill to an annual impairment test. The basis for this test is the mid-term budget of 2013 through 2016 at the Group level.

2.3.5.3 Cash flow statement

in €m, Differences possible due to rounding-off	2013	2012	Change (absolute)
Earnings before taxes	15.8	16.5	–0.7
Change in cash from operating activities (net cash flow)	21.0	23.1	–2.1
Change in cash from investing activities	–5.3	–3.5	–1.8
Free cash flow	15.7	19.6	–3.9
Change in cash from investing activities	–17.2	–18.6	1.4
Net change in cash and cash equivalents	–1.5	1.0	–2.5
Cash and cash equivalents as of December 31	2.7	3.5	–0.8

Net cash flow at € 21.0m

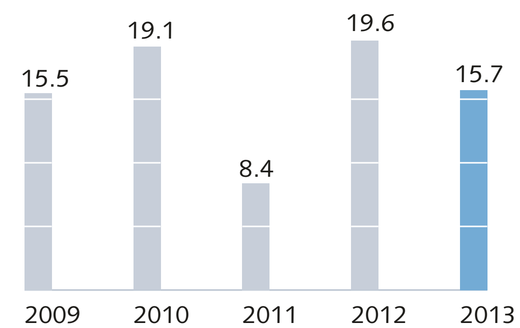
Cash inflow from operating activities (net cash flow) fell to € 21.0m (prior year: € 23.1m). This decrease was caused, above all, by changes in the net current assets as a result of lower prepayments.

The Company is constantly taking measures to optimize and improve working capital. By virtue of these measures, the **net current assets** (current trade receivables + inventories – current trade payables) declined from € 73.1m to € 65.2m. The ratio of net current assets to revenues decreased slightly to 0.22 (prior year: 0.24).

Net cash outflow from investing activities equaled € 5.3m in fiscal year 2013 (prior year: € 3.5m). It should be noted that the prior year's figure included non-recurring income caused by the sale of a land parcel in the amount of € 1.3m.

Free cash flow at € 15.7m

Free cash flow (in €m)



Free cash flow (net cash flow less cash outflow from investing activities) decreased to € 15.7m (prior year: € 19.6m) specifically due to reduced earnings before taxes, fewer prepayments made and a non-recurring effect triggered by the sale of a land parcel in the previous year.

Cash outflow from financing activities equaled € 17.2m (prior year: € 18.6m). The cash outflow in 2013 included interest payments, the repayment of loans and the repayment of finance lease liabilities.

Cash and cash equivalents, as of the balance sheet date, declined from € 3.5m to € 2.7m as of December 31, 2013. The Company was, at all times, in a position to meet its payment obligations.

2.4 Non-financial performance indicators

The number of work-place accidents based on working hours (in millions) is a non-financial performance indicator for WashTec. In 2013, the figure equaled 1.3 and was therefore significantly lower than the industry average as reported by the employers' liability insurance associations [Berufsgenossenschaften]. To us, the awards, which are bestowed by major customers in the oil industry and which recognize effective safety programs, validate WashTec's high safety standards. With respect to work-place accidents, the WashTec Group pursues a 0-accident strategy. The internal goal is to prevent any work-place accidents from occurring by taking appropriate measures and setting rules.

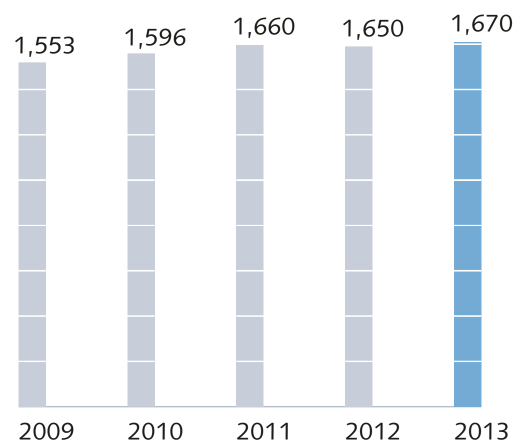
2.5 Employees/Employee turnover

Compared to the staff figures on December 31, 2012, the number of employees rose by 7 to 1,681. The average number of staff members WashTec employed during the year was 1,670 (prior year: 1,650 employees). The expansion of activities in Eastern Europe and North America was the reason behind this development.

In Germany, the WashTec Group is subject to the collective wage agreements that are in place with the trade union, IG Metall. In January 2011, WashTec implemented the Compensation Master Agreement (Entgelt-Rahmen-Abkommen or ERA). AUWA-Chemie is governed by the collective wage agreements of the labor union, IG Chemie.

WashTec's employees are a cornerstone of the Group's commercial success. The satisfaction of WashTec's employees, for example in Germany, is reflected in the low levels of employee turnover (equaling 1.5%; prior year: 1.3%) and in the long average period of service, which is 17.0 years (prior year: 16.9 years). All managing employees have contracts with fixed and variable remuneration components. The variable remuneration components are linked to the achievement of Group operating targets and to meeting individually agreed objectives.

Average number of employees by year



2.6 WashTec AG

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

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

2.6.1 Results of operation

Income Statement of WashTec AG (condensed)

in €m, Differences possible due to rounding-off	2013	2012	Change (absolute)
Revenues	1.9	3.0	–1.1
Personell expenses	–1.5	–2.2	0.7
Other operating expenses	–1.8	–2.4	0.6
Investment result	10.7	6.4	4.3
Result from ordinary activities	9.3	4.9	4.4
Annual profit	9.0	4.9	4.1
Profit carried forward	8.8	4.1	4.7
Withdrawal from retained earnings	–8.1	0.0	–8.1
Retained earnings	**9.7**	**8.8**	**0.9**

Revenues (as defined under the HGB) of WashTec AG declined by € –1.1m to € 1.9m (prior year: € 3.0m) and relate to the pass-through charging of IT expenses and shared management costs to its subsidiaries.

The personnel expenses (as defined under the HGB) of WashTec AG equaled € 1.5m (prior year: € 2.2m) and resulted primarily from the remuneration (including severance payments) of the management board, which is explained in the remuneration report, and from compensation paid in Investor Relations and Legal. There are a total of three persons employed at WashTec AG.

The other operating expenses (as defined under the HGB) of WashTec AG declined by € 0.6m to € 1.8m (prior year: € 2.4m).

The annual profit of WashTec AG (as defined under the HGB) rose from € 4.9m to € 9.0m.

The investment result of WashTec AG (as defined under the HGB) is yielded from income under profit (loss) transfer agreements in the amount of € 3.9 (prior year: € 2.5m). In addition, WashTec Holding GmbH paid a dividend during the prior year in the amount of € 6.7m (prior year: € 3.9m), which was collected during the same phase.

2.6.2 Net assets and financial position

Balance sheet of WashTec AG (condensed)

in €m, Differences possible due to rounding-off	2013	2012	Change (absolute)
Non-current assets	128.1	128.1	0.0
Receivables, other assets	14.3	13.7	0.6
Cash and cash equivalents	0.0	0.0	0.0
Equity	140.4	139.6	0.8
Provisions	1.1	0.7	0.4
Liabilities	0.9	1.5	–0.6
Balance sheet total	**142.4**	**141.8**	**0.6**

Under the HGB accounting principles, WashTec AG's non-current assets consist primarily of shares in affiliated enterprises in an amount of € 128.0m (prior year: € 128.0m). Management also subjects the shares held in affiliated enterprises to an annual impairment test. Here too, there does not currently appear to be any need for further write-downs.

The receivables of WashTec AG as defined under the HGB and totaling € 13.1m (prior year: € 13.5m) resulted primarily from general inter-company setoffs among affiliated enterprises and from profit (loss) transfer agreements.

WashTec AG had equity capital (as defined under the HGB) of € 140.4m (prior year: € 139.6m). This yields an equity ratio of 98.6% (prior year: 98.4%).

The provisions of WashTec AG, as defined under the HGB, equaled € 1.1m (prior year: € 0.7m) and consisted primarily of provisions made for legal and consulting expenses, accounting costs, management board remuneration and supervisory board remuneration.

2.6.3 Report on opportunities and risks

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

2.6.4 Miscellaneous

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

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

2.6.5 Outlook

The expectations described in the Outlook for the WashTec Group also have a major effect of the business development of WashTec AG as the ultimate group parent company.

3 Supplementary report

Significant events after the balance sheet date

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

4

Outlook, opportunities and risk report

4.1 Outlook

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

4.1.1 Business policy and strategy

In 2014 and subsequent years, WashTec will once again continue to adhere to its business policy and strategy of maintaining its market and technology leadership in the car wash industry in Europe and to expand it outside of Europe.

Initiatives across all segments which focus on efficiency, quality and innovation are the foundation for future profitability. Growth initiatives are also in place above all in the focus markets of North America, Eastern Europe and China.

With a very solid balance sheet and its global positioning, WashTec believes it is well positioned to successfully implement the strategy.

4.1.2 Markets and products

WashTec generated roughly 80% of its revenues in established markets, above all in Europe.

Over the long-term, the greatest sales potential for the WashTec Group is in North America and Asia, particularly in China. It is anticipated that the economy and per capita income there will continue to grow. The number of vehicles, which has already risen very dynamically in the past years, will continue to increase accordingly. In connection with this, it is expected that the popularity of automated vehicle washing will grow dramatically. Therefore, WashTec is planning the gradual expansion of activities there, in order to capture a leading market position in South Asia and Southeast Asia and to set the stage for realizing the great growth potential there.

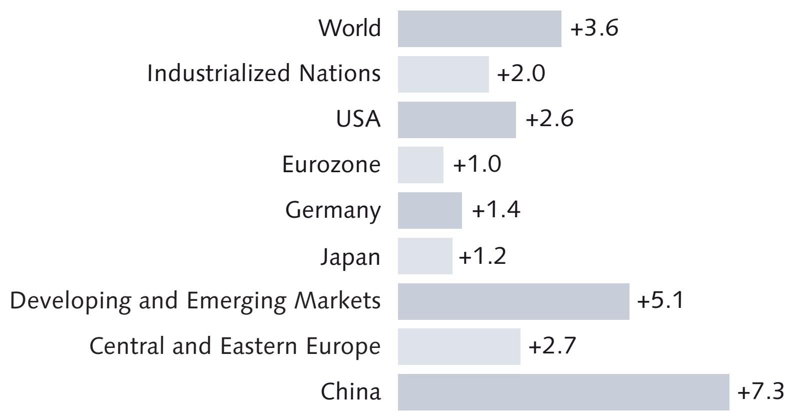
WashTec's product program has been successfully established in more than 65 countries worldwide and will also comprise in the future all types of car wash equipment as well as the associated peripheral devices, wash chemicals and water reclaim systems. WashTec also offers comprehensive servicing packages covering the entire lifecycle of the products sold. In addition to maintenance of the equipment, this includes operator models and the brokering of financing for the equipment. The sale of roll-over wash equipment and the related servicing are the Company's major revenue drivers.

4.1.3 General economic conditions

Stable global growth expected in 2014

According to the most recent forecast issued by the experts at the International Monetary Fund (IMF) in October 2013, the global economy is projected to grow by 3.6% in 2014. Despite the continuing uncertainties about the effectiveness of actions taken to resolve the sovereign debt crisis among various European countries and the consequences of the Federal budget dispute in the United States, the experts now expect a slight revitalization of growth. Accordingly, the economies of the industrial countries should grow by 2.0%, and those of the Eurozone by 1.0%, although the assumption is that the recession in Italy and Spain is gradually coming to an end. The growth rate for Germany is forecasted at 1.4%. Due to its anticipated increased re-industrialization, the US economy is even projected to achieve 2.6% growth, while the national product of Japan is expected to grow at a rate of 1.2%. According to the IMF, the outlook for developing and emerging countries is expected to enjoy a slightly accelerated expansion (compared to 2013) of 5.1%, whereby China once again should provide the greatest growth (+7.3%).

IMF growth forecast for 2014 in %



Source: International Monetary Fund (IMF) World Economic Outlook, October 2013

4.1.4 WashTec business development

An outlook for 2014 is subject to uncertainties, which could have a material effect on the forecasted revenue and earnings development. A deciding factor will be how the business in Core Europe develops and the extent to which success can be achieved in exploiting the growth potential in the other markets. The management board therefore continuously monitors current economic developments, particularly in the Eurozone, in order to be able to react quickly and effectively – instituting further cost reduction measures if necessary – in the event that there are signs that the economic situation is worsening. Furthermore, it is the goal of the management board to continue the strategic repositioning of the Company and to further improve operating profitability.

In 2014, WashTec will again examine all operations and activities of the Group in terms of the contribution to earnings and potential for optimization. WashTec will pursue a conservative expenditure and investment policy and focus on projects, areas and regions that have the best growth prospects for the medium term. In this context, the focus in Core Europe will be on replacement investments, while an increasing volume of capital expenditure is expected in Eastern Europe and Asia/Pacific (especially China). In this regard, market opportunities should be developed for example through the gradual expansion of sales structures and the further strengthening of the local organizations. The overall capital expenditure volume for 2014 is expected to be higher than it was in fiscal year 2013. Furthermore, in the coming years, we expect employee numbers to remain stable or slightly decline.

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

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

Given the cost sharing arrangements, WashTec AG anticipates stable revenue growth and therefore stable operating results in 2014. Results in the future will also continue to depend on the profit distribution potential of the subsidiaries.

By virtue of the long-term financing of the Company and the solid balance sheet structures, WashTec believes that it is well-equipped for future changes and will emerge from a difficult market situation strengthened.

The Company, as a whole, is projecting the following regional developments for 2014

- **Core Europe:** From the Company's perspective, the market in Core Europe will not change much in 2014. Investment behavior in sub-regions is cautious, and competition for unit sales is increasing. Given this background, the Company is assuming stable revenue and slightly increasing earnings growth over 2014.

Accordingly, a slightly increasing EBIT margin is anticipated. The focus in Core Europe will be on improving efficiencies. Any declines in equipment sales should be offset by a stronger chemicals and service business.

Core Europe	2014 Targets
Revenue (adjusted for exchange rate effects)	stable
EBIT	slightly increasing
EBIT margin	slightly increasing

- **Eastern Europe:** The Company expects that the market in Eastern Europe will continue to grow in 2014. Thus, in connection with the expanded sales activities, the expectation in this segment is for slight revenue growth and stable earnings performance.

Eastern Europe	2014 Targets
Revenue (adjusted for exchange rate effects)	slightly increasing
EBIT	stable
EBIT margin	stable

- **North America:** Following a successful turnaround, WashTec is seeking moderate revenue growth and stable earnings in North America. One focus of the activities in 2014 will be on capital expenditures in systems and processes in order to thereby create the basis for continued profit growth.

North America	2014 Targets
Revenue (adjusted for exchange rate effects)	slightly increasing
EBIT	stable
EBIT margin	stable

- **Asia/Pacific:** The continued expansion of the sales structures is expected to lead to considerable revenue growth in 2014 with proportionately lower earnings development, although the greater share in revenue growth should come from the Chinese market. The focus is on expanding business with car dealers and service providers in the professional hand washing segment. Pilot systems should provide evidence of the profitability of the automated car wash systems.

Asia/Pacific	2014 Targets
Revenue (adjusted for exchange rate effects)	considerable growth
EBIT	stable
EBIT margin	stable

- **Group:** WashTec is seeking a slight increase in revenue as well as a slight increase in EBIT and the EBIT margin for the Group as a whole in fiscal year 2014. In this respect, the increasingly volatile market environment and the corresponding business development in Core Europe must be taken into account.

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

€ in millions	2013	2014 Target
Revenue (adjusted for exchange rate effects)	299.7	slightly rising
EBIT	17.1	slightly rising
EBIT margin in %	5.7	slightly rising
Equity ratio	50.4	slightly rising
Gearing ratio	0.1	stable
Free cash flow	15.7	stable
HSE (work-place accidents/m. working hours)	1.3	0–2

4.2. Opportunities and risk report

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

Opportunities are possible future developments or events, which could lead to projections or target variances that are favorable for the Company. A possible favorable effect of a risk is also referred to as opportunity. Ongoing cost optimization and the successful start-up of new sales and service activities are gaining in significance for successful future business development as well.

4.2.1 Opportunities and risk management

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

Risk management

Multi-stage system for identifying and monitoring risks

WashTec has instituted a multi-stage, group-wide 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-term and mid-term forecasts (24 months), and to take the appropriate steps for launching suitable counter-measures as part of a structured approach. In the opinion of the management board, all material risks, which threaten the Company's ability to continue as a going concern, can be reasonably identified using this early risk identification system. There have been no changes made since last year.

In this regard, all business risks are matched against the Company processes, analyzed and quantified. Risk management is carried out by defining and launching suitable counter measures. The evaluation of any risk is made using uniform criteria. Using databases, any and all identified risks are routinely reported by and queried from the divisional heads. These assessments focus on the maximum potential damage, the likelihood of occurrence and the effectiveness of any counter-measures.

At the end of this review, the so-called "net risk" or actual risk potential is isolated. This, in turn, allows for segmentation according to specific risks in individual business divisions and according to more universal risks at Group level. The risk management system regularly monitors the status of the implementation.

The consistency and efficiency of the risk management system is tested twice each year and adjusted to meet any changed requirements as needed.

During the risk monitoring no risks threatening the company's ability to continue as a going concern were determined. There were no changes between the balance sheet date and the date on which the management report was prepared.

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

Opportunity management

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

This applies both operationally and strategically for identifying growth or efficiency potential. They are ascertained and assessed during regular management meetings.

The processes for this work are likewise constantly being developed and adjusted to meet the changing overall conditions and environment.

In general, the following additional mechanisms are utilized for the monitoring and management system:

- Executive committee meetings
- Strategic and annual planning
- Ongoing forecast calculations
- Monthly and quarterly reporting
- Idea management platform
- Quality meeting
- Investment planning
- Production and capacity planning
- Corporate audits
- Debtor/accounts receivable management
- Insurance policies
- Risk officer
- Compliance officer
- Purchasing and supply management
- Personnel planning and development
- Approval/clearance regulations
- Strategy meetings

Description of the individual risks

The individual risks shall be assessed on a group-wide basis according to uniformly prescribed criteria. These criteria derive from estimates about the possible scale of damage and the possible likelihood of occurrence.

The effects on the net income and cash flow relate to an assessment period of 12 months and are shown in a so-called "gross-to-net accounting statement". The gross amount represents the value before the measures were taken. The value assigned to the measure is composed of the previously instituted measures such as the creation of a provision or the execution of an insurance policy. The net value of the risk, which is yielded therefrom, is classified as follows according to the financial effect and the likelihood of occurrence:

- Financial effects on the net income

1 Insignificant
2 Not significant, but not negligible
3 Material / significant
4 Serious, but not threatening the continued existence of the Group
5 Existential threat

- The likelihood of occurrence is indicated as follows

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

In this regard, various aspects come into play, such as chronological components in the assessment.

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

■ Risk matrix

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

4.2.2 Opportunities and risks

Compared to the prior year, there have been no material changes in the opportunity and risk structure. As of December 31, 2013, the following described opportunities and risks exist which could have a material effect on the continued development of WashTec. Risks classified as "negligible" will not be discussed in any more detail.

4.2.2.1 Financial and economic crisis

Risks

The global financial and economic crisis is adversely impacting the investment behavior of individual customers, 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 Southern Europe or Great Britain, countries that are greatly impacted by the crisis. A continuation of the crisis and the ensuing financing difficulties could lead to elevated competition and price pressures among equipment suppliers. Thus, it could become more difficult to meet certain financial ratios.

Opportunities

The financial and economic crisis and the Euro crisis could also provide WashTec with an opportunity to expand its innovation and market leadership as a consequence of increasing consolidation pressure. As it has been noted, some individual competitors in regions and markets particularly impacted by the crisis have encountered financing difficulties and have retreated from individual markets due to the situation there.

In the meantime, the car sales figures have been improving again in various regions and are also showing growth potential for the vehicle density. These factors could provide new stimulus for the carwash business and increase demand for carwash equipment.

4.2.2.2 Climate and environmental influences

Risks

Climate changes, increasing congestion on roads, high fuel costs and bans on inner-city driving together with road tolls and greater environmental awareness, particularly within Europe, could result in fewer vehicles on the road in an effort to protect the environment. Such a trend could diminish wash activity and, accordingly, reduce investments made in vehicle wash equipment. Likewise, laws and regulations, such as the ban on operating car wash facilities on Sundays and public holidays, could have an adverse effect on wash behavior. The extent to which these factors impact the Eastern European market or other regions is constantly under review.

Opportunities

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

4.2.2.3 Establishment of new sales and service organizations

Risks

The establishment of new sales and service companies (e.g. as in Eastern Europe), 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. Any efforts to expand the organization through the acquisition of companies and company business units generally could require 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. Moreover, WashTec could be exposed to risks in connection with start-up losses in establishing new sales and servicing organizations or in connection with acquiring sales partners (e.g., in relation to personnel costs and other operating costs for the new infrastructure). Moreover, the integration of new companies into the Group may turn out to be more time consuming and expensive than planned and could tie-up human resources.

Opportunities

A favorable start-up and successful integration of any acquired sales and service organizations could improve 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.

The vehicle density, which is increasing more quickly above all in the emerging markets, and the resulting transition from hand washing to automated washing, will unlock sustainable market potential in these regions.

4.2.2.4 Customer, competition and market

Risks

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

In combination with declining demand, risks from aggressive price competition could increasingly depress prices and squeeze margins in certain markets or market segments.

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

As a consequence of the shortage and increasing costs of fossil fuels and the technical advancement and proliferation of electric vehicles, the use of petrol stations in its current form could decline. Nevertheless, it is presently unclear which utility concept for the electrical vehicles will emerge as the prevailing concept (e.g., electrical charging/battery swap at petrol stations; electrical charging at home). In the opinion of our major customers, this development will not, however, have a significant influence on the number and use of petrol stations in the next 5 to 10 years. In WashTec's view, a changed use in the petrol stations would not influence the number of washes, but merely the location of the washes. The Company is carefully following this trend and will, if needed, react to any changes in a timely manner.

Opportunities

The current business climate affords WashTec an opportunity to expand its leading market position. The solid structure of the Company offers opportunities to invest in products and markets and to exploit the weakened position of one or more competitors. An increase in the market share of the installed car wash 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.

WashTec has independent sales partners in approximately 60 countries worldwide. If the business of our partners performs better than is currently expected, then our indirect sales could grow more strongly than described in our outlook and the mid-term projections. This could have a favorable effect on our earnings and cash flow position.

4.2.2.5 Investments

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

Risks

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

Opportunities

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

4.2.2.6 Innovations and patents

Risks

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

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

Opportunities

WashTec Group's research and development activities are aimed at further developing the existing product range, developing new car wash equipment and quickly and efficiently meeting the individual requirements of customers 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 equipment developed on the basis of ongoing research and development activities does not only meet the needs of the Company's existing customers, but also helps to acquire new customers and significantly expand the market position.

4.2.2.7 Quality and process risks

Risks

Quality and process risks can arise in connection with new product launches and with changes to internal processes and the introduction of new IT systems. This relates, above all, to the production sites in Germany and the United States and to a lesser extent, the Czech Republic and China. Furthermore, WashTec is required to meet very high HSE requirements (health, safety, and environment). Reckless violations by individual employees could mean that WashTec loses major contracts, prompting a deterioration of the Company's net assets, 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.

Opportunities

The current organization and structure of the operating businesses, above all the production workflows, which are intended to further reduce the failure rates and production cycles and intended to improve operational efficiencies and save resources, could yield favorable effects.

4.2.2.8 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.

4.2.2.9 Capacity risks

A decline in demand usually leads to capacity adjustments in the processing workflow. By using internal market tracking and ongoing production capacity planning, WashTec aims to identify capacity risks at the aforementioned production sites 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.

4.2.2.10 Takeover risks

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 gearing ratio 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 losses carry-forwards. 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.

4.2.2.11 Financial risks

Risks

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

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

Opportunities

Favorable interest rate developments on the international money markets and capital markets could have potentially favorable effects on the financial result and hence the earnings of the WashTec Group. Developments on the financial markets are constantly monitored in order to recognize and exploit possible opportunities. Based on the very solid balance sheet structure, the WashTec Group is able to regularly invest for operational and strategic growth. Investments made in tangible and intangible assets ensure the Group's continued future development and can lead to a significant competitive advantage.

4.2.2.12 Exchange rate risks

Risks

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

Opportunities

From the sales generated from the North American or Asia Pacific regions, the development of the dollar versus the euro could yield favorable currency effects.

4.2.2.13 Liquidity risks

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

There is a potential liquidity risk in that there might not be adequate cash to discharge the financial obligations as they fall due. Given the low level of indebtedness and the success of the cash management program, the liquidity risk is considered to be low.

4.2.2.14 Credit and default 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. It is assumed that the bad debt allowances are sufficient to cover the actual risk. There are no material credit risk concentrations within the Group.

4.2.2.15 Tax risks

The WashTec Group has recognized loss carry-forwards in the German and international companies. Changes in tax legislation, which relate to the tax rate or the extent to which loss carry-forwards can be used, could result in expenses arising from the valuation of capitalized deferred tax assets and have an adverse effect on consolidated equity and/or earnings per share. The loss carry-forwards in Germany will presumably be used up in less than two years.

4.2.2.16 Employee risks

WashTec depends to a very large extent on qualified employees, specifically in the areas of development, customer support, and wash equipment programming and operation. In the future as well, WashTec's success will depend in part on finding and retaining qualified employees who have industry-specific know-how in those areas. The loss of such employees or difficulties in the search for qualified employees could have an adverse effect on the WashTec's net assets, financial position and results of operation.

In countries where WashTec does business through its own subsidiaries, the existing collective pay scale models vary. Agreements between employers and employee representatives, such as pay scale increases, which exceed the expectations of the Group or are generally too high, could undermine the WashTec Group's competitive position internationally. In addition, labor strikes could ultimately lead to a stoppage in production. WashTec attempts to minimize this risk through active communication with the employee representatives or by reaching individual agreements with the labor union. The European Union is hoping to improve the conditions for temporary employees. Temporary employees are supposed to be treated the same as permanent employees in terms of payroll and social welfare benefits. This issue is and will continue to be topical. Since WashTec regularly employs agency workers (i.e., contract staff) in order to handle capacity volatility, any such changes would have an adverse effect on the net assets, financial position and results of operation. In order to counteract such effect, WashTec would rely more on independent service providers.

4.2.3 Overview of corporate risks

The table set forth below uses a top-down approach to describe the aforementioned risks with respect to the likelihood of their occurrence, their possible financial impact and the overall evaluation derived therefrom.

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

4.2.4 Total risk assessment

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

Compared to the prior year, the assessment of the likelihood of occurrence and/or the possible financial impact of individual risk positions has changed. In terms of the overall number of risks, which could have a material effect on the WashTec Group, there were only marginal changes. No fundamental change in the overall risk situation has arisen. The consequences of the financial and economic crises in Europe and the uncertainties in the financial sector continue to make up the bulk of the risks.

5 ICS and RMS related to the group accounting process

Internal control system for accounting (ICSA)

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

All processes and companies are assessed according to potential and previously identified risks and are reviewed by an internal audit department which reports directly to the management board. These reviews are constantly conducted over the course of the entire year. Within the business divisions themselves, regular control functions are also performed primarily through the controlling department. The mechanisms used for these purposes are described below.

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

6 Risk reporting with respect to the use of financial instruments

The key risks for the Group arising from derivative financial instruments include cash flow risks, as well as liquidity risks, exchange rate risks, credit risks and default risks. The company policy is to avoid or limit these risks as much as possible. A detailed discussion about how the liquidity risks, exchange rate risks, credit risks and default risks are handled is provided above in sections 4.2.2.12 – 4.2.2.14. The Company also uses derivative financial instruments for the purpose of hedging interest rate and market risks. In accordance with a Group policy, there is no trading in derivatives. At the outset of the hedging process, the hedges and the risk management goals of the Group are formally established and documented. A more comprehensive discussion about these measures is set forth in the notes to the consolidated financial statements.

7

Takeover-related disclosures

Disclosures in accordance with secs. 289 IV, 315 IV HGB – Explanatory report by the management board

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

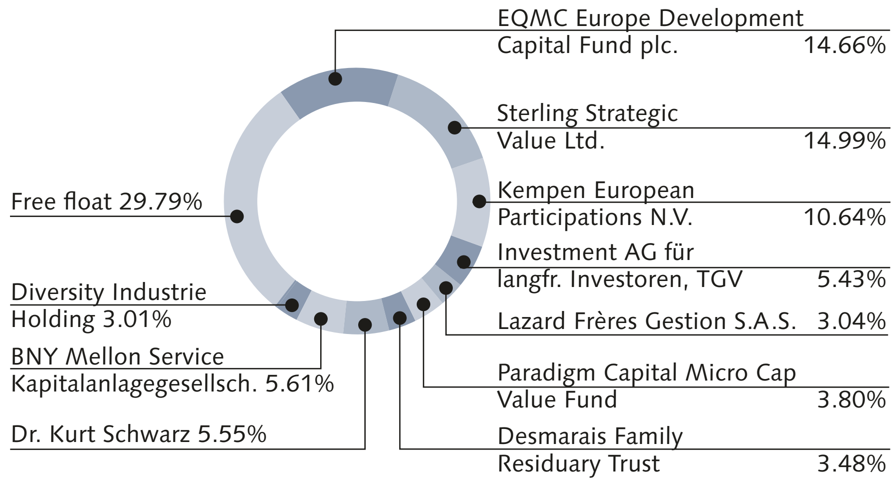
Sec. 315 (4) no. 1 HGB "Subscribed capital"
The Company's subscribed capital totals € 40,000,000 and is divided into 13,976,970 no-par value bearer shares, with each share granting the same rights, in particular the same voting rights. There are no different classes of shares. The management board is not aware of any restrictions affecting the voting rights or the transfer of shares. There are no shares carrying special rights granting their holders a power of control.

Sec. 315 (4) no. 2 HGB "Restrictions regarding voting rights or transfer"
In accordance with sec. 71 b of the German Stock Corporation Act (AktG), the Company has no rights pertaining to any treasury shares it acquires. In all other respects, each share has one vote. To the management board's knowledge, there are no restrictions on voting rights or restrictions pertaining to the transfer of shares.

Sec. 315 (4) no. 3 HGB "Direct and indirect capital participations"
To the knowledge of the management board, approx. 29.8% of the Company's shares are in free float. According to the filings made under the German Securities Trading Act (WpHG), persons holding either direct or indirect equity stakes exceeding 10% of the voting rights are Sterling Strategic Value Ltd., Road Town, Tortola, British Virgin Islands (14.99%), EQMC Europe Development Capital Fund plc, Dublin, Ireland (14.66 %), and Kempen Capital Management N.V., Amsterdam, The Netherlands (10.64 %).

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

Shareholder structure as Februar 28, 2014



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

Sec. 315 (4) no. 4 HGB "Holders of shares with special rights"
There are no holders or bearers of shares with special rights granting powers of control.

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

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

Amendments to the articles of association are made pursuant to secs. 179 and 133 AktG and to secs. 9.9 and 9.10 of the articles of association. The Company has not made use of the option to set out further requirements for amendments to the articles of association. Section 9.9 of the articles of association reduces the statutory majority requirement to the extent allowed by law. The supervisory board is authorized to make non-editorial amendments in form to the to the articles of association.

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

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

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

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

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

Share buy-back

In exercising an authority granted by the annual general meeting of shareholders on May 5, 2010, the WashTec AG management board, with the consent of the supervisory board, decided on August 14, 2012 to launch a program for buying back the Company's own shares. During the period through May 4, 2013, the Company had the right to repurchase up to 400,000 of its own shares (representing approximately 2.86% of the Company's registered share capital) on the stock exchange. In implementing this resolution, the Company had, as of March 19, 2013, reacquired 44,658 of its own shares at an average price of € 9.32 per share.

Pursuant to a resolution adopted by the annual general meeting of shareholders on May 15, 2013, the management board was authorized to acquire, on or before May 14, 2016, the Company's own shares for purposes other than to deal in treasury shares, up to a total of 10% of the Company's current € 40,000,000 of registered share capital. The total treasury shares, which are acquired under this authorization and the other treasury shares, which are held by the Company or attributable to the Company in accordance with secs. 71d et seq. of the German Stock Corporation Act (AktG), may at no time exceed 10% of the respective registered share capital. The management board can opt to acquire these shares on the stock exchange, by means of a public purchase offer to all shareholders or by means of a public invitation directed at all shareholders to submit sales offers. The exact terms and conditions for the purchase are set forth in the invitation to WashTec AG's ordinary annual general meeting of the shareholders in 2013.

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

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

8

Declaration on corporate management (sec. 289a HGB)

(including corporate governance report)

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

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

WashTec AG's management and supervisory boards regularly direct their attention to satisfying the requirements of the Code. 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 WashTec. However, in substantial respects, the recommendations and suggestions of the Code, as amended on May 13, 2013, have been implemented.

WashTec AG is implementing most of the recommendations of the Code

Any deviations from individual recommendations of the Code were disclosed in the declaration of conformity, issued by the management and supervisory board on December 11, 2013.

8.1 Corporate and managerial structure

Supervisory board

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

Supervisory board has six members and committees

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

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

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

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

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

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

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

Management board

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

After Dr. Rautert and Dr. Vieweg commenced their work as of January 1, 2013, Mr. Busch still served as spokesman of the management board for a transitional period of two months. At the beginning of March 2013, Mr. Busch returned to the supervisory board, and Dr. Rautert was made spokesman of the management board. After Dr. Vieweg resigned effective midnight on May 31, 2013 and Ms. Kalb was appointed to the board effective November 1, 2013, the management board once again consists of two persons. Dr. Rautert is responsible for managing Supply Chain, Product Management & Marketing, Development, Quality, Personnel, Finances and IT. Ms Kalb is responsible for Sales, Service, Carwash Operations, Investor Relations, Law, as well as Internal Audit/Compliance.

Reported securities transactions ("Directors' Dealings")
Pursuant to sec. 15a of the German Securities Trading Act (Wertpapierhandelsgesetz or WpHG), members of the management and supervisory board have an obligation to disclose their purchase or sale of the securities in WashTec AG or any financial instruments based thereon, to the extent the value of the purchase and sale transactions executed by that board member and persons closely related to him or her reaches or exceeds the sum of € 5,000 during a single calendar year. No such transactions were reported to WashTec AG during the fiscal year under review.

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

Shareholdings of the management and supervisory boards
As of December 31, 2013, the supervisory board member Massimo Pedrazzini held 2,251 shares of WashTec AG, which he had acquired before his election to the supervisory board. Mr. Pedrazzini is president of the board of directors of Sterling Strategic Value Limited, which owns 2,095,150 voting shares (14.99%) of WashTec AG according to a notification dated August 27, 2013. The supervisory board member Jens Große-Allermann is a member of the management board of Investmentaktiengesellschaft für langfristige Investoren TGV, which holds 758,358 voting shares (5.43%) of WashTec AG according to a notification dated July 31, 2009. As of December 31, 2013, the other management board and supervisory board members held no shares in WashTec AG.

Shareholders and the annual general meeting

Detailed quarterly financial reports and active investor relations work

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. The management board also gives presentations at analyst and investor conferences, such as the German Investment Conference in September, the German Mittelstand Conference and the German Equity Forum (Deutsches Eigenkapitalforum) in November.

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

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

In 2013, as in years past, WashTec AG places all of the documents, which were relevant to its annual general meeting, on the Internet in German and in English. This means that WashTec AG's homepage offers a comprehensive platform of information for both national and international investors with respect to its annual general meeting. WashTec AG does not broadcast its annual general meeting on the Internet and does not electronically transmit notices of such meetings.

8.2 Compliance

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

Compliance organization is constantly refined

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

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

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

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

Any "Directors' Dealings", which must be reported, are published. The individuals at WashTec, who are affected thereby, are also informed about their duties with respect to directors' dealings.

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

The text below is the wording of the declaration of conformity, which is required under sec. 161 of the German Stock Corporation Act (AktG), as such wording was adopted by the management board and supervisory board on December 11, 2013 and published in the Investor Relations section of the Company's website at www.washtec.de.

"WashTec AG, Augsburg
Declaration of conformity under sec. 161 AktG

The management board and supervisory board declare that WashTec AG has complied with the recommendations in the German Corporate Governance Code of the "Government Commission of the German Corporate Governance Code" ("Code") (version dated May 15, 2012) from the date on which these bodies issued their last Declaration of conformity on December 11, 2012 and that they have complied and will in the future comply with the May 13, 2013 version of the Code. The following exceptions have applied and continue to apply:

- *Pursuant to section 4.2.3 sentence 3 of the Code, the monetary components of the compensation of the management board members should include both fixed and variable elements. It is not clear whether this recommendation also applies to members of the supervisory board who are appointed to the management board pursuant to sec. 105 para. 2 of the German Stock Corporation Act (AktG). As a precautionary measure, the management board and supervisory board disclose that as consideration for his work on the management board, the Supervisory Board member, Mr. Michael Busch, who was appointed to the management board pursuant to sec. 105 para. 2 AktG from July 28, 2012 through February 28, 2013, received only fixed compensation without any variable component. Given the brevity of the term of office, a variable component was not appropriate given that such components are generally intended to be based on an evaluation over a number of years according to section 4.2.3 para. 2 of the Code.*
- *Section 4.2.1 sentence 1 of the Code provides that the management board should consist of several persons. In accordance with section 7.1 of the Company's articles of association and section 2 of the management board internal rules of procedure, the management board shall consist of one or more persons. From the date that Dr. Vieweg resigned effective 12 midnight on May 31, 2013, Dr. Rautert was the only member of the management board until Ms. Caroline Kalb was appointed as a new management board members as of November 1. This situation came about because Dr. Vieweg resigned from the board on short notice under amicable terms/under a mutual understanding.*
- *For the duration of Mr. Busch's posting on the management board from July 28, 2012 through February 28, 2013, the acting supervisory board chairman was not – contrary to section 5.4.2 of the Code(May 15, 2012 version) - acting as the chairman of the committee which handles the management board contracts. This arrangement was justified because under the special situation at that time, new management board members needed to be selected quickly after the management board resignation in 2012. Under these circumstances, the supervisory board felt it was advisable to appoint another member of the supervisory board to serve as the chairperson of the personnel committee for the transitional period. Once Mr. Busch has returned to the supervisory board effective March 1, 2013, the supervisory board was once again complying with the recommendation of section 5.4.2 of the Code.*
- *Notwithstanding sentence 3 of section 5.4.6 of the Code, the chairmanship of and membership on the committees was not originally a factor in determining the supervisory board member's compensation. Since the supervisory board, due to its size, had not formed any committees until the board was increased from three to six members in 2012, the previous compensation system did not contain a suitable provision. Pursuant to a resolution developed by the annual general meeting of shareholders on May 15, 2013, which went into effect when it was entered in the Commercial Register on May 27, 2013, section 8.16 of the WashTec AG articles of association was amended and the compensation system was modified to accord with sentence 3 of section 5.4.6 of the Code.*

Augsburg, December 11, 2013

WashTec AG

Management Board and Supervisory Board"

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

8.3 Remuneration report

Remuneration of the management board

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

The remuneration of the members of the management board comports with the statutory requirements of the German Stock Corporation Act and with the recommendations and suggestions contained in the Code. The remuneration system was last discussed by the supervisory board at its meeting of December 11, 2013 and adopted by resolution, including the major elements of remuneration (sec. 4.2.2 para. 1 of the Code). The overall remuneration of the members of the management board is made up of monetary and non-monetary as well as fixed and variable components, and in general, is directly tied to the sustained development of the Company. All of the components of remuneration are structured in such a way that each of them is reasonable both by itself and in the aggregate, and that they do not encourage the taking of unreasonable risks.

Supervisory board member Mr. Michael Busch, who was appointed to the management board pursuant to sec. 105 (2) AktG from July 28, 2012 until February 28, 2013, received only a fixed salary without any variable components for this work on the management board. In view of the brevity of the term of office, a variable salary, which according to sec. 4.2.3 sentence 4 of the Code should generally have a multi-year basis of assessment, would not have been appropriate.

The management board contract with Dr. Vieweg, which was ended effective May 31, 2013, contained the same terms and conditions as the two existing management board contracts, so that the discussions related thereto apply accordingly.

Fixed salary

The four acting members of the management board, who were in office during the course of 2013, were paid a fixed non-performance related salary totaling € 627,447 (prior year [three acting members of the management board]: € 573,194). The fixed remuneration 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 both in accordance with the well-understood best interests of the Company and with the due diligence of a prudent businessman, without becoming dependent on purely short-term objectives for success. On the other hand, the variable components – which, among other things, are tied to the Company's financial results – ensure that the interests of the management board are aligned with the other stakeholders.

Short-term variable remuneration – performance related components

The existing management board contracts provide for a management board remuneration which fully accords with the recommendations of the Code. The variable remuneration components here include short-term components linked to the achievement of various targets to be determined by the supervisory board. They should serve as an incentive mechanism for the management board which is tied to the business performance of WashTec AG. The short-term, variable annual remuneration tracks the strategic and/or operational and/or financial targets which are set each year by the supervisory board. For 2013, it should be noted that Dr. Rautert was guaranteed variable remuneration in the amount of € 150,000, and Ms. Kalb was guaranteed variable remuneration in the amount of € 50,000 upon taking into account variable salary components from her earlier employment relationship with WashTec AG

Components with long-term incentive

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

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

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

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

Remuneration 2012 in €k, differences possible due to rounding off	Fixed	Variable
Thorsten Krüger (until July 31, 2012)*	281	–
Houman Khorram (until July 31, 2012)	139	–
Michael Busch (since July 28, 2012)	153	–
Total	**573**	–

* Plus any defined contribution-oriented pension commitments equal to € 61k

Benefits following termination of employment

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

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

In connection with the termination of his management board contract effective May 31, 2013, Dr. Vieweg received one-time payment totaling € 0.3m. This payment together with the continuing grant of the company car benefit and the indemnification of the second residence costs through August 31, 2013 discharged all claims under the management board contract, including the variable remuneration and all incidental and special benefits.

Miscellaneous

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

Supervisory board remuneration

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

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

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

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

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

The Company has not paid any remuneration or granted any benefits to the members of the supervisory board during the 2013 fiscal year for services rendered personally by them (sec. 5.4.6 of the Code).

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

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

2012 in €k, Differences possible due to rounding-off	Fixed	Variable	Meeting-fee	Total	Cap[4]	Amount disbursed
Michael Busch[1]	23	100	27	150	57	57
Jürgen Lauer[2] (until May 10, 2012)	11	47	11	69	27	27
Massimo Pedrazzini[3]	31	134	27	192	77	77
Jens Große-Allermann (since June 18, 2012)[4]	15	66	16	97	38	38
Sören Hein (since May 10, 2012)	13	56	9	78	32	32
Roland Lacher (since June 18, 2012)	11	47	11	69	27	27
Hans Liebler (since June 18, 2012)	11	47	12	70	27	27
Total	**115**	**497**	**113**	**725**	**285**	**285**

[1] Chairman; mandate suspended during the posting to the management board (since July 28, 2012)
[2] Deputy Chairman until July 27, 2012/ Chairman since July 28, 2012
[3] Deputy Chairman until July 28, 2012
[4] Payments limited by cap (according to membership/function)

Augsburg, March 27, 2014

Dr. Jürgen Rautert
Management Board Spokesman

Karoline Kalb
Management Board Member

Consolidated Financial Statements
of WashTec AG

Consolidated Income Statement

See notes for further explanations to the Consolidated Income Statement.

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2013.

Rounding differences may occur.

in €	Notes	Jan 1 to Dec 31, 2013	Jan 1 to Dec 31, 2012
Revenue	6	299,709,034	301,535,828
Other operating income	7	4,016,125	4,301,361
Capitalized development costs		387,561	1,427,105
Change in inventories of work in progress		–2,706,947	792,996
Total		**301,405,773**	**308,057,290**
Cost of materials			
Cost of raw materials, consumables and supplies and of purchased material		95,483,312	103,950,751
Cost of purchased services		23,698,287	22,982,988
		119,181,599	**126,933,739**
Personnel expenses	8	**106,381,656**	**100,210,784**
Amortization, deprecation and impairment of tangible and intangible assets		9,937,962	9,986,095
Other operating expenses	9	48,268,006	50,419,930
Other taxes		529,633	1,306,716
Total operating expenses		**284,298,856**	**288,857,264**
EBIT		**17,106,917**	**19,200,027**
Other interest and similar income		198,938	95,390
Interest and similar expenses		1,533,995	2,812,175
Financial result	10	**–1,335,057**	**–2,716,785**
Result from ordinary activities/EBT		**15,771,860**	**16,483,242**
Income taxes	11	–4,573,170	–6,433,107
Consolidated profit for the period		**11,198,690**	**10,050,135**
Retained earnings		**11,354,949**	**20,011,831**
Dividends paid		–8,080,741	0
Group net earnings		**14,472,898**	**30,061,966**
Weighted average number of outstanding shares		**13,934,113**	**13,962,989**
Earnings per share (basic = diluted)	12	**0.80**	**0.72**

Statement of Comprehensive Income

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

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2013.

Rounding differences may occur.

in €k	Jan 1 to Dec 31, 2013	Jan 1 to Dec 31, 2012
Results after taxes	**11,199**	**10,050**
Actuarial gains/losses from defined benefit obligations and similar obligations	504	–1,567
Deferred taxes	–158	494
Items, which will not be reclassified subsequently to profit and loss	**346**	**–1,073**
Changes in the fair value of financial instruments used for hedging purposes recognized under equity	356	673
Adjustment item for the currency translation of foreign subsidiaris and currency changes	121	266
Exchange differences on net investments in subsidiaries	–504	–126
Deferred taxes	–70	–211
Items, which might be reclassified subsequently to profit and loss	**–97**	**602**
Valuation gains/losses recognized directly in equity	**249**	**–471**
Total income and expense and valuation in gains/losses recognized directly in equity	**11,448**	**9,579**

Consolidated Balance Sheet – Assets

See notes for further explanations to the Consolidated Balance Sheet.

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2013.

Rounding differences may occur.

in €	Notes	Dec 31, 2013	Dec 31, 2012
Non-current assets			
Property, plant and equipment	14	35,211,085	37,497,989
Goodwill	15	42,311,998	42,313,530
Intangible assets	15	7,745,811	8,977,370
Trade receivables	19	1,846,066	1,403,564
Tax receivables	18	133,136	174,115
Other assets	20	343,984	317,764
Deferred tax assets	16	4,265,351	5,916,187
Total non-current assets		**91,857,431**	**96,600,519**
Current assets			
Inventories	17	34,268,213	36,648,658
Trade receivables	19	39,651,577	43,014,863
Tax receivables	18	1,305,868	111,909
Other assets	20	3,374,816	3,458,841
Cash and bank balances	21	3,762,699	3,771,477
Total current assets		**82,363,173**	**87,005,748**
Total assets		**174,220,604**	**183,606,267**

Consolidated Balance Sheet – Equity and Liabilities

See notes for further explanations to the Consolidated Balance Sheet.

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2013.

Rounding differences may occur.

in €	Notes	Dec 31, 2013	Dec 31, 2012
Equity			
Subscribed capital	22	40,000,000	40,000,000
Contingent capital	22	*8,000,000*	*12,000,000*
Capital reserves	23	36,463,441	36,463,441
Treasury shares	24	–417,067	–431,021
Other reserves and exchange rate effects	25	–2,694,456	–2,943,154
Profit carryforward		3,274,210	1,304,817
Consolidated profit for the period		11,198,690	10,050,135
		87,824,818	**84,444,218**
Non-current liabilities			
Interest-bearing loans	28	0	5,021,125
Finance leasing liabilities	29	3,512,258	4,434,259
Provisions for pensions	26	8,328,412	8,876,236
Trade payables	30	36,695	109,392
Other non-current provisions	27	4,072,937	3,746,019
Other non-current liabilities	30	1,886,325	1,425,801
Deferred Income	31	728,398	739,938
Deferred tax liabilities	16	3,127,569	2,991,965
Total non-current liabilities		**21,692,594**	**27,344,735**
Current liabilities			
Interest-bearing loans	28	1,020,049	242,026
Finance leasing liabilities	29	2,119,851	2,412,581
Prepayments on orders	30	3,449,572	7,746,785
Trade payables	30	8,735,923	6,573,095
Other liabilities for taxes and levies	30	4,600,688	5,651,259
Other liabilities for social security	30	1,014,434	927,168
Tax provisions		1,284,271	2,169,914
Other current liabilities	30	22,946,565	25,031,429
Other current provisions	27	12,606,005	13,000,991
Deferred Income	31	6,925,834	8,062,066
Total current liabilities		**64,703,192**	**71,817,314**
Total equity and liabilities		**174,220,604**	**183,606,267**

Consolidated Cash Flow Statement

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

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2013.

Rounding differences may occur.

in €k	Notes	2013	2012
EBT		**15,772**	**16,483**
Adjustments to reconcile profit before tax to net cash flows:			
Amortization, depreciation and impairment of non-current assets		9,938	9,986
Gain/loss from disposals of non-current assets		–49	–175
Other gains/losses		–848	717
Interest income		–198	–95
Interest expense		1,534	2,812
Movements in provisions		108	–4,273
Changes in net working capital:			
Increase/decrease in trade receivables		1,656	42
Increase/decrease in inventories		1,506	2,619
Increase/decrease in trade payables		2,279	–3,291
Changes in other net working capital		–5,484	5,359
Income tax paid		–5,202	–7,074
Net cash flows from operating activities		**21,012**	**23,110**
Purchase of property, plant and equipment (without finance leasing)		–5,567	–5,181
Proceeds from sale of property, plant and equipment		232	1,673
Net cash flows from operating activities		**–5,335**	**–3,508**
Repayment of non-current liabilities to banks		–5,222	–14,310
Dividend payout		–8,081	0
Share buy-back		–171	–246
Interest received		108	95
Interest paid		–1,256	–1,424
Repayment of non-current liabilities from finance leases		–2,527	–2,746
Net cash flows used in financing activities		**–17,149**	**–18,631**
Net increase/decrease in cash and cash equivalents		**–1,473**	**972**
Net foreign exchange difference		**687**	**–46**
Cash and cash equivalents at January 1		**3,529**	**2,603**
Cash and cash equivalents at December 31	21	**2,743**	**3,529**
Composition of cash and cash equivalents for cash flow purposes:			
Cash and cash equivalents		**3,763**	**3,771**
Current bank liabilities		**–1,020**	**–242**
Cash and cash equivalents at December 31		**2,743**	**3,529**

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

The notes to the Consolidated Statement form an integral part of the Consolidated Financial Statements for fiscal year 2013.

Rounding differences may occur.

Statement of Changes in Consolidated Equity

in €k	Number of shares (in units)	Subscribed capital	Capital reserve	Treasury shares	Other reserves	Exchange effects	Profit carried forward	Total
As of January 1, 2012	**13,976,970**	**40,000**	**36,464**	**0**	**–2,267**	**–205**	**1,304**	**75,296**
Income and expenses recognized directly in equity					–1,020	266		–754
Taxes on transactions recognized directly in equity					283			283
Acquisitions of own shares	–32,234			–431				–431
Consolidated profit for the period							10,050	10,050
As of December 31, 2012	**13,944,736**	**40,000**	**36,464**	**–431**	**–3,004**	**61**	**11,354**	**84,444**
As of January 1, 2013	**13,944,736**	**40,000**	**36,464**	**–431**	**–3,004**	**61**	**11,354**	**84,444**
Income and expenses recognized directly in equity					356	121		477
Taxes on transactions recognized directly in equity					–228			–228
Acquisitions of own shares	–12,424			14				14
Dividend							–8,081	–8,081
Consolidated profit for the period							11,199	11,199
As of December 31, 2013	**13,932,312**	**40,000**	**36,464**	**–417**	**–2,876**	**182**	**14,472**	**87,825**

Notes to the Consolidated Financial Statements of Washtec AG

General

1. General information on the Group

The consolidated financial statements of the WashTec Group for the fiscal year from January 1 through December 31, 2013 were prepared on March 21, 2014 and made available to the supervisory board for review. They are expected to be approved at the supervisory board meeting on March 25, 2014 and thereafter released for publication by the management board. The consolidated financial statements and Group management report may be accessed through the Bundesanzeiger [German Federal Gazette] and the company register and may be downloaded from our website, www.washtec.de.

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

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

The Company's shares are publicly traded.

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

2. Accounting principles underlying the consolidated financial statements

The consolidated financial statements of WashTec AG have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) in force as of the balance sheet date and with the applicable interpretations (IFRIC). They comply with the accounting standards applicable in the European Union for fiscal year 2013 and are also supplemented by additional information required by sec. 315a HGB ["Handelsgesetzbuch" or 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 are fully consolidated as of the date of acquisition; i.e. from the date on which the Group acquires control. Control will be deemed to exist from the date on which WashTec AG has the possibility of directly or indirectly determining business and financial policy. Subsidiaries will no longer be consolidated once the parent no longer has the control.

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

In addition to the parent company, the consolidated financial statements of WashTec AG also contain the following group entities as of December 31, 2013:

Consolidated entities	Share in capital in %	Equity capital at Dec 31, 2013 in €k	Profit/loss for 2013 in €k
German entities			
WashTec Cleaning Technology GmbH, Augsburg [1]	100	29,846	0
WashTec Holding GmbH, Augsburg	100	101,535	8,376
WashTec Carwash Operations GmbH, Augsburg [2]	100	51	0
WashTec Financial Services GmbH, Augsburg [1]	100	62	0
AUWA-Chemie GmbH, Augsburg [2]	100	537	0
Foreign entities			
WashTec France S.A.S., St, Jean de Braye, France	100	1,034	–618
Mark VII Equipment Inc., Arvada, USA	100	6,193	1,763
WashTec S.r.l., Casale, Italy	100	1,944	1,683
WashTec UK Ltd., Great Dunmow, United Kingdom	100	2,126	333
California Kleindienst Limited, Wokingham, United Kingdom [5]	100	0	0
WashTec A/S, Hedehusene, Denmark [4]	100	2,869	428
WashTec Cleaning Technology GmbH, Vienna, Austria	100	990	257
WashTec Spain S.A., Madrid, Spain	100	437	78
WashTec Car Cleaning Equipment (Shanghai) Co. Ltd., Shanghai, China	100	887	64
WashTec Cleaning Technology s.r.o., Nyrany, Czech Republic	100	1,680	17
WTMVII Cleaning Technologies Canada Inc., Grimsby, Ontario, Canada [6]	100	–6,501	–284
WashTec Australia Pty Ltd., Sydney, Australia	100	427	239
WashTec Cleaning Technology España S.A., Bilbao, Spain [5]	100	1	0
WashTec Benelux B.V., Zoetermeer, Netherlands [3]	100	2,625	210
WashTec Nordics AB, Bollebygd, Sweden	100	–272	164
WashTec Polska Sp, z o.o., Warschau, Poland	100	–33	–3

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., Zoetemeer, 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) Indirect ownership interest through Mark VII Equipment Inc., Arvada, USA

4. Significant accounting judgments, estimates and assumptions

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

4.1 Significant estimates and assumptions

Impairment of non-financial assets

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

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

Deferred tax assets

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

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

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

Provisions

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

4.2 Significant accounting judgments

Development costs

Development costs are capitalized in accordance with the accounting policies presented in Note 5.2. The first capitalization of costs is based on management's conviction that there is technological and 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)

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

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

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

5. General accounting policies

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

5.1 Amendments to the accounting policies

In fiscal year 2013, the Group applied the following new and revised IFRS Standards and Interpretations.

- IAS 1 Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income (OCI)
- IAS 12 Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets
- IFRS 7 Amendments to IFRS 7 – Financial Instrument: Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 13 Fair Value Measurement
- IFRS Annual Improvements to the IFRS (Cycle 2009-2011)

The facts addressed by Standard IAS 1 are of fundamental importance to the WashTec Group. The application has resulted in an expanded presentation "Statement of Comprehensive Income". The facts addressed by Standard IAS 12 are currently of no relevance to the WashTec Group. The other standards currently have no material effect on the net assets, financial position and results of operation of the WashTec Group. Since fiscal year 2012, the Group has already been applying the revised IAS 19 (Employee Benefits) earlier than required.

Moreover, IASB and the IFRS Interpretations Commitee enacted additional Standards, Interpretations and Amendments listed below, but these did not yet have to be applied in fiscal year 2013 or they have not yet been recognized by the European Union. As of December 31, 2013, the WashTec Group had not adopted or applied these Standards earlier than required. The first-time adoption of the Standards is planned for the date on which they are recognized and enacted by the EU.

- IAS 27 Revision of IAS 27 –Separate Financial Statements
- IAS 28 Revision of IAS 28 – Investments in Associates and Joint Ventures
- IAS 32 Financial instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
- IFRS 9 and IFRS 7 Financial Instruments and Amendments to IFRS 9 and IFRS 7, Mandatory Effective Date and Transition Disclosures
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 10–12 Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests and Other Entities – Transition Guidance
- IFRS 10, 12 and IAS 27 Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, and IAS 27 Separate Financial Statements – Investment Entities
- IFRS Annual Improvements to IFRS (Cycle 2010–2012)
- IFRIC 21 Levies

The facts addressed by IAS 27, IAS 28, IAS 32, IFRS 11, and IFRS 12 are currently not relevant to the WashTec Group. The other Standards currently have no material effect on the net assets, financial position and results of operation of the WashTec Group or would not result in more information having to be disclosed.

5.2 Accounting policies in the Group

Foreign currency translation

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

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

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

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

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

Property, plant and equipment

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

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

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

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

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

Business combinations and goodwill

The acquisition method is used to account for business combinations.

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

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

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

Intangible assets

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

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

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

Acquired intangible assets

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

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

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

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

Internally generated intangible assets (research and development costs)

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

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

Impairment of non-financial assets

The Group assesses on each reporting date whether there is any indication that an asset could be impaired. If any such indication 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 exists, the Group will estimate the recoverable value. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable 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. The cash generating units at the WashTec Group correspond with the segments defined pursuant to IFRS. The cash generating units at the WashTec Group correspond with the operating segments as defined under IFRS. They are divided between the regions of "Core Europe", "Eastern Europe", "North America" and "Asia/Pacific".

Where the recoverable 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.

Financial assets

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

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

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

Loans and receivables

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

Fair value

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

Amortized costs

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

Impairment of financial assets

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

Assets carried at amortized cost

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

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

Financial liabilities

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

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

Interest-bearing loans

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

Derecognition of financial assets and financial liabilities

Financial assets

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

Financial liabilities

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

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.

Derivative financial instruments and hedging

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

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

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

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

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

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

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

Cash flow hedges

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

Net investment hedge

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

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

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

Inventories

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

Inventories are accounted for as follows:

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

Treasury shares

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

Provisions

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

Provisions for pensions

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

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

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

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

Provisions for phased retirement agreements

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

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

Deferred income

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

Leases

Equipment (machines) produced by WashTec is sold to a leasing company and then leased back by the WashTec Group in order to make it available to its own customers, above all large operator groups or oil companies, as part of the operator model, in return for usage-based fees. The agreements between the leasing company and WashTec are treated as finance leases pursuant to IAS 17 because WashTec bears substantially all the economic risks incidental to ownership. Other finance leases relate to vehicles. As of year's end, the carrying (book) value was € 0k.

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

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

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

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

Taxes

Actual income tax

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

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

Deferred taxes

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

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

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

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

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

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

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

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

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

Value added tax

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

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

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

Revenue recognition

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

- Revenues from the sale of machines, accessories, goods and services are recognized once the performance due has been rendered or the significant risks and rewards of ownership have passed to the buyer. This is normally the case when finished goods or merchandise are delivered, sent or collected.
- Revenues from servicing agreements are recognized once the performance has been rendered.
- Revenues from the rent business are not recognized until the respective car wash is performed, even if the wash system was first sold to an external leasing company, inasmuch as this sale is treated as a "sale and 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).

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.

Segment reporting

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

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

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

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

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

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

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

Segment assets and segment liabilities include the assets and liabilities, which are used by one segment for its own operations. Where possible, the balance sheet items are allocated directly to the segment assets and segment liabilities. If a direct allocation is not possible, then the allocation will be done on the basis of an apportionment key.

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

6. Notes on segment reporting

By segment 2013 in €k	Core Europe	Eastern Europe	North America	Asia/Pacific	Consolidation	Group
Revenues	**244,527**	**13,220**	**44,988**	**12,314**	**–15,339**	**299,709**
with third parties	230,434	13,183	44,540	12,313	–762	299,709
with other divisions	14,093	37	447	0	–14,578	0
EBIT	**15,486**	**553**	**1,542**	**36**	**–510**	**17,107**
Other interest and similar income						199
Interest and similar expenses						–1,534
Result from ordinary activities						**15,772**
Income taxes						–4,573
Consolidated net profit						**11,199**
Assets	154,955	1,600	14,391	3,883	–10,256	164,573
Liabilities	65,094	647	5,772	3,605	–729	74,389
Investments in property, plant and equipment	5,606	409	495	379	0	6,889
Scheduled amortization, depreciation and impairment losses	–8,850	–492	–335	–261	0	–9,938

By segment 2012 in €k	Core Europe	Eastern Europe	North America	Asia/Pacific	Consolidation	Group
Revenues	**246,495**	**13,743**	**44,913**	**11,880**	**–15,496**	**301,536**
with third parties	231,867	13,712	44,488	11,880	–411	301,536
with other divisions	14,629	32	425	–1	–15,084	0
EBIT	**19,250**	**758**	**–174**	**–663**	**29**	**19,200**
Other interest and similar income						95
Interest and similar expenses						–2,812
Result from ordinary activities						**16,483**
Income taxes						–6,433
Consolidated net profit						**10,050**
Assets	165,765	1,780	15,191	4,143	–13,406	173,473
Liabilities	69,638	291	6,825	4,892	–1,362	80,284
Investments in property, plant and equipment	5,750	810	237	224	0	7,021
Scheduled amortization, depreciation and impairment losses	–8,790	–487	–378	–331	0	–9,986

Reconciliation of segment assets and liabilities

in €k	2013	2012
Segment assets	**164,573**	**173,473**
Deferred tax assets	4,265	5,916
Tax receivables	1,439	286
Cash and cash equivalents	3,763	3,771
Non-current assets held for sale	180	159
Consolidated balance sheet total	**174,221**	**183,606**

in €k	2013	2012
Segment liabilities	**74,389**	**80,284**
Deferred tax liabilities	3,128	2,992
Income tax liabilities	1,284	2,170
Non-current interest-bearing loans	0	5,021
Current interest-bearing loans	1,020	242
Finance lease liabilities	5,632	6,847
Derivative financial instruments	943	1,606
Consolidated debt capital	**86,396**	**99,162**
Equity capital	87,825	84,444
Consolidated balance sheet total	**174,221**	**183,606**

The consolidated revenues were generated in the following products:

in €m	2013	2012	Change
New machines and used machines	165.9	170.0	–4.1
Spare parts, services	89.3	90.1	–0.8
Chemicals	32.0	29.8	2.2
Rent, accessories and miscellaneous	12.5	11.6	0.9
Total	**299.7**	**301.5**	**–1.8**

The consolidated revenues were generated in the following regions:

in €m	2013	2012	Change
Germany	100.3	100.9	–0.6
Rest of Europe	140.8	143.2	–2.4
of which France	*40.9*	*43.0*	*–2.1*
North America	44.5	44.4	0.1
Rest of World [1)]	14.1	13.0	1.1
Total	**299.7**	**301.5**	**–1.8**

[1)] primarily in Asia and Australia

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

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

2012 in €k	Germany	Rest of Core Europe	Eastern Europe	North America	Asia/ Pacific	Group
Carrying value of property, plant and equipment	27,308	6,438	2,616	617	519	37,498
Investments in property, plant and equipment	*1,515*	*2,532*	*810*	*237*	*219*	*5,313*
Carrying value of intangible asset	45,161	6,013	0	0	117	51,291
Investments in intangible assets	*1,687*	*16*	*0*	*0*	*5*	*1,708*

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

Notes to the Consolidated Income Statements

7. Other operating income

Other operating income totaled € 4,016k (prior year: € 4,301k) and consisted primarily of income from exchange rate differentials in the amount of € 1,272k (prior year: € 921k), from income accruals based on operator models in the amount of € 1,330k (prior year: € 1,687k), income from the sale of scrap in the amount of € 530k (prior year: € 584k) and income from the sale of acquired vehicles and from the sale of other property, plant and equipment totaling € 109k (prior year: € 217k).

8. Personnel expenses

Personnel expenses consist of the following:

in €k	2013	2012
Wages and salaries	90,344	84,441
Social security contributions	8,716	8,094
Pension and phased-retirement costs	1,610	1,641
Expenses for employer share of statutory and voluntary pension insurance (contribution-oriented)	5,712	6,035
Total	**106,382**	**100,211**

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

Number of employees	2013	2012	Change
Sales, marketing and servicing	1,035	1,023	12
Production, technology and development	492	490	2
Finance and administration	143	137	6
Total	**1,670**	**1,650**	**20**

9. Other operating expenses

Other operating expenses may be itemized as follows:

in €k	2013	2012
Vehicle costs	11,818	12,724
Travel expenses	5,342	5,135
Maintenance/repairs	3,621	3,047
Rent/operating leases excluding vehicles	3,590	3,551
Legal and consulting fees	2,539	3,295
Advertising and trade fair costs	2,415	2,856
Communication costs	2,198	2,340
Exchange rate effects	2,115	1,134
IT expenses	1,991	1,858
Temporary workers	1,660	2,383
Training/continuing education costs	1,299	1,099
Insurance	1,057	1,035
Office supplies	832	587
Fees, licences and research costs	607	818
Expenses for own patents and intellectual property rights	465	502
Product liability	384	377
Allocations to bad dept allowances on receivables	333	2,609
PR work	305	324
Bank charges	304	299
Loss on disposals of non-current assets	60	44
Miscellaneous administrative expenses/other expenses	5,333	4,403
Total	**48,268**	**50,420**

Auditor's fees

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

in €k	2013	2012
Annual accounts auditing	241	278
Other confirmations	38	27
Other services	3	60
Total	**282**	**365**

10. Financial result

in €k	2013	2012
Earnings from revaluation of interest rate swaps	91	0
Other interest and similar income	108	95
Financial income	**199**	**95**
Interest-bearing loans	359	512
Interest rate swaps	457	1,326
Expenses from finance leases	313	408
Expenses from borrowing costs and similar expenses	405	565
Financial costs	**1,534**	**2,812**
Financial result	**–1,335**	**–2,717**

Of the interest income and interest expense, a total of € –655k (prior year: € –982k) must be apportioned to the categories, "Loans and receivables" (LaR) and "Financial liabilities measured at amortized cost" (FLAC).

11. Income tax expense

This item relates to both current and deferred taxes.

The table below shows a reconciliation of the expected and actual tax expenses reported. To calculate the anticipated tax expense, earnings before income taxes were multiplied by the Group tax rate of 30.7% (prior year: 30.7%). The effective tax rate of the WashTec Group equaled 29.0% (prior year: 39.0%).

in €k	2013	2012
Expected income tax expense	4,842	5,061
Tax differences due to different tax rates	–79	134
Non-deductible expenses	163	–243
Effects of the non-recognition of deferred tax assets	74	1,832
Write-down of deferred tax assets from loss carryforwards	–140	–535
Effects of use of loss carryforwards from non-recognition of deferred tax assets	–1,114	–129
Tax expense of prior periods	673	0
Capitalisation of corporate income tax credits	0	–5
Withholding tax	56	31
Other	98	287
Actual income tax expenses	**4,573**	**6,433**

Tax expenses consist of the following:

in €k	2013	2012
Deferred tax expense	1,411	1,469
Actual tax expense	3,162	4,964
Total income taxes	**4,573**	**6,433**

12. Earnings per share

Calculation of undiluted earnings per share for 2013 and 2012:

in €k or units	2013	2012
Consolidated profit	11,199	10,050
Weighted average outstanding number of shares	13,934,113	13,962,989
Earnings per share (undiluted + diluted)	**0.80**	**0.72**

Management board and supervisory board intend to recommend to the annual general meeting of shareholders, which is scheduled for June 4, 2014, to appropriate the distributable profit of € 9,682,126.67 for the fiscal year 2013 as follows: paying a dividend in the amount of € 0.64 for each no-par value share which is entitled to dividends, thereby yielding an aggregate dividend payment of € 8,916,679.56, and carrying forward the remaining distributable profit of € 765,447.11. In the recommendation to pay a dividend to the shareholders, the declared dividend of € 0.64 per entitled no-par share contains a dividend of € 0.32 per share and a special dividend payment of € 0.32 per share.

13. Non-recurring effects

In the 2013 reporting year, non-recurring effects did not take place.

In 2012, one-time gains were recognized in the items costs of materials (€ 1.4m), personnel expenses (€ 1.4m) and other operating income (€ 0.3m). Non-recurring charges arising in other operating expenses (€ 2.4m) can be off-set against these gains.

Notes to the Consolidated Balance Sheet

14. Property, plant and equipment

Property, plant and equipment developed as follows:

in €k	Land, land rights and buildings	Technical equipment and machines	Other equipment, fittings and fixtures	Finance leasing	Prepayments and construction in progress	Total
Costs						
January 1, 2012	**41,957**	**26,435**	**15,668**	**15,977**	**151**	**100,188**
Additions	561	1,043	1,438	1,840	431	5,313
Disposals	1,249	1,116	490	55	0	2,910
Reclassifications	35	1,287	66	–1,240	–136	12
Currency translation effects	8	54	7	–1	1	70
December 31, 2012	**41,312**	**27,704**	**16,689**	**16,522**	**446**	**102,673**
Additions	147	1,771	2,490	1,321	82	5,811
Disposals	2	454	892	112	5	1,464
Reclassifications	0	2,257	–161	–1,846	–380	–130
Currency translation effects	–103	–329	–265	–11	–16	–725
December 31, 2013	**41,354**	**30,949**	**17,861**	**15,874**	**127**	**106,165**
Amortization, depriciation and impairment losses						
January 1, 2012	**23,043**	**15,782**	**12,210**	**7,693**	**0**	**58,728**
Amortization/depreciation for the year	1,510	2,374	1,702	2,302	0	7,887
Disposals	194	797	384	56	0	1,430
Reclassifications	0	856	48	–892	0	12
Currency translation effects	1	4	–57	6	0	–46
Write-ups	0	26	–2	0	0	23
December 31, 2012	**24,361**	**18,245**	**13,518**	**9,051**	**0**	**65,175**
Amortization/depreciation for the year	1,492	2,563	1,420	2,179	0	7,654
Disposals	6	370	795	100	0	1,271
Reclassifications	0	1,508	–137	–1,491	0	–120
Currency translation effects	–92	–166	–217	–9	0	–483
December 31, 20123	**25,755**	**21,780**	**13,788**	**9,630**	**0**	**70,954**
Carrying value						
December 31, 2013	**15,598**	**9,169**	**4,073**	**6,244**	**127**	**35,211**
December 31, 2012	**16,951**	**9,459**	**3,171**	**7,470**	**446**	**37,498**
January 1, 2012	**18,914**	**10,653**	**3,458**	**8,284**	**151**	**41,460**

Finance leases

Carrying value in €k	2013	2012
Washing equipment, sale and leaseback	6,244	7,465
Finance leasing, fixtures and fittings	–	5
Total	**6,244**	**7,470**

Finance leases, fittings and fixtures cover mainly vehicle leases. These agreements generally have a term of between 3–5 years.

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

15. Intangible assets

in €k	Development costs internally generated	Licences and software acquired	Patents, technologies and other intangible assets	Goodwill	Other, prepayments and construction in progress	Total
Costs						
January 1, 2012	**10,430**	**9,955**	**6,979**	**81,417**	**2,515**	**111,297**
Additions	52	269	3	0	1,384	1,708
Disposals	0	72	0	0	0	71
Reclassifications	932	0	–944	0	0	–12
Currency translation effects	–62	2	54	–299	0	–306
December 31, 2012	**11,352**	**10,154**	**6,093**	**81,118**	**3,899**	**112,617**
Additions	347	409	193	0	128	1,077
Disposals	0	2	0	0	0	2
Reclassifications	3,521	268	–31	0	–3,628	130
Currency translation effects	–164	–13	–133	–670	0	–980
December 31, 2013	**15,056**	**10,816**	**6,122**	**80,448**	**399**	**112,841**
Amortization and impairment losses						
January 1, 2012	**8,731**	**7,801**	**4,029**	**39,103**	**0**	**59,664**
Amortization for the year	614	673	811	0	0	2,099
Disposals	0	54	1	0	0	54
Reclassifications	155	0	–167	0	0	–12
Currency translation effects	–61	1	–14	–298	0	–372
December 31, 2012	**9,439**	**8,422**	**4,660**	**38,805**	**0**	**61,326**
Amortization for the year	1,055	657	571	0	0	2,284
Disposals	0	1	0	0	0	1
Reclassifications	0	130	–9	0	0	120
Currency translation effects	–148	–11	–118	–668	0	–945
December 31, 2013	**10,346**	**9,198**	**5,103**	**38,136**	**0**	**62,783**
Carrying value						
December 31, 2013	**4,710**	**1,618**	**1,019**	**42,312**	**399**	**50,058**
December 31, 2012	**1,914**	**1,732**	**1,433**	**42,314**	**3,899**	**51,291**
January 1, 2012	**1,699**	**2,154**	**2,950**	**42,314**	**2,515**	**51,633**

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

Also incurred were research and development costs of € 607k (prior year: € 818k), which were not capitalized since the criteria of the capitalization under IAS 38 was not met.

Goodwill

The total goodwill, which has a carrying value of € 42,312k (prior year: € 42,314k), will be attributed to the operating segments (as determined under IFRS 8) as follows: "Core Europe" in the amount of € 41,601k (prior year: € 41,601k), "Eastern Europe" in the amount of € 705k (prior year: € 705k), "North America" in the amount of € 0k (prior year: € 0k) and "Asia/Pacific" in the amount of € 6k (prior year: € 8k). The changes in the "Asia/ Pacific" segment were a result of currency effects.

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

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

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

- increase in revenues averaging approx. 3% *per annum*, in individual regions up to 22%
- cost increases of 2–3%
- wage and salary cost increases of approx. 2–4% *per annum*

For discounting purposes, an interest rate of 8.7% (prior year: 8.6%) and a long-term growth rate under a perpetual annuity of 1–1.5% (prior year: 1–1.5%) was used as a basis.

The discount rate calculation is derived from a weighted borrowing rate of 3.6% (prior year: 3.6%) and the weighted equity rate. The equity rate is based on a risk-free rate of return averaging 2.8% (prior year: 2.5%) as well as a beta factor of 1.2 (prior year: 1.3). The rate of the risk premium is 6.5% (prior year: 6.5%).

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

16. Deferred taxes

The Group is reporting deferred tax assets in the amount of € 4,265k (prior year € 5,916k) as well as deferred tax liabilities in the amount of € 3,128k (prior year: € 2,992k). These items resulted from deferred tax claims on expected recoverable tax loss carry-forwards and from timing differences that were calculated according to the so-called "liability method".

The loss carry-forwards were recognized as deferred tax assets, to the extent that the recoverability of the loss carry forwards could be assured with sufficient certainty on the basis of the internal mid-term planning (2014 through 2018).

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

Accordingly, loss carry-forwards in the amount of € 19,540k (prior year: € 23,610k) were not recognized. This corresponds to non-capitalized tax assets in the amount of € 6,499k (prior year: € 7,712k).

Some of the loss carry forwards have no time restrictions with regard to their utilization. Only € 14,061k in loss carry-forwards are restricted. Of this amount, € 733k will lapse between 2014 through 2023 and € 12,462k will lapse between 2024 through 2033, if they cannot be utilized.

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

in €k	Deferred tax receivables		Deferred tax liabilities	
	2013	2012	2013	2012
Tax loss carryforwards	992	2,536	0	0
Property, plant and equipment	203	233	–3,885	–4,298
Intangible assets	59	96	–1,730	–1,843
Inventories	1,003	1,111	–548	–697
Trade receivables	44	162	–243	–405
Provisions	1,952	2,112	–12	–24
Other liabilities	511	843	–6	–65
Finance lease liabilities	1,669	1,967	0	0
Deferred income	1,225	1,343	0	0
Miscellaneous	31	90	–132	–237
Total	**7,689**	**10,493**	**–6,556**	**–7,569**
of which non-current	*4,535*	*6,830*	*–5,204*	*–6,319*
of which current	*3,154*	*3,663*	*–1,352*	*–1,250*

Deferred tax liabilities totaling € 3,424k were set-off against deferred tax receivables under the netting rules of IAS 12.

During the reporting year, € –228k (prior year: € 283k) in deferred taxes were booked directly under equity capital. The net balance of the deferred taxes recorded under equity capital therefore equals € 1,064k (prior year: € 1,293k).

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

in €k	2013			2012		
	before Income tax	Income tax	after Income tax	before Income tax	Income tax	after Income tax
Adjustment item for the currency translation of foreign subsidiaries and currency changes	121	–	121	266	–	266
Exchange differences on net investments in subsidiaries	–504	41	–463	–127	–3	–130
Changes in the fair value of financial instruments	356	–110	246	674	–208	466
Changes of acruarial gains and losses	504	–158	346	–1,567	494	–1,073
Changes in value recorded directly under equity capital	**477**	**–228**	**249**	**–754**	**283**	**–471**

17. Inventories

in €k	2013	2012
Raw materials, consumables and supplies, including merchandise	22,203	22,797
Work in progress	5,802	5,489
Finished goods and merchandise	6,140	8,234
Prepayments	123	129
Total	**34,268**	**36,649**

During the reporting year, the write-back of the inventory allowances (valuation adjustments) equaled € 275k (prior year reversal of € –324k).

18. Tax receivables

in €k	2013	2012
Non-current tax receivable	133	174
Current tax receivables	1,306	112
Total	**1,439**	**286**

The tax receivables involved primarily the discounted claims against the tax authorities based on corporate income tax credits and additionally capital returns taxes.

19. Trade receivables

in €k	2013	2012
Current trade receivables	39,652	43,015
Non-current trade receivables	1,846	1,403
Total	**41,498**	**44,418**

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

As of December 31, 2013, bad debt allowances were charged on trade receivables in the nominal amount of € 4,933k (prior year: € 4,976k). The bad debt allowance account developed as follows:

in €k	2013	2012
As of January 1	4,976	2,798
Allocations recognised as expense	400	2,784
Utilization	–324	–386
Reversal	–92	–186
Currency translation effects	–27	–34
As of December 31	**4,933**	**4,976**

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

in €k	2013	2012
Receivables, neither overdue nor written down	34,234	35,329
Overdue receivables, not written down, of which		
less than 30 days	4,374	4,783
30 – 120 days	2,044	2,785
120 – 365 days	430	1,262
more than 365 days	0	0
Total	6,848	8,830
Receivables written down	**5,337**	**5,236**

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

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

20. Other assets

in €k	2013	2012
Non-current other assets	344	318
Current other assets	3,375	3,459
Total	**3,719**	**3,777**
of which prepaid expenses	*1,605*	*1,487*

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

21. Cash and cash equivalents

in €k	2013	2012
Cash and cash equivalents	**3,763**	**3,771**

Credit balances held at banks earn interest at variable interest rates based on daily bank account rates. The cash in those accounts has a fair value of € 3,763k (prior year: € 3,771k).

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

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

in €k	2013	2012
Bank balances and cash on hand	3,763	3,771
Overdraft account	–1,020	–242
Cash and cash equivalents	**2,743**	**3,529**

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

Equity capital

22. Subscribed capital

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

	2013	2012
Ordinary shares in units k	13,977	13,977
Nominal value of ordinary shares in €	2.86	2.86

As of December 31, 2013, the average weighted number of issued and outstanding shares was 13,934,113 (prior year: 13,962,989 shares).

The annual general meeting of shareholders of WashTec AG, which was held on May 15, 2013, resolved to pay a dividend totaling € 8,081k from the accumulated and non-appropriated profit, which was reported on the balance sheet for fiscal year 2012 at € 8,812k, and to carry € 731k forward to a new account. The distribution consisted of a dividend in the amount of € 0.58 for each no par value share entitled to a dividend. This amount included both a dividend of € 0.29 for each no par value share entitled to a dividend and a special dividend totaling € 0.29 for each no par value share entitled to a dividend. The profit carry forward of WashTec AG thereby decreased by € 8,081.

Authorized capital

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

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

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

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

Contingent capital

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

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

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

23. Capital reserves

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

24. Treasury shares

	Shares in units	Value shares in €k
As of January 1, 2012	–	–
Additions 2012	32,234	289
As of December 31, 2012	32,234	289
As of January 1, 2013	32,234	289
Additions 2013	12,424	128
As of December 31, 2013	44,658	417

The authorization, which formed the basis of the stock buyback program approved by the management board on August 14, 2012, expired on May 4, 2013.

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

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

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

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

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

25. Other reserves and currency effects

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

in €k	2013	2012
Recorded changes in the fair value of financial instruments used for hedging purposes	–722	–1,078
Exchange differences from net investments in subsidiaries	–1,050	–547
Actuarial gains/losses from defined benefit pension commitments and similar obligations	–2,168	–2,672
Deferred taxes on value changes recognized directly in equity capital	1,064	1,293
Other reserves	**–2,876**	**–3,004**
Currency effects	181	61
Total	**–2,695**	**–2,943**

26. Provisions for pension

The amount of the provision was computed using actuarial methods at a discount rate of 3.50% (prior year: 3.0%). As in the previous year, the annual salary and cost-of-living increases continue to be measured at a rate of 1.5%. The anticipated return from reimbursement claims due to the existing liability insurance policies amounts to 3.5% (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 2013 equaled 237 employees (prior year: 236 employees). The new valuations include the effects of empirically-based adjustments in the amount of € 343k (prior year: € 83k).

All actuarial gains and losses were off-set against equity capital. In the recently completed fiscal year, the actuarial gains and losses equaled € 504k (prior year: € –1,567k). Actuarial gains and losses booked directly against equity capital as of December 31, 2013 totaled € –2,168 (prior year: € –2,672k).

In fiscal years 2012 and 2013, the cash value of the pension obligations developed as follows :

in €k	2013	2012
As of January 1	8,876	7,307
Currency differences	–10	0
Pensions paid	–448	–441
Service cost in the reporting period	166	125
Interest expense	248	321
Actuarial gains and losses	–504	1,564
As of December 31	**8,328**	**8,876**

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

In order to hedge or secure obligations arising from pensions, only reinsurance policies will be executed. No investments are made in real estate, stocks or similar assets. The development of the so-called "reimbursement rights" in 2012 and 2013 can be shown in the following table:

in €k	2013	2012
Fair value of reimbursement claims as of January 1	389	376
Expected return	11	16
Actuarial gains and losses	0	–3
Fair value of reimbursement claims as of December 31	**400**	**389**

Sensitivities pursuant to IAS 19 for pension obligations:

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

	Impact on defined benefit obligation (DBO)	
2013	Change in assumption	Increase by
Life expetancy	Increase by 1 year	3.5%
Annuties dynamics	Increase by 0.25%	1.7%

Details regarding the change of the actuarial gains and losses:

in €k Actuarial gains and losses	Provisions for pensions Present value	Reimbursement Rights Fair value	Total
Gains and losses from change in financial assumptions	–439	0	–439
Experience gains and losses	–65	0	–65
Total	**–504**	**0**	**–504**

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

The following table shows the expected payments for pension benefits:

in €k	< 1 year	1 – 5 years	> 5 years	Total
Pension benefits	490	2,004	6,091	8,585

27. Other provisions

in €k	Phased retirement	Warranty	Repurchase obligations	Restruc-turing	Other	Total	
	2013	2013	2013	2013	2013	2013	2012
As of January 1	1,326	8,118	2,607	1,153	3,544	16,747	20,718
Addition	1,116	5,114	432	176	561	7,399	8,299
Compounding	0	0	9	0	0	9	306
Utilisation	–603	–3,079	–395	–682	–447	–5,206	–7,870
Reversal	0	–1,213	–7	–64	–775	–2,060	–4,704
Reclassification	150	0	0	–136	–14	0	0
Exchange differences	0	–52	0	–2	–157	–210	–2
As of December 31	**1,989**	**8,888**	**2,645**	**445**	**2,712**	**16,679**	**16,747**
current	833	8,449	606	445	2,273	12,606	–
non-current	1,156	439	2,039	0	439	4,073	–
Provisions in 2012							
current	878	7,844	556	1,153	2,570	–	13,001
non-current	448	274	2,051	0	974	–	3,746

The provision for phased retirement was calculated in accordance with IAS 19 "Employee Benefits". The calculation was based on an interest rate of 1.00% (prior year: 1.60%) and an annual salary increase of 1.50% (prior year: 1.50%).

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

The provision for restructuring measures totaled € 445k (prior year: € 1,153k) and included mostly provisions for planned personnel measures.

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

The other provisions totaling € 2,712k (prior year: € 3,544k) relate, above all, to provisions for legal and consulting costs in the amount of € 1,071k (prior year: € 905k) as well as provisions for loss contracts in North America in the amount of € 969k (prior year: € 1,740k).

As of the balance sheet date, the WashTec Group believes its contingent liabilities consisted primarily of contractual performance obligations and potential expenses in connection with repurchasing machinery in the amount of € 827k (prior year: € 1,213k) and that the likelihood of their occurrence is less than 50%.

28. Interest bearing loans

in €k	2013	2012
Current interest-bearing loans	1,020	242
Non-current interest-bearing loans	0	5,021
Total interest-bearing loans	**1,020**	**5,263**

The WashTec Group has credit lines totaling € 51.3m. They consist primarily of a revolving credit facility with a term ending December 30, 2018. The principal borrower is WashTec Cleaning Technology GmbH, which has access to a € 50m credit line. The credit line consists of a working capital credit facility in the amount of € 44m and an aval guarantee facility of € 6m.

As of December 31, 2013, € 6.0m (prior year: € 5.5m) of the aval guarantee facility had been utilized. The non-utilized portion of the credit facility, which may be drawn upon for future operations and for fulfilling obligations, is € 44.3m (prior year: € 35.5m) as of the balance sheet date.

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

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

The costs for extended aval guarantees are based on the interest margin, less a discount of 0.6%. The overdraft facility bears interest according to the applicable conditions of the relevant banks at the time it is utilized (drawn-down). In the reporting year, the interest rates range between 1.37% and 2.41%.

In connection with structuring the financing, a discount was calculated using the effective interest method in accordance with IAS 39. The amounts included under interest expense for the amortization of the discount equaled € 248k (prior year: € 100k).

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

Collateral provided in €k	2013 Carrying value	2012 Carrying value
Land and building	0	15,110
Trade receivables	0	7,037

	2013	2012
Weighted, effective average interest rate	6.11%	4.42%

29. Lease liabilities

Finance leases

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

Lease payment due in €k	< 1 year	1 – 5 years	> 5 years	Total
Minimum lease payment 2012	2,624	4,658	95	7,377
Interest expense for lease liability existing on the respective balance sheet date	211	316	4	530
Cash value of minimum lease payment 2012	2,413	4,344	91	6,847

Operating Lease

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

Year	< 1 year	1 – 5 years	> 5 years	Total
2013	9,724	7,002	155	16,881
2012	10,045	15,290	1,701	27,037

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

30. Liabilities

in €k	2013	2012
Trade payables	8,773	6,682
Prepayments on orders	3,450	7,747
Liabilities for taxes and charges	4,601	5,651
Liabilities in connection with social security	1,014	927
Other liabilities	24,832	26,402
Total	**42,670**	**47,409**
of which current (due < 1 year)	*40,747*	*45,874*
of which non-current (due > 1 year)	*1,923*	*1,535*

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

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

Other liabilities due within one year include debtors with credit balances of € 429k (prior year: € 1,392k), liabilities to employees for such benefits as vacation, overtime work, travel expenses, etc. in the amount of € 12,603k (prior year: € 11,376k), and liabilities owed to employer's liability insurers totaling € 121k (prior year: € 106k). Other liabilities also include accruals for miscellaneous debts totaling € 7,246k (prior year: € 7,654k), which resulted from missing invoices on services already performed, as well as for credits to be granted in the Service division.

31. Deferred income

Deferred income totaling € 7,654k (prior year: € 8,802k) related primarily to the recognition of revenues for servicing contracts in the periods to which they relate.

32. Financial risk management objectives and methods

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

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

The Company has derivative financial instruments, which were designed in part 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.

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

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

Interest rate risk

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

The fair value of the interest rate swap as of December 31, 2013 is € –858k (prior year: € –1,305k) and has been reported under other current liabilities.

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

Commencement	End	Nominal values in €k as of Dec 31, 2013	Reference interest rate
July 1, 2011	Dec 31, 2015	12,267	1-month Euribor
June 30, 2011	Dec 31, 2015	6,133	1-month Euribor

Cash flow hedge

The base interest rate under the loan agreement is variable and tracks the EURIBOR 1-month rate. As of December 31, 2013, there were a total of two interest rate swaps with terms ending December 31, 2015, which serve to hedge the exposure to fluctuations under the loan's variable, EURIBOR-linked interest rates. Under the swap contracts, the entity pays fixed interest on the loan amount and in return receives a floating-rate interest on the same principal. The interest rate swaps serve to hedge the underlying obligation. For these two swaps with terms ending December 31, 2015, the interest rates are set at 2.580% and 2.572%, respectively. The cash flow from the interest rate swaps is expected to be distributed throughout the term of the agreement.

As of December 31, 2013, the interest rate swaps have been de-designated as a hedging relationship. This hedging relationship has been classified as ineffective as of December 31, 2013. In the prior year, the effective portion of the hedging relationship was recorded under equity capital and other reserves.

The amounts, which are accumulated under equity capital, are transferred to the income statement (financial result) in the fiscal years in which the underlying transaction is recognized. In the fiscal year, this amount equaled € –457k (prior year: € –377k). The de-designation and assessment of the financial instruments for interest rate hedges generated an expense in the amount of € 53k in the reporting year.

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.

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

2012 EURIBOR				
Increase/decrease in basis points	10	15	–10	–15
Effects on profit/loss before taxes in €k	5	8	–5	–8

Currency risk

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

Net investments in foreign operations

The Group holds non-current loan receivables against its subsidiary, Mark VII. Through the end of March 2012, there had been a net investment of USD 15m. Based on a capital increase at Mark VII, which occurred when a portion of the loan receivable was contributed as capital, this net investment was reduced by USD 11m to USD 4m effective April 1, 2012. The American subsidiary has long-term CAD-denominated loan receivables against the Canadian subsidiary. The net investment in foreign operation as of July 1, 2011 was set at CAD 5.9m and was increased by CAD 0.9m in October 2011 and by CAD 1.0m in May 2013. Accordingly, the translation effects of these loans are recognized in equity capital.

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

The following table shows the sensitivity of the consolidated 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.

2013	Rate trend USD	–5%	5%
	Effects on profit/loss before tax in €k	–54	54
	Effects on equity capital in €k	145	–145
2012	Rate trend USD	–5%	5%
	Effects on profit/loss before tax in €k	–95	95
	Effects on equity capital in €k	152	–152

Liquidity risk

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

The following table shows all the contractually stipulated payments and repayments of interest and principal on financial liabilities recognized on the balance sheet as of December 31, 2013. The non-discounted cash flows for the next few fiscal years are stated.

The table includes all instruments, which were on the books as of December 31, 2013, and for which payments have already been agreed. Amounts in foreign currency were translated at the closing rates. The variable interest payments under the financial instruments, above all from the loan, were calculated using the anticipated interest rates. Financial liabilities, which are repayable at any time, are always included in the earliest repayment category. The disclosures are made on the basis of the contractual, non-discounted payments.

in €k	Carrying value 2013	Cashflows		
		2014	2015–2017	2018 et seq.
Interest-bearing loans	1,020	1,039	0	0
Liabilities from finance leases	5,632	2,354	3,413	349
Trade payables	8,773	8,773	0	0
Other financial liabilities	11,806	11,806	0	0
Derivative financial liabilities	943	458	485	0

in €k	Carrying value 2012	Cashflows 2013	2014–2016	2017 et seq.
Interest-bearing loans	5,263	211	5,463	0
Liabilities from finance leases	6,847	2,624	4,307	446
Trade payables	6,682	6,682	0	0
Other financial liabilities	13,017	13,017	0	0
Derivative financial liabilities	1,606	413	1,193	0

Credit risks

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

There are no significant concentrations of credit risks in the Group. A concentration of the credit risk will be assumed, if a single customer or an oil company makes up more than 10% of the revenues. This was not the case in fiscal year 2013.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents and other financial assets, the maximum credit risk in the event of a default by a counterparty is the carrying amount of these instruments.

Capital management

The Group's capital management activities are primarily aimed at maintaining a high credit rating and a good equity ratio in order to support its operations and maximize its shareholder value. The Group manages its capital structure and makes adjustments in response to the changes in economic conditions. The Group monitors capital using appropriate financial covenants.

The Group monitors its capital by using a debt-to-equity (gearing) ratio, which corresponds to the ratio of net financial liabilities to an operating result as defined in the agreement underlying the interest-bearing loan. Under this definition, the debt-to-equity ratio may not exceed 2.5. Net financial liabilities comprise interest-bearing loans and liabilities for finance leases, less cash.

In addition, WashTec's equity capital must be at least 35% of the balance sheet total (which includes the treasury shares) as of the end of each quarter.

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

33. Financial instruments – additional information

The following table, which is derived from the relevant balance sheet items, shows the connection between the classification and the carrying values of the financial instruments.

Carrying values, valuation approaches and fair value measurement categories:

in €k	Measurement category under IAS 39	Carrying value Dec 31, 2013	Balance sheet valuation under IAS 39			Balance sheet valuation under IAS 17	Fair value Dec 31, 2013
			Amortized cost	Fair Value in equity	Fair Value through profit and loss		
Assets							
Cash and cash equivalents	LaR	3,763	3,763	–	–	–	3,763
Trade receivables	LaR	41,498	41,498	–	–	–	41,498
Other financial assets	LaR	1,103	1,103	–	–	–	1,103
Liabilities							
Trade payables	FLAC	8,773	8,773	–	–	–	8,773
Interest bearing-loans	FLAC	1,020	1,020	–	–	–	1,020
Other financial liabilities	FLAC	11,806	11,806	–	–	–	11,806
Finance lease liabilities	n.a.	5,632	–	–	–	5,632	5,632
Derivatives financial liabilities		943	–	–	943	–	943
Aggregated presentation per IAS 39 measurement categories:							
Loans and Receivables (LaR)			46,363	–	–		
Financial Liabilities Measured at Amortised Cost (FLAC)			21,599	–	–		

in €k	Measurement category under IAS 39	Carrying value Dec 31, 2012	Balance sheet valuation under IAS 39			Balance sheet valuation under IAS 17	Fair value Dec 31, 2012
			Amortized cost	Fair Value in equity	Fair Value through profit and loss		
Assets							
Cash and cash equivalents	LaR	3,771	3,771	–	–	–	3,771
Trade receivables	LaR	44,418	44,418	–	–	–	44,418
Other financial assets	LaR	1,124	1,124	–	–	–	1,124
Liabilities							
Trade payables	FLAC	6,682	6,682	–	–	–	6,682
Interest bearing-loans	FLAC	5,263	5,263	–	–	–	5,263
Other financial liabilities	FLAC	13,017	13,017	–	–	–	13,017
Finance lease liabilities	n.a.	6,847	–	–	–	6,847	6,847
Derivatives financial liabilities		1,606	–	356	1,250	–	1,606
Derivatives with hedge relationship	n.a.	356	–	356	–	–	356
Aggregated presentation per IAS 39 measurement categories:							
Loans and Receivables (LaR)			49,314	–	–		
Financial Liabilities Measured at Amortised Cost (FLAC)			24,963	–	–		

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 projected 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

in €k	2013	2012
Loans and receivables	–1,608	–1,983
Financial liabilities valued at atmortised cost	–687	–626

The net results are attributable primarily to foreign currency valuation, allowances (loans and receivables), and interest expenses as well as foreign currency valuation (financial liabilities measured at amortized costs).

The following tables show how the financial instruments that are measured at fair value are classified. The level of hierarchy reflects the degree of marketability.

Disclosure fair value hierarchy

in €k	Fair value 2013		
	Level 1	Level 2	Level 3
Derivative financial instruments	–	943	–

in €k	Fair value 2012		
	Level 1	Level 2	Level 3
Derivative financial instruments	–	1,606	–

Derivative instruments shown under level 2 include foreign exchange forwards and interest rate swaps. These foreign exchange forwards are measured at fair value using the anticipated exchange rates which are quoted on a regulated market. Interest rate swaps are measured at fair value using the anticipated interest rates under recognizable yield curves. The effects from discounting are generally immaterial for derivatives shown under level 2.

The fair value of the financial instruments is classified according to maturities as follows:

in €k	Dec 31, 2013	Dec 31, 2012
Long term	484	1,129
Short term	459	477
Total	**943**	**1,606**

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

Other notes

34. Compliance statement pursuant to sec. 161 AktG

WashTec AG has issued the statement required under sec. 161 AktG for fiscal year 2013 and has made the statement available to its shareholders at www.washtec.de.

The management board approved the consolidated financial statements on March 21, 2014 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 25, 2014.

35. Information about the Company's governing bodies

Management board

Dr. Jürgen Rautert, (Dr.-Ing.), Heidelberg (Term of office commenced January 1, 2013)
Spokesman of the Management Board (since March 1, 2013)
Supply Chain, Product Management & Marketing, Development, Quality, Personnel, Finance and IT

Karoline Kalb, (Attorney-at-Law), Augsburg (Term of office commenced November 1, 2013)
Sales and Service, Car Wash Operations, Investor Relations, and Legal as well as Internal Audit/Compliance

Dr. Stefan Vieweg, (Dr. rer. oec, Dr.-Ing.), Augsburg
(Term of office from January 1, 2013 through May 31, 2013)
Finance, Quality Control, IT, Personnel, Investor Relations, Law and Corporate Audit

Michael Busch, (Dipl.-Kfm.), Berlin
(Term of office from July 28, 2012 through February 28, 2013)
Spokesman of the Management Board (through February 28, 2013)

Supervisory board

Michael Busch, (Dipl.-Kfm.), (Chairman, Board membership suspended while he served on the management board from July 28, 2012 through February 28, 2013)
Independent Business Consultant, Berlin

Memberships on other supervisory boards mandated by law:
- KHD Humboldt Wedag International AG, Cologne (member of the supervisory board)

Memberships on similar foreign and domestic governing bodies of business enterprises: none

Massimo Pedrazzini (Deputy Chairman; acted as Chairman during the period in which Mr. Busch served on the management board from July 28, 2012 through February 28, 2013)
Attorney at Law, Massagno, Switzerland

Memberships on other supervisory boards mandated by law: none

Memberships on similar foreign and domestic governing bodies of business enterprises:
- Fidinam Group Holding SA, Lugano, Switzerland (president of the board of directors)
- Sterling Strategic Value Ltd., Road Town, Tortola, British Virgin Islands (president of the board of directors)
- Fondazione Fidinam, Lugano, Switzerland (member of the foundation board)
- Pestalozzi Stiftung, Zürich, Switzerland (member of the foundation board)
- Precicast Bilbao SA, Bilbao, Spain (president of the board of directors)
- Rex Articoli Tecnici SA, Mendrisio, Switzerland (member of the board of directors)
- Rex Group SA, Mendrisio, Switzerland (member of the board of directors)
- City Nuova Holding SA, Lugano, Switzerland (member of the board of directors)
- Fidinam Australasia Real Estate, Sydney, Australia (member of the board of directors)
- FI Partecipazioni SA, Lugano, Switzerland (member of the board of directors)
- Fly Away SA, Lugano, Switzerland (president of the board of directors)
- Saunion, Lugano, Switzerland (member of the board of directors)
- Taxfid SA, Lugano, Switzerland (member of the board of directors)
- Terzerina SA, Lugano, Switzerland (member of the board of directors)
- Tifina Holding SA, Lugano, Switzerland (member of the board of directors)
- Fidinam Monte Carlo SAM, Monte Carlo (president of the board of directors)
- Fidinam R&T Consulting Ltd, Hong Kong (president of the board of directors)
- Alpha Management Ltd, Dubai, UAE (member of the board of directors)
- Coweley Australia Ltd, Sydney, Australia (member of the board of directors)
- Coweley Bourke Ltd, Sydney, Australia (member of the board of directors)
- Coweley Clarence Ltd, Sydney, Australia (member of the board of directors)
- ST Group Holding Inc, Panama (member of the board of directors)
- ST Australasia Real Estate Inc, Panama (member of the board of directors)
- Special Situation Investment Partners Ltd, Panama (president of the foundation board)
- Fondazione Isabel – una stellina per Ibiporã, Lugano, Switzerland (president of the foundation board)
- MP Advisors SA, Lugano, Switzerland (sole board member)
- Salus Trust, Georgetown, Cayman Islands (trustee)

Jens Große-Allermann (acted as Deputy Chairman during the period in which Mr. Busch served on the management board from July 28, 2012 through February 28, 2013)
Management board of Investmentaktiengesellschaft für langfristige Investoren TGV as well as management board of Fiducia Treuhand AG, Bonn

Memberships on other supervisory boards mandated by law:
- FPM Deutsche Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Frankfurt

Memberships on similar foreign and domestic governing bodies of business enterprises: none

Dr. Sören Hein
Managing Director of Compound Disk Drives GmbH, Munich

Memberships on other supervisory boards mandated by law: none

Memberships on similar foreign and domestic governing bodies of business enterprises: none

Roland Lacher
Independent Businessman, Gelnhausen-Meerholz

Memberships on other supervisory boards mandated by law: none

Memberships on similar foreign and domestic governing bodies of business enterprises: none

Dr. Hans Liebler
Investment Manager, Gräfelfing

Memberships on other supervisory boards mandated by law:
- AUGUSTA Technologie AG, Munich (deputy chairman of the supervisory board)
- J.P. Rosselet Cosmetics AG, Bremen (member of the supervisory board)
- Grammer AG, Amberg (member of the supervisory board)

Memberships on similar foreign and domestic governing bodies of business enterprises:
- Identive Group Inc., Santa Ana, Kalifornien, USA (member of the board of directors)
- autowerkstattgroup N.V., Amsterdam, The Netherlands (member of the supervisory board)

36. Information about related party transactions

In fiscal year 2013, the WashTec Group was impacted by the disclosure obligation under IAS 24 solely with respect to business transactions with members of the management board and supervisory board as well as with former members of the management board. The terms and conditions of the transactions reflected arms-length transactions.

For a detailed description of the management board remuneration and supervisory board remuneration, reference is made to the remuneration report in the management report, which is incorporated by reference into the Notes.

Management board

The remuneration of the entire management board in the fiscal year was € 627k, plus a one-time payment totaling € 300k, which was made in connection with the early termination of a management board agreement. The remuneration in the prior year was € 573k plus one-time payments totaling roughly € 1.3m, which were made in connection with the early termination of the management board agreements.

Shares held by the management board members developed as follows:

Shares held by members of the management board (pcs.)	2013	2012
Dr. Jürgen Rautert (since January 1, 2013)	0	0
Karoline Kalb (since November 1, 2013)	0	0
Dr. Stefan Vieweg (since January 1, 2013 through Mai 31, 2013)	0	0
Michael Busch (since July 28, 2012 through February 28, 2013)*	0	0
Thorsten Krüger (through July 31, 2012)	0	0
Houman Khorram (through July 31, 2012)	0	390
Resignation of Houman Khorram	0	–390

* Serving according to sec. 105 AKtG

Supervisory board

Remuneration paid to the entire supervisory board in the fiscal year was € 291k (prior year: € 285k).

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

Shares held by members of the supervisory board (pcs.)	2013	2012
Massimo Pedrazzini**	2,251	2,251
Michael Busch (since March 1, 2013)*	0	0
Jens Große-Allermann (since June 18, 2012)***	0	0
Dr. Sören Hein (since May 10, 2012)	0	0
Roland Lacher (since June 18, 2012)	0	0
Dr. Hans Liebler (since June 18, 2012)	0	0
Jürgen Lauer (through May 10, 2012)	0	0

* Serving according to sec. 105 AktG.

** Mr. Pedrazzini is also the president of the board of directors of Sterling Strategic Value Limited, which – according to the notification dated August 27, 2013 – held 2,095,150 voting shares (14.99 %) of WashTec AG.

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

Former members of the management board

There were also pension obligations owed to a former management board member and to survivors of a former management board member in the amount of € 198k (prior year: € 220k), which are covered by a relief fund.

37. Notes after the balance sheet date

No significant events occurred after the balance sheet date.

Augsburg, March 27, 2014

WashTec AG

Dr. Jürgen Rautert
Spokesman of the Management Board

Karoline Kalb
Member of the Management Board

Responsibility Statement

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

Augsburg, March 27, 2014

Dr. Jürgen Rautert
Spokesman of the Management Board

Karoline Kalb
Member of the Management Board

Further **Information**

Auditor's Report

We have audited the consolidated financial statements prepared by the WashTec AG, comprising the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and the notes to the consolidated financial statements, together with the group management report of WashTec AG, which is combined with the management report of the company for the business year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The 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, March 27, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Holger Graßnick	ppa. Florian Horn
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial Statements of WashTec AG – Balance Sheet (HGB)

Assets	Dec 31, 2013	Dec 31, 2012
	€	€
A. Non current-assets		
I. Property, plant and equipment		
Fixture and fittings	16,662	14,676
II. Financial Assets		
Shares in associated companies	128,048,510	128,048,510
	128,065,172	**128,063,186**
B. Current assets		
I. Receivables and other assets		
1. Receivables from associated companies	13,051,071	13,504,441
2. Other assets	1,229,378	226,432
thereof more than one year € 135,644 (prior year € 176,622)		
	14,280,450	**13,730,873**
II. Cash	27,275	730
	27,275	**730**
C. Prepaid expenses	**27,643**	**41,570**
Total assets	**142,400,540**	**141,836,359**

Equity and liabilities	Dec 31, 2013	Dec 31, 2012
	€	€
A. Equity		
I. Subscribed capital	**40,000,000**	**40,000,000**
Contingent capital	*8,000,000*	*12,000,000*
Treasury shares	–127,995	–92,343
	39,872,005	**39,907,657**
II. Capital reserve	**90,844,959**	**90,844,959**
III. Retained Earnings	**9,682,127**	**8,811,698**
	140,399,091	**139,564,314**
B. Provisions		
1. Provisions for taxes	253,115	109,123
2. Other provisions	841,519	609,243
	1,094,635	**718,367**
C. Liabilities		
1. Trade liabilities	2,350	38,496
2. Liabilities to affiliated companies	9,094	246,106
3. Other liabilities	895,371	1,269,076
thereof from taxes € 881,102 (prior year € 1,209,347)		
thereof for social security		
€ 12,863 (prior year € 15,879)		
	906,815	**1,553,678**
Total equity and liabilities	**142,400,540**	**141,836,359**

Financial Statements of WashTec AG – Income Statement (HGB)

	Dec 31, 2013	Dec 31, 2012
	€	€
Revenues	1,827,421	2,967,399
Other operating income	97,915	65,539
	1,925,336	**3,032,938**
Personal expenses		
a) Wages and salaries	–1,466,358	–2,037,826
b) Social security, pension and other benefit costs	–55,457	–114,000
thereof for old-age pensions € –21,509 (prior year € –83,160)		
	–1,521,815	**–2,151,827**
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	–6,671	–7,582
Other operating expenses	–1,843,783	–2,438,921
	–3,372,268	**–4,958,330**
	–1,446,932	**–1,565,392**
Income from profit and loss transfer agreement	3,934,374	2,805,968
Expenses fom profit and loss transfer agreements	0	–306,309
Earnings from participations held	6,700,000	3,900,000
Other interest and similar income	96,490	99,531
thereof from affiliated companies € 85,141 (prior year € 86,242)		
Interest and similar income	–3,427	–1,923
thereof from affiliated companies € –3,422 (prior year € –1,293)		
	10,727,437	**6,497,267**
EBIT	9,280,504	4,931,875
Income taxes	–236,942	–19,808
Profit for the year	9,043,563	4,912,067
Profit carried forward	8,811,698	4,096,309
Withdrawal from retained earnings	–8,080,741	0
Allocation for difference of share repurchase	–92,393	–196,678
Retained Earnings	**9,682,127**	**8,811,698**

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An up-to-date overview of our international sales partners can be found online at www.washtec.de

Financial Calendar

Mar 31, 2014	Annual Report 2013
Mar 31, 2014	Annual Press Conference Augsburg
May 05, 2014	Q1 Report 2014
May 08, 2014	Annual General Meeting Augsburg
Aug 07, 2014	Q2 Report 2014
Nov 04, 2014	Q3 Report 2014
Nov 24–26, 2014	Equity Forum

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