



Unaudited translation for convenience purposes only



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

*2011: special charges due to North America

Group Level KPIs

in €m	2011	2010	2009	2008	2007
Revenues	293.3	268.4	256.3	285.1	279.7
Domestic	102.9	97.4	97.8	100.9	94.1
Abroad	190.4	171.0	158.5	184.2	185.6
EBITDA	19.3	29.9	22.2	37.1	36.0
EBIT	-10.2	20.3	13.1	29.4	28.9
EBT	-11.8	18.6	10.5	26.4	25.0
Net income	-14.5	10.8	5.8	15.3	12.6
Earnings per share €*	-1.04	0.77	0.41	1.03	0.83
Net cash flow	17.2	29.1	20.7	33.0	22.2
Investments (excl. finance lease)	8.0	7.5	5.4	9.8	5.8
Balance sheet total	195.0	217.1	199.9	202.8	211.3
Equity	75.2	94.4	85.6	79.1	72.7
Employees**	1,660	1,596	1,553	1,562	1,529
ROCE*** (in %)	16.4	19.9	11.8	22.9	21.8

* weighted average number of outstanding shares:

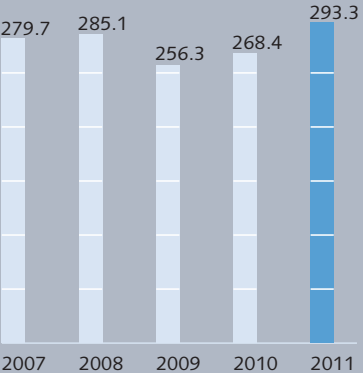
31 Dec 2007: 15.2m, 31 Dec 2008: 14.9m, since 31 Dec 2009: 14.0m

** year average

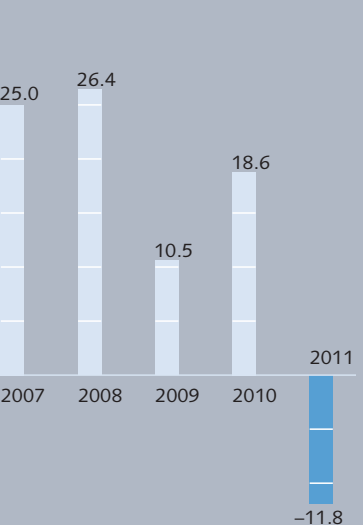
*** »Return On Capital Employed« = adjusted EBIT/ (total assets – current liabilities – cash and cash equivalents); based on equal dividend payments

Revenues, earnings, cash flow, employees

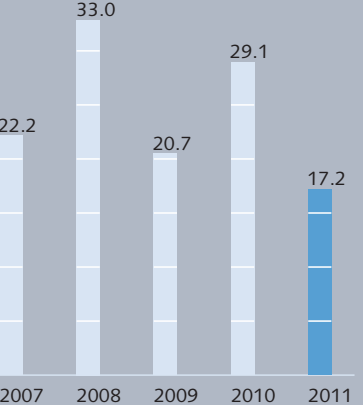
Revenues in €m



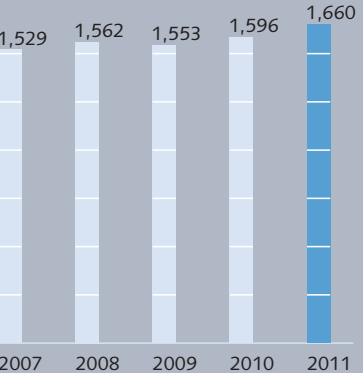
Earnings before taxes in €m



Net cash flow in €m



Average number of employees by year



Innovations – Today's and tomorrow's products for the car wash business

WashTec is an innovator. We are constantly working to improve our products and develop new products which advance our customers in their business, thereby creating value for them.

Many of our customers appreciate WashTec's one-stop-shopping concept, which enables them to get all products and services related to the car wash business from a single source, WashTec. Such products and services range from arranging financing to equipment and wash chemicals and providing global customer service. We are committed to this approach, and strengthen our comprehensive range of products and services through additional innovations.

2012: The year of innovation

After considerable preparatory work, 2012 will be WashTec's year of innovation. As part of our innovation campaign, we will be regularly presenting significant product improvements during the first half of the year. The campaign will kick-off with particularly time-saving wash programs as well as a customer-friendly innovation in our roll-over washing systems. At the industry trade fair, »automechanika«, in September, we will then present these innovations and other new product changes to the industry community.

Innovation through dialogue

The best innovations come from the exchange of ideas. We are well-connected with our customers and industries such as the automotive industry and work together closely with these business partners in order to identify as early as possible trends relating to our products. We also rely on internal cooperation: our R&D teams collaborate to create integrated solutions which are customized perfectly to the needs of our customers.

Innovations help steering us back on to the growth track

Last year, WashTec was able to increase its revenues – which, in view of the global crisis and the concomitant difficult market environment, is particularly welcome news, even though the increased revenues in 2011 was not reflected in commensurate earnings. In the current fiscal year, we would like to further bolster our innovative strength and amaze our customers with innovative products. Together with the steps taken under our efficiency program, we will create the conditions for favorable earnings development in 2012.



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Letter from the Management Board



*Thorsten Krüger,
Spokesman of the
Management Board*

*Unanticipated losses in
North America*

**Dear Shareholders,
Ladies and Gentlemen,**

For WashTec, the year 2011 turned out to be anything but positive. Despite the general economic conditions and the ongoing discussion about sovereign debt, we had nevertheless expected WashTec to generate an annual result that was commensurate with the developments in the markets – but then unanticipated losses suddenly arose in the United States and the Group's earnings suffered dramatically.

We were unfortunately very surprised and disappointed by the developments in North America. At the end of the year, it became apparent that in addition to the continued difficult market situation there, the operating weaknesses of our US company in all areas would also result in an operating loss for the region of € –5.2m at year's end. Aggravating the situation even more was the discovery that false book entries, which had been made during the course of the year, had not been identified quickly enough to allow us take suitable counter-measures. Immediately after the situation was discovered, we began analyzing the conditions together with a team of internal and external experts. Based on our findings, we devised an emergency program for cutting costs and immediately began its implementation. After the irregularities came to light in the fourth quarter, we have been monitoring and attending to our actions in North America much more actively and shall continue to do so in the future. We have already seen the first evidence of measurable progress. Nevertheless, given that the market situation remains difficult, we have decided to also extensively review the possibility of entering into strategic alliances.

After the market in Core Europe substantially collapsed as a result of the financial and economic crisis, this region has, as expected, developed in a slow to stable manner in 2011 but has not recovered significantly. As a whole, we were able to noticeably increase revenues and also slightly improve the adjusted earnings. As of year's end, our order backlog was slightly higher than the previous year. As a whole, the revenue growth was gratifying: we were able to increase revenues over last year both in Germany and in France. Our chemicals business in Scandinavia likewise contributed favorably to the Group's overall growth. In the generally weaker Spanish market, we were able to strengthen the sales and servicing business by acquiring a dealer. Nevertheless, we were compelled to respond to declining revenues and a weaker market in both the United Kingdom and Scandinavia and carried out comprehensive restructuring there.

Although the greater competitive intensity – which is expected not to normalize again until the medium-term – has reduced margins considerably throughout the industry, we are nevertheless expecting WashTec to have above-average returns and above-average growth. Given our comprehensive direct sales and servicing network and our high installed base, we remain very well positioned among our competitors in terms of professionalization and efficiency.

*Slow to stable market
development in Core
Europe*

Because Eastern Europe performed stronger than expected, we were able to once again report the pre-crisis two-digit growth rates in 2011. The step-by-step expansion of our presence in the most important markets has proven to be the correct approach in better serving the market and further improving our customer relationships. In the Asia/Pacific region, we succeeded in further stabilizing the business after acquiring our Australian dealer in 2010 and were thereby able to turn a profit. In the middle of the year, we therefore began to expand our sales activities in China and were able to report the first smaller successes in that market. We continue to view both Eastern Europe and China as markets that have great mid-term growth potential.

The events in the United States and the Group-wide efficiency program strongly burdened the Group result in 2011 with extraordinary expenses amounting to € 28m. After adjusting for the non-recurring effects, the consolidated earnings before interest and taxes (EBIT) is € 17.8m and is slightly below the prior year figure of € 20.3m. The EBIT margin has therefore declined from 7.6% to 6.1% (adjusted). The WashTec share price reflected the 2011 developments and closed out the stock market year at € 7.35. Since that time, a favorable trend is once again been discernable.

In the past year, we have been extensively involved in strategically repositioning WashTec. In recent years, we have successfully implemented the strategy (developed mostly in 2006) of expanding our range of goods and services around commercial vehicles. Key triggers for revenue growth came from the expansion of our direct business and from additions (such as chemical products) to our existing goods and services. Our activities in the operator business and the support we give our cus-

tomers in the form of marketing and financing assistance are important tools of sales support and expand our core competencies. We see additional potential in the overall »automated car wash« process and assume that by intelligently combining and improving the individual components of car washing, we can significantly improve wash results. After performing a detailed analysis of the market trends for WashTec's core business and our range of existing goods and services, we believe that we can tap into greater growth potential in the future specifically for core the products and services that we offer. The focus here will be on elevating customer satisfaction – not just for the operators but also the car wash customers.

WashTec is the market leader in the car wash business. It is our goal not only to defend this market leadership position, but also to build upon it. In the future, WashTec will focus more aggressively on the growth of its core business. That means expanding product innovations, pushing internationalization and further professionalizing all areas and activities. We will describe in detail the key points of our new direction in this annual report.

We have also improved the conditions for all our projects during the past 2011 fiscal year: we have further standardized the IT system landscape in our international subsidiaries. This has allowed us, among other things, to engage in more focused work with a flatter organizational structure and at the same time optimize our processes. We have also instituted structural reforms that will produce significant improvement in results. The efficiency improvements – those that have already been implemented and those that are still planned – will permit us to head into the future with a cost-efficient infrastructure.

New strategy resolved

*Confidence for long-term
success of the Company*

The financial conditions for implementing our plans have also been met. In the second quarter of 2011, we were able to successfully complete negotiations related to follow-up financing. The new financing arrangement has secured funding for the Company on standard market terms and conditions through 2014. We also succeeded in 2011 in further reducing the Group's financial debt, while retaining a good balance sheet structure. Our newly approved dividend policy provides for the distribution of approximately 40% of the net result, as long as the gearing ratio is less than 1. We shall continue to adhere to this policy. However, since the gearing ratio is currently above 1 due to the special charges incurred in connection with the operations in North America, no dividend should be recommended to the annual general meeting of shareholders for 2011.

2011 was by no means a gratifying year. We feel responsible for the special developments. For 2012, our plans are to resolve the problems in North America, implement the Group's new direction and thereby lead WashTec back on the path to profitability. With the planned innovations and strategic initiatives, we are now directly on track to confront these market challenges. We are confident that we will succeed in securing the long-term success of the Company.

We would like to sincerely thank our employees for their great commitment during the difficult past year – they remain, even now, up to the challenge when it comes to working with us to implement the strategy. This is yet another reason why we will offer them a variety of opportunities for personal development and qualification in the current fiscal year.

We thank you for the trust which you have bestowed on us despite the bad news and look forward to our continued work together.



Thorsten Krüger
Spokesman of the
Management Board



Housman Khorram
Management Board
member

The Management Board

Thorsten Krüger (*1964), Spokesman of the Management Board
Sales, Service, Service Support and Supply Chain

Thorsten Krüger has a degree in mechanical engineering. After completing his studies, he began his professional career at Jungheinrich AG, Hamburg before moving to Wap-Reinigungssysteme GmbH, Bellenberg. Prior to his appointment to the management board of WashTec AG in July 2003, he was Managing Director of Alto Deutschland GmbH and also a member of group management for the Alto Group in Denmark, an international manufacturer of cleaning appliances. In his most recent position at the Alto Group, he was responsible for Europe-wide logistics, production and sourcing. Thus he has a broad knowledge in the area of cleaning technology. On April 1, 2004 he was appointed spokesman of the Management Board.

Houman Khorram (*1970), Member of the Management Board
Finance, General Services, Business Development and Product Development

Houman Khorram has a degree in engineering and industrial engineering. He joined WashTec from Roland Berger Consulting in 2004 and started as a restructuring project manager. He was in charge of Finance and Controlling of the WashTec Group from 2005 until 2008. After that Mr. Khorram headed WashTec's Business Development including the Wash Chemicals and Financial Services business. He is CFO of WashTec AG since September 2010.



Strategy

In the past few years, one of WashTec's principal business strategies has been to transform the company into a »one-stop-shop«; in other words, into a company that offers its customers all car wash products and services from under one roof.

Strategy 2006/2007

Expand offerings along Car Wash Value Chain	Market Leader in Focus Markets	Efficiency
<ul style="list-style-type: none"> ■ Chemicals ■ Leasing ■ Operations support/operations 	<ul style="list-style-type: none"> ■ Northern and Western Europe: maintenance dominance in core markets ■ USA: Become market leader ■ Central and Eastern Europe: Grow with markets ■ Southern Europe: Gain market shares 	<ul style="list-style-type: none"> ■ Expand global sourcing activities with focus on Asia ■ Optimized logistics by state-of-the-art systems and processes ■ Continue development of customer oriented service and maintenance processes

In 2011, management worked extensively on the strategic aims of the company. In the past few years, we have successfully implemented the strategy, largely developed back in 2006, of expanding our range of commercial vehicle washing. The main forces driving increased revenues today has been the expansion of our direct business and the additions

to our offered goods and services (e.g., chemical products). Our activities in the operations business and the support we give our customers in the form of marketing and financing assistance are important tools of sales support and expand our core competencies.

Experience has shown us that there is further potential in the overall »automated car wash« process and that by intelligently combining and improving the individual components of car washing, we can significantly improve the results. After performing a detailed analysis of the market trends for WashTec's core business and our range of existing goods and services, we believe that we can tap into greater growth potential in the future specifically for the core products and services that we offer.

The focus is on increasing customer satisfaction and creating added value – both for car wash operators and for car wash customers. The time had therefore come to modify the strategic direction of WashTec. We would like to share with you below the results of the strategy workshops.

WashTec is the market leader in the car wash business. It is our aim not only to defend our leading market position, but also to actually build upon it.

In the future, WashTec will focus more strongly on growth in its core business. This means more product innovation, greater internationality and further professionalization in all areas and activities.

The cornerstones of our new strategy



Strategy Innovation – WashTec's investment in the future

WashTec is the innovation leader in the car wash business and holds more than 700 patents. WashTec's motto is to meet tomorrow's car washing needs, today. Our extensive experience in the car wash business – which is unique in the industry – makes it possible for us, using integrated and innovative methods, to customize our products and the entire washing process to meet the needs of our customers and the wash customers even better. To us, innovation means an investment in the future and creating added value, especially for our business partners and their customers. In the future, we will improve our innovation strength by being even more creative when using the ideas and experience of our employees and by promoting new and unconventional ideas through an extensive dialogue with the various business divisions and departments. To this end, we shall dedicate ourselves to the guiding notion of using our innovations to produce a clearly measurable advantage for the equipment operators and the car wash customers. We shall broaden our perspective to also include customer satisfaction among the car wash customers in an effort to identify their needs better.

A first impression of the innovations can be seen in WashTec's »Innovation Campaign 2012«. Even before the leading industry trade fair, the automechanika, takes place in September 2012, we will be presenting each month a new development that will produce even more solid and profitable results.





Strategy

innovation – ground-breaking innovations as strategic instrument

Even in the past, WashTec has repeatedly introduced ground-breaking innovations in various areas; innovations such as the revolutionary wash material »SofTecs«, the multi-functional, 360-degree rotating nozzle »Flexstream«, the continuously gleam-enhancing cleaning product »ShineTecs«, and the Juno model, which is the fastest roll-over wash system in the world today and completes both wash and drying cycles in record time.





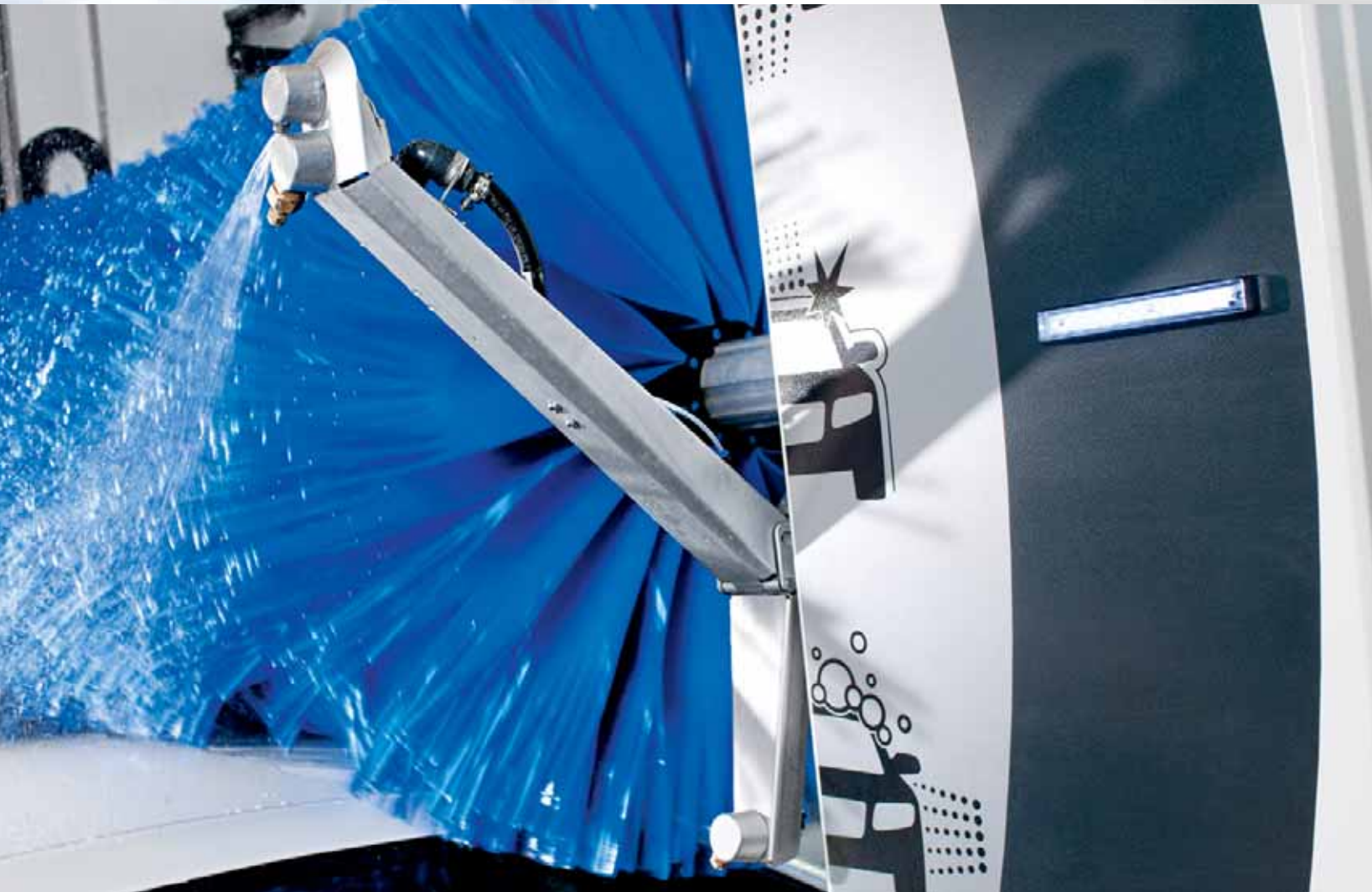


The Group

Strategy Innovation – express-programs for the SoftCare range

Innovation No. 1 involves the express programs of the SoftCare-Series: Under this system, various handling steps are done in tandem, thereby reducing significantly the time it takes to complete the special high-end wash programs without jeopardizing quality. A SoftCare Pro Classic, for example, takes only 6.5 minutes for a premium wash, which includes a comprehensive foam and high pressure pre-wash as well as ShineTecs polish. That is a clear advantage for the operators of our best-selling, roll-over wash systems because such an approach increases both the number of washes and the operator's revenues. Yet wash customers also benefit from these shorter waiting times.





Strategy innovation – Drive-in car wash

Innovation No.2 is the »Drive-in car wash«. This new buzzword in effect stands for a change in the roll-over wash system operation: the gas station wash customer is now able to enjoy a time-saving and secure car wash experience while sitting in the comfort of his or her own vehicle. This is made possible through a combination of a touch-screen terminal with a dialogue function, alignment monitoring on the equipment, and a new type of honking sensor which, for the first time, affords customers an opportunity to stop the car wash by honking the horn.





Strategy innovation – the new high pressure system

Innovation No.3 is the new high pressure system that can be used for extensive pre-washing as well as for simply touchless high pressure washing and – in combination with ShineTecs – for implementing the new »Touchless+Polish« concept. The bases for this system are, on the one hand, the highly potent AUWA chemical products and, on the other hand, the efficient »turbo-nozzles«, which were taken over from our US subsidiary, Mark VII, and generate a very effective, fast-rotating high-pressure jet.





Strategy Innovation – Research & Development

Only if equipment and chemicals adapt to, and work together with, one another in an optimal manner will the wash results yield something worth seeing. We are therefore at the moment working very extensively on this issue. Our target markers here are: high process quality, elevated customer benefits and improved operability.

Franz Kiser, Employee Business Development – New Product Development, WashTec Cleaning Technology GmbH

The close collaboration between our two R&D departments – equipment technology and chemicals – is the precondition for making the full potential of our machinery and chemicals useful to our customers.

Peter Gleich, Head of Overall R&D, AUWA-Chemie GmbH



Strategy Innovation – Key Account Management

Innovations are the best sales pitch – especially if the new products offer true added value to the customer. We routinely interact with our key accounts, and not just when a question arises regarding the exact specification of new equipment. Consequently, we are well aware of what is important to our customers. And our colleagues in research and development also benefit from this knowledge. This is how innovations emerge that can be used in the market.

Kanat Altunbas and Gianni Dimeco, International Key Account





Strategy

iSales – money is earned in sales



WashTec's sales network is global. We have our own branches in every important market in Europe, North America, Australia and China, and we have a wide network of independent sales and distribution partners. In addition, our own dedicated key account team at our headquarters in Augsburg handles our major customers. Thanks to this sales structure, we are in a position to provide competent advice to our customers locally almost everywhere in the world and can have an intensive dialogue with them.

In the future, we would like to increase this dialogue in order to meet our customers' needs even better and to gain more in-depth knowledge about the market. We also need to improve our earnings situation substantially, above all in North America. Here, the intention is to further professionalize sales through the use of intelligent CRM systems and processes and through extensive monitoring.

Strategy

iService – the goal: 100% availability



Only equipment with a high degree of operational availability generates profits. Thus, a key factor in the business success of the equipment operator is the quality of the equipment. With more than 500 WashTec service technicians in Europe and more than 300 service technicians among sales partners, WashTec has by far the most widespread service network and is in a position to offer availability rates of more than 98%.

It is our aim to further increase the availability of the equipment. We want to set up our service and the equipment in such a way that unplanned disruptions of the equipment no longer occur. This is to be achieved through the use of long-life components and advanced diagnosis and remote maintenance tools.

Strategy

Internationality – no key market without WashTec

WashTec sells its products worldwide through its own branches located in key markets and through an international network of independent sales partners. The so-called »emerging markets« – i. e., the regions that are emerging economically such as, above all, Eastern Europe and China – offer enormous growth potential both mid-term and long-term for WashTec. Major factors contributing to this trend are the increase in gross national product and an increase in the vehicle fleet.

We hope to participate in the growth in these markets and to not only extensively serve those markets, but also help open them up. We also plan to actively monitor the development of other countries in order to identify, as early as possible, future potential in new regions. Our own branches in countries with great potential play a key role here. For example, WashTec in 2011 began to set up direct sales networks in China and bolster the local organization in order to actively help develop the important Chinese focus market. We also established a branch in Poland in early 2012 in order to more extensively support our customers there.

Strategy

iProd – high-end products manufactured efficiently



WashTec has an international procurement and production chain consisting of branches in China, the Czech Republic, the USA and Germany. The added value at these production sites in Augsburg and Denver consists primarily of the final assembly of pre-fabricated components, which are sourced to some extent from our plants in China and the Czech Republic. All WashTec products are to be produced using state-of-the-art production methods. In the supply chain organization of the WashTec Group, all organizational units – ranging from order clearance and the procurement of components to job flow in the production and the delivery of the equipment itself – are combined under a single unified management system.

Our goal is to further optimize the existing structures and to design them more intelligently. By increasing standardization and modularization, the manufacturing complexity should be reduced and the automation levels should rise. Furthermore, the plan is internationalize production and procurement and to engage in more tactical in- and outsourcing of individual components or production steps.

Special Report North America

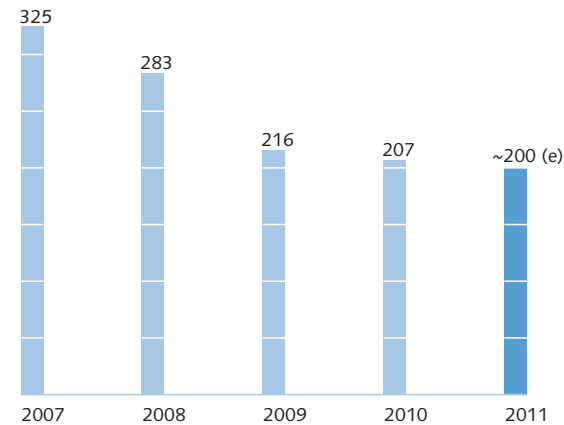
After a phase involving the successful restructuring and consolidation of the WashTec Group, we took over Mark VII Equipment LLC in early 2006 in an effort to further build-up our presence in a market, which was attractive to WashTec at the time, and to help foster the Group's growth. Based on market studies, we assumed that the market for car wash equipment in this region would continue to grow. With a stock of vehicles in the United States, which was close in size to that of Europe and at the same time less car wash facility density, this market promised significant growth potential.

The competition in North America was and remains very fragmented and is characterized by a number of manufacturers that work with different sales and distribution structures (dealers and direct sales). The market leader is Ryko Equipment Inc., a local manufacturer which, for the most part, operates with its own services and sales on the market. In addition, there are manufacturers that have a pure dealer network and those that have mixed sales structures. Until now, European manufacturers have been unable to establish any noteworthy competitive position in the market.

What was our approach in order to penetrate the market:

- organizing and expanding our sales structures and reviewing the direct sales and servicing arrangements;
- with technology from Europe, introducing innovative products relating to both brush and high-pressure equipment in the United States;
- actively participating in the consolidation of the fragmented supplier market;
- becoming the number one supplier in the United States in the mid-term.

Total Sales North American Car Wash Industry (m USD)



Source: ICA Car Wash Magazine, Fall 2011; (e) = WashTec estimate

The hoped for market growth unfortunately never materialized; on the contrary, developments moved in the other direction. Market volumes have since fallen by close to 40% below the 2007 level.

Market volumes close to 40% below the 2007 level

In 2006, the Mark VII integration proceeded on schedule, but revenues in the United States (€ 24.9m) remained below expectations. Above all, in the first half of the year, it had become apparent that rapidly rising gasoline prices were deterring investments. In 2007, we were able to increase revenues over the previous year by more than 37% and simultaneously earn a profit. Nevertheless, already at the end of 2007, the financial crisis was having its first impact on our business. Then in 2008, the crisis dramatically limited the financing opportunities for American customers. Investments were either altogether stopped or put on hold. At that time, we assumed that the market would recover in the mid-term and that the market potential would develop accordingly. The financial crisis prolonged the age of the equipment considerably and led to a reduction in unit sales figures.

2010: market stabilization in the United States at a low level

Over the years, we pushed to build-up the direct sales network and increased our own presence first by acquiring some of our dealers and then later by entering new regions in the Northeastern United States as well as Texas, Tennessee, the Carolinas, Michigan and finally Florida and California. Market pressures caused considerable changes among the dealers, including bankruptcy, sale or multiple brand distribution. During this period that was marked by the crisis, WashTec was able preserve revenues at 2008 and 2009 levels by building a direct sales and service network. Even though a recovery in the US market had not materialized, we were still able to increase our market share and achieve balanced results. In 2010, the market for car wash equipment in the United States stabilized at a low level. Major supra-regional customers began reinvesting in their gas station networks and in updating their car wash equipment. We were thereby able to successfully solicit additional major customers and expand our regional presence.

At the same time we continued developing our US product portfolio as planned. With the launch of the newly developed car wash tunnel Soft-Line, the new SoftWash XT and AquaJet XT roll-overs and the updated JetWash and the new TurboJet XT equipment, we have not only completely renewed our product portfolio but also expanded it considerably. These new products have allowed us to prop up some, but not all, of the market-triggered declines.

In response to the changed market conditions, we initiated a cost-cutting program and made personnel adjustments in both the direct and indirect areas. After the product portfolio was renewed, the development division was also reorganized.

By virtue of all these measures, we were able to achieve only a balanced result through 2010, but had hoped to trigger a significant jump in revenues and earnings after we expanded our business in Canada.

Even though the implementation of the major order in Canada still lagged behind our expectations, we continued to assume in the first half 2011 that the problem involved temporary startup issues. In the second half of the year and after there had been a change in management, we were compelled to conclude that we would be unable to meet our goals because there were significant operating weaknesses in implementing the major customer order in Canada. Throughout the entire North American organization, system and process problems meant that the increased complexity could not be controlled. Due to incorrect book entries, the problems were not discovered until it was far too late. The incorrect book entries were attributable to the misconduct of individual employees.

As part of the comprehensive analysis of the situation that was carried out in the fourth quarter, all areas of the subsidiary were investigated and an emergency program was instituted. Significant cost-cutting had already been realized. The range of business activities will also be reduced and focused. Based on the information today, however, the instituted program – under the current market conditions – will not suffice to elevate the US business to an earnings margin that is comparable to the rest of the Group. Thus, the prospect of entering into strategic alliances is now under review.

2011:

- *Change in US-management reveals operating weaknesses in the North American organization;*
- *Emergency program instituted;*
- *Prospects of strategic alliances under review*

Report of the Supervisory Board

**Dear Shareholders,
Ladies and Gentlemen,**



*Michael Busch,
Chairman of the
Supervisory Board*

One would need to go back more than a decade to find a WashTec annual report in which the results were as disappointing as the results of this past year. Allow me to express the situation at a more personal level: for as long as this supervisory board, in its present structure (albeit it with many different persons) has worked together, there has never been the kind of surprise that we just encountered in North America. Even more: after we assumed with great certainty during the course of the year that our American business would finally be able to report a profit in the face of the most adverse market conditions, we were then forced to conclude in the final quarter that the North American business had drifted completely off-course and that this development by itself would drastically change our Group result.

What are the consequences?

First, you will be able to read from the management board's report what actions it has taken and will continue to take in addressing these developments. For the supervisory board's part, we would like to accommodate the increased complexity of our business with courses of action, some of which you will need to decide on at the annual general meeting. We are therefore pushing for a decision to increase the size of both the management board and the supervisory board in an effort to enlist more expertise for our firm. This thought is ordained by our motivation to become even more competitive in today's hotly contested European markets (in other words, our core business). The supervisory board and management board have worked together extensively on future positioning from a strategic perspective. The outcome has been to shift greater focus in the midterm on the core competencies and to exploit more potential by doing things like strengthening commitments in

product innovation, improving sales and service excellence, and intelligently organizing purchasing and production.

In the end, I feel the need once again to ask you, our shareholders, for your trust:

We shall make every effort to achieve the level of results which you and our team have come to expect: many employees through their elevated commitment over the past several months have already demonstrated their intent to support us in reaching these goals. They deserve our special thanks.

Work of the supervisory board

Whereas the business developments in North America naturally took up much of the supervisory board's work particularly toward the end of the year, other fundamental matters related to the Company' new direction and the efforts to provide more transparency for the shareholders were set in motion during the course of the year. These matters included the detailed debate about restructuring and strategy as well as the reorientation of investor relations activities and the publication of a return policy.

During the reporting year, the supervisory board discharged the responsibilities imposed on it under the law, the Company's articles of association and the board's own internal rules of procedure. The supervisory board has been directly involved in all decisions with basic relevance for the Company. In fiscal year 2011, the supervisory board, among other things, regularly obtained information about the status of business and the condition of the Group. 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

In fiscal year 2011, the supervisory board regularly obtained information about the condition of the Group and supervised the managerial activities of the management board

it was needed, the supervisory board had also requested additional reports from the management board and had inspected other relevant Company documentation. Deviations in the planned development of business were explained to the supervisory board in detail and then checked by the supervisory board based on the documents presented to it. The management board conferred and coordinated with the supervisory board on the strategic direction of the Company. The supervisory board 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. In addition to the extensive work conducted during the supervisory board meetings, the chairman of the supervisory board also discussed the Company's position and further development and direction in various one-on-one talks with the management board. The other supervisory board members were also available to confer with the management board outside of the board meetings. All three supervisory board members subsequently provided each other with detailed reports concerning their respective one-on-one talks with the management board.

In fiscal year 2011, the supervisory board held a total of sixteen ordinary and extraordinary meetings, of which eight were held as conference calls. Moreover, three resolutions were adopted by the board members without a meeting pursuant to draft resolution circulation and signing procedure. At least one meeting was held each quarter. All members of the supervisory board were represented at all the meetings held.

The topics at the regular conferences of the supervisory board were the development of revenues, earnings and staffing at the WashTec Group, the financial position and the major investment projects including the risk management system. The development in Northern America has been on the agenda of every meeting. The management board submit-

ted 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.

As part of the review of the North American business, the compliance system of the WashTec Group has been subject to an extraordinary investigation. The management board has informed the supervisory board about the analysis as well as the results and measures taken to further improve the compliance system.

Further key issues at supervisory board meetings in fiscal year 2011 were:

- All Meetings: discussions about current business development and earnings and comparison with the budgeted figures, with a special focus on the development of orders in the wake of the financial and economic crisis as well as the developments in North America;
- Extraordinary meeting of February 8, 2011: investor relations, resolution on supervisory board matters;
- Extraordinary meeting on February 17, 2011: resolution on dividend policy, acquisition in Spain;
- Meeting held on February 23, 2011: discussions in the presence of the annual accounts auditor regarding the earnings generated by the Group and the subsidiaries in the recently completed fiscal year; preliminary annual financial statements of the WashTec Group; risk management system, consultation about the items on the agenda for the annual general meeting of shareholders for 2011; resolution on supervisory board matters, budget and mid-term planning;

Focus 2011:

- *Current course of business*
- *Status North America*
- *Strategic direction and mid-term planning*

- Extraordinary meeting on March 7, 2011: annual financial statements;
- Meeting held on March 21, 2011: adoption and approval of the annual financial statements and management reports with the involvement of the annual accounts auditor; draft resolutions submitted to the annual general meeting of shareholders;
- Extraordinary meeting held on May 2, 2011: consent to the syndicated loan;
- Meeting held on May 5, 2011: determination of the focus of the semi-annual audit; status reports;
- Extraordinary meeting held on June 17, 2011: measures to improve efficiencies;
- Extraordinary meeting held on July 28, 2011: report related to the audit committee, formation of subsidiary Poland, new CEO & COO for the USA, acquisition USA;
- Extraordinary meeting on September 2 and 3, 2011: strategy, status reports;
- Meeting on October 27 and 28, 2011: current situation in North America & resolution regarding capitalization, China, determination of focus points for the annual audits, report on compliance organization and measures;
- Extraordinary meeting on November 3, 2011: status North America, current 2011 forecast, resolution on program for improving earnings;
- Extraordinary meeting on November 18, 2011: status North America
- Extraordinary meeting on December 7, 2011: status North America
- Extraordinary meeting on December 17, 2011: status North America
- Meeting on December 21 and 22, 2011: findings and additional steps for North America, compliance analysis findings North America, budget and mid-term planning including strategy, annual resolution on management board remuneration and corporate governance declaration, efficiency assessment

Corporate Governance

The supervisory board currently consists of three members. Given the size of the supervisory board, supervisory board committees are not considered appropriate and were therefore not formed. Within the representative body, each member is responsible for areas and projects that correspond to his area of special expertise. The supervisory board chairman is responsible for the Marketing and Sales divisions as well as for organization, personnel, Group inter-company projects, supply chain, product development and strategy. Another member of the supervisory board is responsible for the Finance and Compliance divisions since he has special knowledge and experience in applying accounting principles and internal control procedures. He acts for the supervisory board in coordinating with the Group auditor selected by the annual general meeting of the Company. In conferences held on February 24, 2011 and July 28, 2011, the supervisory board's »financial expert« had extensive discussions with the Group auditor, who was elected by the annual general meeting of shareholders, about the financial statements and interim financial statements. Another supervisory board member, who at the same time holds a managerial position with one of WashTec's major shareholders, is responsible for Investor Relations and Acquisitions. The working cooperation among members of the supervisory board can be characterized as efficient and professional. No conflicts of interest arose among supervisory board members.

The management board remuneration system is based on the duties and achievements 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 within the annual report under the declaration of corporate management on pages 62–64 (Remuneration Report). A detailed dis-

The supervisory board currently consists of three members; each member is responsible for certain areas of oversight based on his expertise

cussion about corporate governance is also set forth there. The supervisory board approved the annual remuneration systems for the management board at its meeting of December 21, 2011.

Audit of the annual and consolidated financial statements

The management board prepared the 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, 2011. These financial statements and reports were audited by the Group auditors who were selected by the annual general meeting of shareholders – PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Munich – and each issued an unqualified audit opinion. PricewaterhouseCoopers also audited the annual financial statements of the main WashTec AG subsidiaries.

The supervisory board initially defined the focus of the audit and thereupon engaged the auditor to perform the audit. Prior to and during the financial statements audit, the supervisory board 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, 2011, 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. The audited financial statements, the combined management report and the management board's proposal on the use of non-appropriated retained earnings were the topic of the supervisory board meeting held on March 21, 2012 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 auditor attended the meeting on March 21, 2012 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 therefore 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.

With all the difficulties we experienced during the past year, I feel the need to communicate my special thanks to the members of the management board and all company employees for the efforts they made for our firm.

Augsburg, March 2012



Michael Busch
Chairman of the Supervisory Board

Highlights 2011

Core Europe

- Subdued market growth, certain regions (e.g., Spain, Scandinavia and Great Britain) continue to be impacted much more strongly, while development in Germany and France is stable
- Acquisitions made in Spain and in the wash chemicals sector
- Revenues: € 244.5m/EBIT: € 18.0m

Emerging Europe

- Significant market growth following stabilization in 2010, growth rate returns to pre-crisis level
- Expansion of the sales structures: reinforcement of the dealer network and expansion of Company's presence with branches planned
- Revenues: € 11.4m/EBIT: € 1.1m

Q1 2011

Revenues	€63.4m
EBIT	€0.2m
Adjusted EBIT	€0.2m
Net cash flow	€0.8m

Q2 2011

Revenues	€77.0m
EBIT	€7.2m
Adjusted EBIT	€7.7m
Net cash flow	€5.4m

North America

- Remains a difficult market environment that is characterized by high cost pressure; market decline by almost 40% since 2007
- Unanticipated operational weaknesses discovered after change in management, launch of cost-cutting program; review of strategic alliances; narrowing and focusing of activities
- Revenues: € 38.8m/EBIT: € -29.9m

Asia/Pacific

- Mid-term high growth potential in the Asian market, activities still in the development stage; Australian market stable
- Focus market China: Setup of direct sales structures, first equipment installed; goal: active, pioneering development of the market
- Revenues: € 11.7m/EBIT: € 0.7m

Q3 2011

Revenues	€72.3m
EBIT	€4.3m
Adjusted EBIT	€4.6m
Net cash flow	€13.5m

Q4 2011

Revenues	€80.6m
EBIT	€-21.9m
Adjusted EBIT	€5.3m
Net cash flow	€-2.5m

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

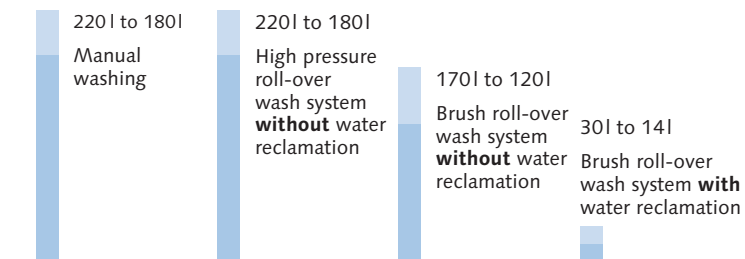
1. WashTec Products

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

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. WashTec offers water reclaim systems for all car wash facilities in order to ensure environmentally-friendly car washes. The use of water reclaim equipment helps lower the consumption of fresh water by up to 90% during car washes. Thus, for example,

a roll-over wash system 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). All WashTec equipment 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. Even in markets with lower environmental standards or greater water scarcity, WashTec is expecting to see more and more regulation. This means greater potential for environmentally-friendly automated car washes with water reclaim systems. In Northern Europe, the environmental policy requirements are 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 White Swan« environmental prize for particularly environmentally-sound water reclaim equipment and/or car wash facilities.

Fresh water consumption (in liters per wash)



Source: WashTec analysis



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

Minimized consumption of fresh water

For washing vehicles, water is a resource that is as indispensable and it is precious. This is why WashTec offers water reclamation or recovery systems that reduce fresh water consumption during car washes by up to 90%.

2. AUWA chemical products

AUWA stands for vehicle cleaning and care, which is at once both powerful 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 AUWA chemical products. Strict and seamless quality controls ensure that all AUWA 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 biodegradable, environmentally friendly and non-abrasive.

The entire AUWA 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 AUWA 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 AUWA 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 AUWA product program is excellently harmonized with all water reclaim equipment and also in this manner helps preserve a high level of water quality. The effectively 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 fundamentally updated and reorganized. Individual components are also procured or manufactured in China and Eastern Europe. Equipment, which is sold primarily in the American market, undergo final assembly in Denver, Colorado (USA). There is also another smaller production site in Recklinghausen, where the control units are manufactured for the entire Group.

The added value at WashTec is carried out mostly as a result of sheet metal forming with modern machinery and is carried out in the form of a final assembly of components groups. Thus, there is no significant discharge or emission of harmful substances during production. Thereafter, products are installed and maintained at our customers' places of busi-

ness by over 500 in-house service technicians, sub-contractors and technical personnel of our sales partners. The service technicians are on the road with specially equipped service vans, in which the suitable equipment is installed, from tools and spare parts to safety equipment.

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 then professionally disassembled and either refurbished or professionally removed. All product specifications for the development of the equipment at WashTec include rules for a possible complete re-usage of the products. Virtually all existing peripheral components can be used again in the event of an equipment replacement – which now even extends to system control components.

2. Wash chemicals

The wash chemical products sold by AUWA are conceptualized and produced in our laboratory in Augsburg and Grebenau in close cooperation with the WashTec Development Department.

During the production of the AUWA products, the available resources are always handled conservatively. Accordingly, any raw materials such as dye, fragrances, emulsifying agents, or similar products will be avoided to the extent possible, while factoring 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 to a minimum the transport costs.

The use of high-value ingredients in a highly concentrated and optimized mixture allows chemical consumption per wash to be reduced. By using the concentrated cleaning agents, the uses and the related transport costs and exhaust fume emissions are 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 non-hazardous raw materials. In addition, a review is always made as to whether a raw material not requiring a label can be used instead of one that does in fact require a label (i.e., potentially hazardous).

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 (65%). Since 2007, all diesel vehicles newly acquired by WashTec are equipped with particle filters. These filters reduce the discharge of particles by up to 99% per vehicle. In addition, the fuel consumption is lowered to the furthest extent possible by equipping the service vehicles with GPS navigation systems, which facilitate better route planning and thereby reduce travel time.

The electricity, which WashTec procures for the corporate headquarters and the main production site in Augsburg, is derived up to 30% (prior year: 30%) from renewable energy. This figure is significantly higher than the national average of 18% (prior year: 16%). WashTec thereby actively contributes to reducing radioactive waste and lowering its CO₂ emissions.

2. Waste

In 2011, WashTec generated 2,600 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) and the improved price level on the market for recyclable waste, the sale of these waste materials in 2011 yielded proceeds of € 570k (prior year: € 583k). Disassembled 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 CO₂ emissions when sending mail, by supporting climate protection projects such as hydropower plants or biomass power plants. Since 2011, Wash tech has shipped its mail using GoGreen and has thereby further contributed to environmental protection.

Certifications

Since 2000, WashTec is certified under EN ISO 9001:2008 and 14001:2004, which are standards that set forth the globally recognized requirements in responsible quality management and environmental management systems.

Thus, ecological aspects constitute 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. With the environmental management system set up pursuant to DIN EN ISO 14001, WashTec participates in the »Environmental Pact Bavaria – Sustainable Growth and Environmental and Climate Protection«, an agreement between the state government of Bavaria and Bavarian industry.

In addition, WashTec is certified under SCC:2006. »SCC« stands for »Safety Certificate Contractors«. This standard governs all safety rules and work conditions for technical service providers and serves to protect the health of our employees.

Environmental Certificate from the State Government of Bavaria

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. The »Environmental Pact Bavaria« 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. WashTec feels obligated to comply with the principle of ecological sustainability and therefore always operates under the self-imposed mandate to deploy its materials and resources as efficiently as possible. Our environmentally-friendly products also help contribute to preserving globally limited energy and raw material resources. The defining hallmark of WashTec equipment is its ecological compatibility, minimum freshwater requirements and low consumption of electricity.

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 at all times the best possible products and processes as well as the best possible service for operating a successful car wash business.

In order to review the extent to which we can satisfy this goal, we constantly carry out customer satisfaction surveys in which we review the level of satisfaction with our products (e.g., regarding quality, price-performance ratio, introductory training and operation) and our customer service (e.g., regarding quality, reaction time, friendliness). The survey reveals 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 the WashTec service is very high. In connection with this survey, approximately 900 service deployments and machine installations were analyzed in 2011. Our customers are particularly satisfied with the quality of the product assembly (grade: 1.8) and the friendliness of the service (grade: 1.8). None of the categories was graded worse than 2.3 (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 Germany. At this location, the Company offers formal training and education to qualify as a mechatronic technician [Mechatroniker], a marketing communication business person [Kauffrau/-mann für Marketingkommunikation] and an IT business person [Informatik-Kauffrau/-mann].

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. In Germany, an employee satisfaction analysis was carried out in 2006 as part of an employee survey done in cooperation with the Graduate School of Augsburg (Fachhochschule Augsburg). Based on the results of the survey, suitable programs such as the expansion of offered employee training were launched.

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 a proven commitment to the health of its 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 compliance with these safety provisions is routinely monitored in internal and external audits

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 declined significantly in the past years.

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 WashTec will provide financial assistance in covering the daycare costs. The first inquiries made by WashTec employees have already signaled some favorable feedback to this offer.

Social commitment – Bunter Kreis

The birth of a handicapped child, a heart problem or the diagnosis of cancer, an accident or hereditary disease always affects the entire family and changes lives abruptly.

With approximately 70 professionals, the registered association, Bunter Kreis e.V., which was formed in Augsburg in 1991, supports handicapped and sick children as well as families in that situation in terms of psychiatry, social services, medicine and finance.

Since 1996, WashTec has continually supported the Bunte Kreis as one of the main sponsors by making both monetary and in-kind donations.

WashTec Share



Houman Khorram,
Management Board
member

2011: a volatile year on the stock markets

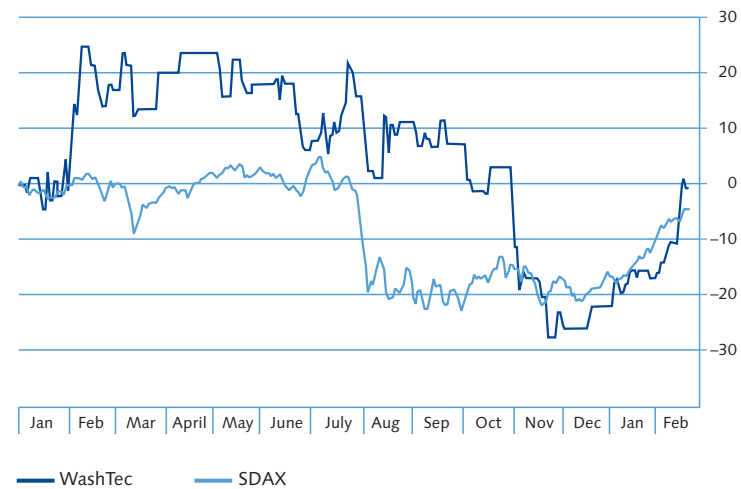
Stock market prices exhibited high volatility and were dominated by developments in the world economy and the global financial crisis. Until the middle of the year, the performance of the most important indexes was relatively stable, whereby the mostly favorable economic and corporate news improved share prices slightly, interrupted only in March of the reporting year by the strong price swings caused by the earthquake and tsunami catastrophe in Japan. After six months, the leading German stock index, the DAX, had increased by almost 7%. However, beginning in mid-July 2011, the mood changed. The financial crisis in Europe moved back into investor focus. Speculation ranging from the potential insolvency of several states to the collapse of the euro fuelled great uncertainty in the financial markets and triggered massive price slumps. The most important European stock market indexes lost almost one-fifth of their value in the third quarter. As of the end of the year, the financial markets once again stabilized and were able to recover some of their losses. Nevertheless, the stock market year delivered bitter losses for investors in Europe. The DAX and SDAX ended down roughly 15%. The leading European index, EuroStoxx50, surrendered almost one-fifth of its value.

WashTec share performance at year end influenced by the weakness in the US business

Initially during the 2011 reporting year, WashTec's shares broadly outperformed the benchmark index. Starting from an opening price of € 9.10 at the beginning of the year, the share price rose in the first quarter to its high of € 11.09. Thereafter, the price became volatile, whereupon a negative sideways trend did emerge. Until the early November, WashTec shares were able to largely escape the massive

downward trend in stock markets and reestablish its reputation as a value investment that was relatively recession-proof. After the Company reported a very unsatisfactory situation at the US subsidiary, that picture changed. The share price declined very considerably from over € 9 to the year's low of € 6.46 in early December, but was able to recover a little by the end of the year to a closing price of € 7.35. That closing price represents a 19% decline over the entire year which, although consistent with the SDAX decline, nevertheless disappointed in light of the solid performance shown over many stretches throughout the year. After the publication of the preliminary figures for 2011, the share price rose significantly.

Price development of WashTec shares 2011/2012 compared to SDAX (indexed)



As of February 22, 2012, WashTec shares were trading at € 8.59. Since the beginning of the new year, the share price is up 20.0% and has thereby outperformed SDAX (+14.8%) over this same period.

No dividend because of high non-recurring charges

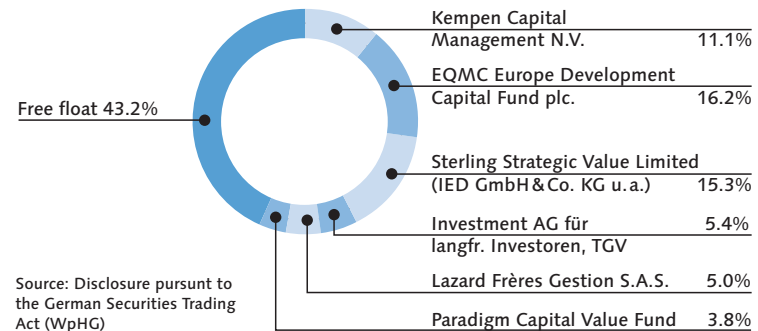
Dividend for 2010: € 0.31 per share (2009: € 0.12); no dividend payment for 2011 planned

Pursuant to a resolution adopted by the annual general meeting of shareholders on May 5, 2010, the Company paid a dividend of approximately € 4.3m (€ 0.31 per share) to its shareholders for fiscal year 2010. WashTec's enduring goal is to distribute roughly 40% of its net result. For such a distribution to be made, 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 light of the high non-recurring charges that had to be taken in connection with the restructuring in Europe and the strategic repositioning of the US business, the management board and supervisory board have recommended that the annual general shareholders' meeting to be held on 10 May 2012 not approve a cash dividend payment.

Shareholder structure unchanged

The WashTec AG shares are listed on the Prime Standard segment, and the majority of those shares are held by institutional investors mostly from Anglo-American regions and the rest of Europe. 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 of February 22, 2012)



The shareholder structure, as provided in the regulatory disclosures filed pursuant to the German Securities Trading Act (WpHG), has not changed from the structure shown in the most recent annual report. According to this most recent filing, there are five investors who hold at least 5% of the voting rights. Forty-three point two percent (43.2%) of the shares are held in free float. Based the definition used by Deutsche Börse, the free float is even at 100%.

Market capitalization higher than € 100m

The market capitalization of WashTec AG as of December 31, 2011 was €103.4m based on an unchanged number of shares (13,976,970 shares). In order to be included in the SDAX in the mid-term, as is planned, WashTec AG would need to be among the top 110 in terms of both market capitalization criterion and trading volume criterion. Based

WashTec shares are covered by a number of independent analysts

on the market capitalization, WashTec already achieves this criterion by ranking 96th, while it does not meet the trading volume criterion (ranking: 115). Thus, the Company intends to significantly elevate interests in, and therefore the trading volume of, WashTec shares in fiscal year 2012 by engaging in more aggressive investor relations work.

Investor relations work further intensified

WashTec's investor relations work was further intensified in 2011. In addition to the detailed quarterly reporting, the shareholders of WashTec AG were kept regularly and timely informed about all important events at WashTec through disclosures and postings on the Company's website. In fiscal year 2011, the management board continued to cultivate its contacts to shareholders and journalists as well as to the financial community and presented the Company at numerous road shows and in a number of individual discussions with institutional investors in the most important financial capitals of Europe. On the occasion of its publications, the Company held a financial press conference as well as conference calls for analysts and investors. The WashTec management board also appeared at numerous analysts and investor conferences, such as the German Investment Conference and the Equity Capital Forum.

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

Key data on WashTec shares

		2011	2010	2009
Annual closing price*	€	7.35	9.14	7.61
Annual high*	€	11.09	9.30	8.20
Annual low*	€	6.46	7.30	4.90
Annual opening price	€	9.10	7.61	6.18
Number of shares as of Dec 31	million	14.0	14.0	14.0
Free float on Dec 31	%	43.2	43.2	48.3
Market capitalization as of Dec 31	€m	103.4	127.8	106.4
Development over the year	%	-19	+20	+23
(for comparison: SDAX)	%	-15	+45	+25
Earnings per share**	€	-1.04	0.77	0.41
Dividend per share	€	0.00***	0.31	0.12

* based on Xetra-closing prices

** weighted average number of outstanding shares: 14.0m

*** per recommendation to the annual general meeting of shareholders

Additional information and contact:

Current data on WashTec's 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 contact the Investor Relations Department at WashTec AG:

Telephone: +49 821 5584-0

Fax: +49 821 5584-1135

Email: washtec@washtec.de

We look forward to a dialogue with you!



Revenue development



Management Report WashTec AG and the Group 2011

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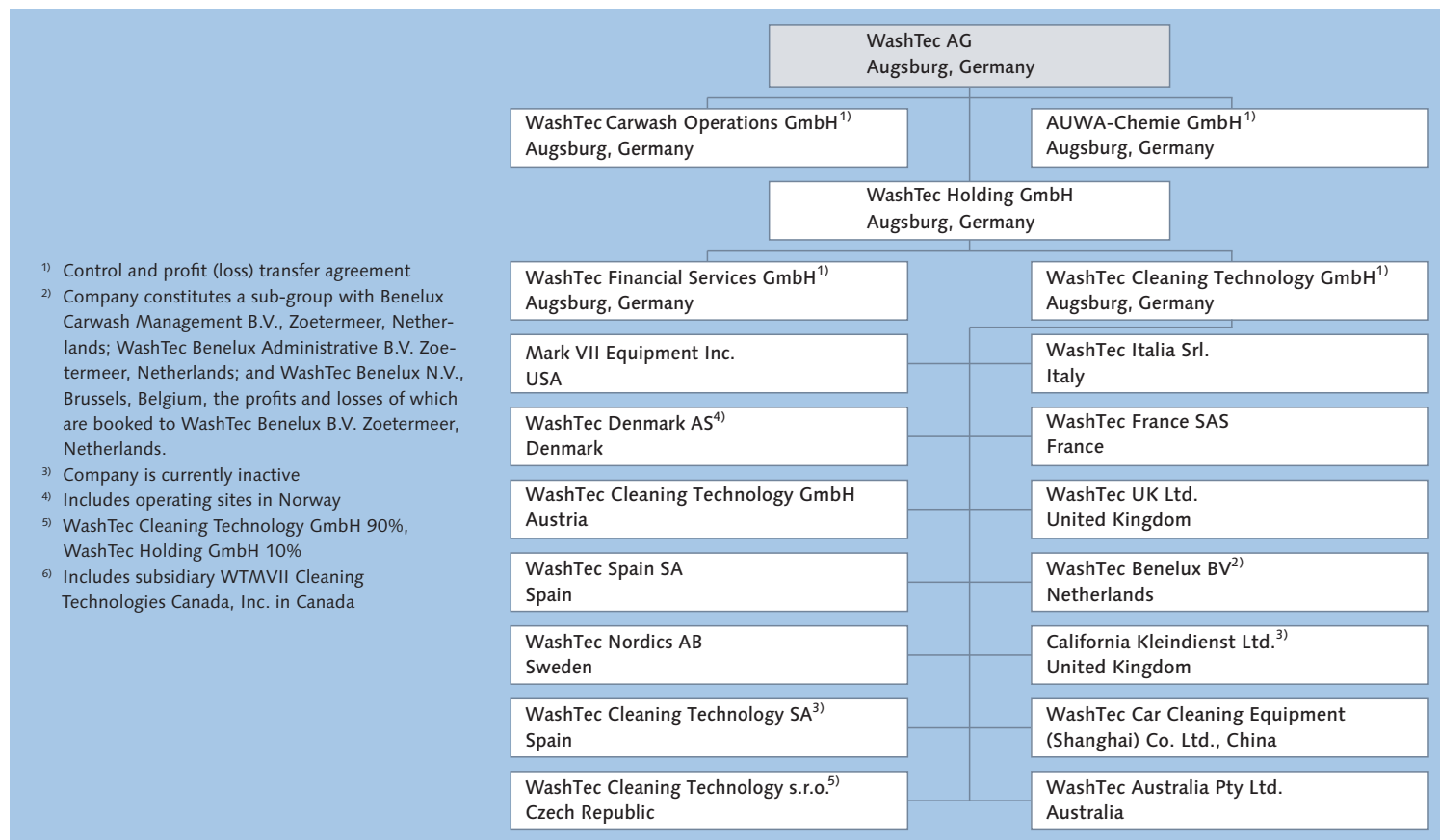
Business performance and background

1.1 Organizational structure

Despite a market environment that remains difficult, WashTec was able to increase its revenues considerably in fiscal year 2011, from € 268.4m to € 293.3m. Since earnings were severely weakened, however, due primarily to the non-recurring charges resulting from the unexpectedly adverse development in North America, EBIT declined from € 20.3m to € -10.2m. In the core markets, above all in Europe, WashTec was able to slightly improve both revenues and earnings. By virtue of the actions

taken in 2011, WashTec created good conditions for returning to sustained profitability in the future. In all segments and divisions, capital expenditures were made in structural and efficiency reforms, which are expected to improve earnings – such as optimizing the sales structures in Germany, adjusting capacities above all in Spain, Great Britain and Scandinavia, and relocating production units to the Czech Republic. In 2011, WashTec was also able to secure follow-up financing for the WashTec Group on standard market terms and conditions.

The following pages provide detailed information about WashTec and the developments in fiscal year 2011.



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

1.1.1 Group structure

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 companies do not have any operations of their own, its net assets, financial position and results of operation depend solely on the financial performance of its subsidiaries. As a result, the information set out below relates mainly to the Group. Information specific to WashTec AG is provided where required. The subsidiaries of WashTec AG are AUWA-Chemie GmbH, WashTec Holding GmbH and WashTec Car Wash 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 operations are 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 its own subsidiaries in all of the key European, Northern American as well as Chinese and Australian markets. Subsidiaries in the US, Canada, Australia, Spain, the UK, France, Belgium, Denmark/Norway, Sweden, 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 serves mostly as a supplier of components and should also serve over the mid-term as a distribution platform for the Asian market. The Czech subsidiary manufactures customized components for final assembly in Augsburg.

WashTec Financial Services GmbH

WashTec Financial Services GmbH brokers for customers of the WashTec Group 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. A profit and loss transfer agreement is in place between AUWA-Chemie GmbH and WashTec AG.

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. A profit and loss transfer agreement is in place between WashTec AG and WashTec Carwash Operations GmbH.

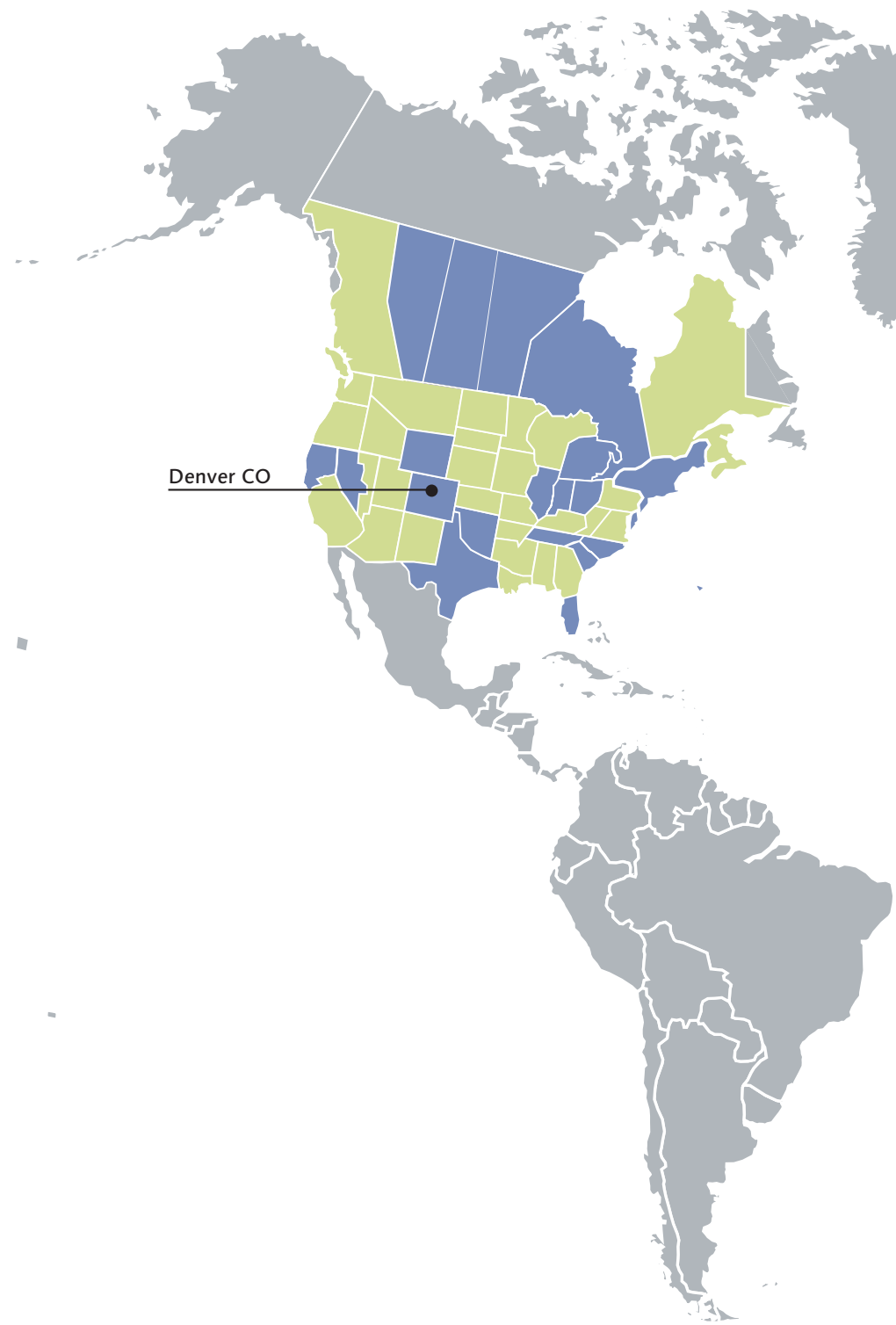
1.1.2 Reporting structure

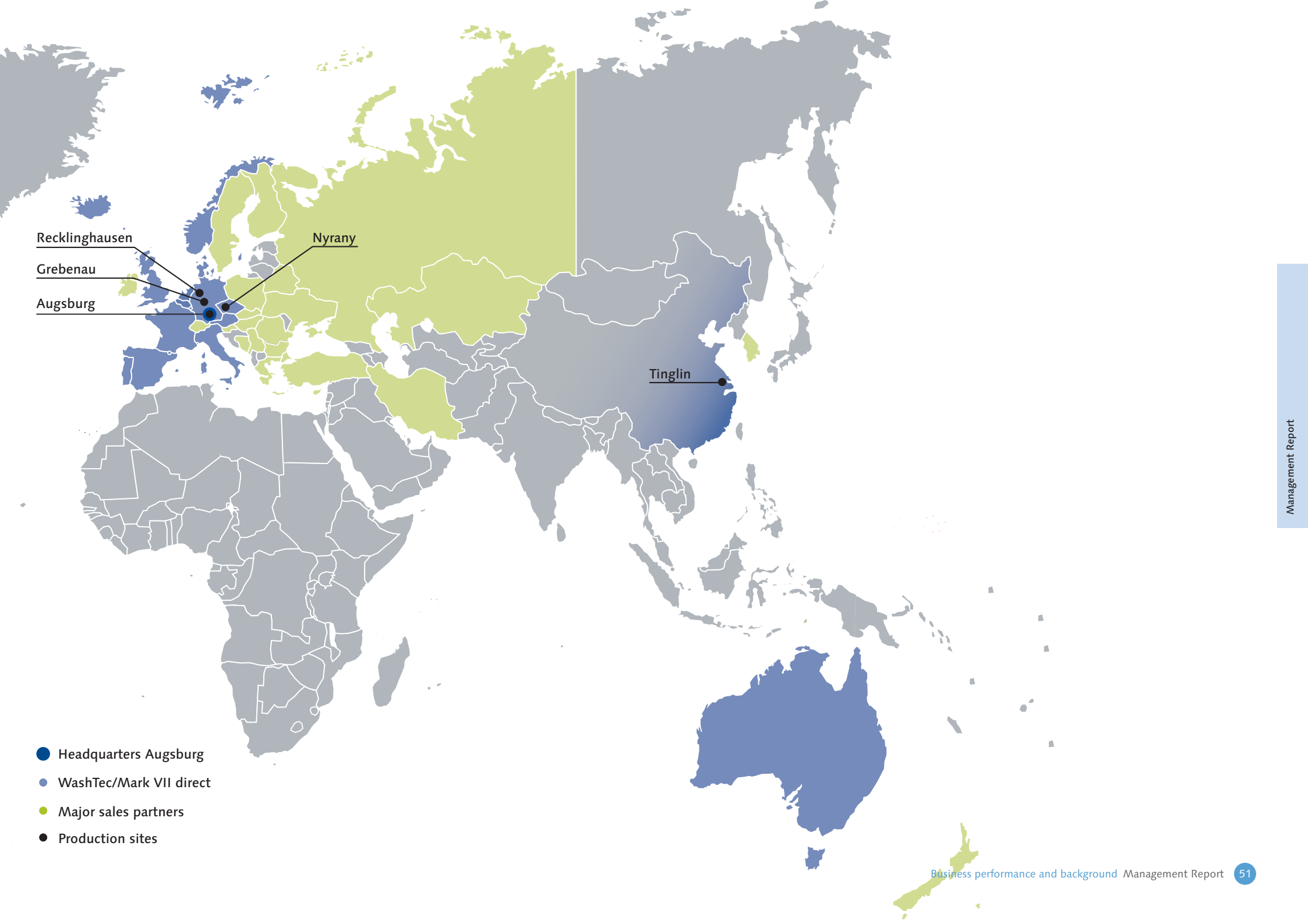
In connection with the reorganization of the internal management of the Group, the segment reporting was changed in the first quarter of 2011 to the »Core Europe«, »Emerging Europe«, »North America« and »Asia/Pacific« segments. The »Core Europe« segment outlines the activities of the WashTec Group in Northern and Western Europe. This segment thus comprises the former »DACH« area (Germany, Austria and Switzerland), the European portion of the »RoW« area (rest of world), and the chemicals and operations business (»Others« area). The »Emerging Europe« segment comprises the former »CEE« area (Central and Eastern Europe), while the »North America« segment covers activities in the US and Canada which were formerly shown in the »RoW« area. The »Asia/Pacific« segment mainly covers the business development of the Australian subsidiary and development in China.

1.1.3 Locations

The WashTec Group has a global presence with over 1,600 employees worldwide and branches in all major markets including Core Europe, North America, Australia and China. Furthermore, WashTec has a broad network of independent sales partners and is thereby represented in around 60 countries in total throughout the world.

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





Recklinghausen

Nyrany

Grebenau

Augsburg

Tinglin

- Headquarters Augsburg
- WashTec/Mark VII direct
- Major sales partners
- Production sites

1.2 Corporate strategy and positioning

Based on its own research, WashTec is the leading supplier of innovative solutions for the car wash business worldwide. The Group's corporate strategy is aimed at maintaining this position in the future and at further expansion. WashTec's market and technology leadership is based on over 40 years of experience in the car wash segment. With a current installed base of well over 30,000 car wash systems worldwide, the Company is generating sustainable revenue over the entire value chain of car wash activities. This includes the entire equipment portfolio as well as a broadly diversified service palette, assistance with financing models and the supply of special car wash chemicals. In some cases, WashTec also operates entire car wash systems itself.



*2011: special charges due to North America

It is to WashTec's advantage that the Company is the only supplier in the industry with a presence on all the continents in more than 60 countries, which affords it great regional market access through direct sales and service activities. The core business is located in Europe, but the strategic goal is on heavy expansion in future growth regions of emerging economies in particular, with a focus on Asia. It is specifically in the less industrialized regions of the world that the number of vehicles has increased significantly in the recent past. Accompanying this is also an increasing acceptance of automated washing on the part of the customers. The increasing environmental awareness and the tightening of regulations for car washing in some countries have benefited the Group because of the high sustainability of the products it offers. Based on its track record as an innovative and long-established company, WashTec possesses a unique network of customers. Due to the high capital expenditure requirements and the associated barriers to market entry, the Group does not expect any noteworthy newcomers in the industry in coming years. The Company's leading position worldwide also facilitates significantly higher cost efficiency in the manufacturing and purchasing of raw materials and operating supplies.

The corporate objective is to sustainably increase the profitability of the WashTec Group again in the coming years. In the future, WashTec will focus more on growth in its core business. This includes expanding product innovations, advancing internationalization and further professionalizing all areas and activities. To this end, WashTec will further increase its innovation and further reduce the equipment downtimes. In addition, all relevant processes should be further optimized and professionalized. The conditions for future above-average growth should be created in the emerging markets through targeted market development. Accompanying cost efficiency measures will add to the sustained increasing of profitability and to the generation of a high cash flow.

The profitability of the WashTec Group should be sustainably increased again in coming years

1.3 Car wash market

Key market drivers

Economy: Increase in the number of newly 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 had been continuously increasing throughout the world until financial and economic crisis began. Above-average growth rates were being recorded in Eastern Europe and Asia, in particular. After the drop in car sales figures due to the financial and economic crisis, the number of registered cars has since started to rise again around the world. The vehicle inventories are now also expected to continue to grow. These factors could give the car wash business some new momentum and elevate demand for car wash equipment (Sources: HSBC Global Research »The World in 2050« – January 2011; CAR University Duisburg-Essen – 2010; Data Monitor European Automotive Markets Database – 2010«).

As labor costs increase and the need for car washing in some cases leaps dramatically in those regions which had previously relied on manual washers, those very regions will begin seeing a transition to automated car washing.

The rise in per capita income and an increase in the number of registered vehicles will produce greater demand for automated car wash equipment.

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

Compared to manual washing, automated car wash 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. Rising expectations with respect to wash results, combined with lower waiting and throughput times, will mean greater acceptance of automated car washing in the future.

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

The importance of fresh water as a limited and precious resource and environmental awareness are increasing around the globe. Significant reduction in water usage and the need to avoid polluting groundwater with lubricants and wash chemicals are the impetuses for installing car wash equipment which include water reclaim systems.

Additional selected trends and influences:

- Alternative vehicle drive trains: Until now, no clear favorite has emerged as to which drive train concept will prevail in the future (e.g., hybrid/electric) and the development continues progress only slowly, which means that it remains unclear where »vehicle tanking« 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 are therefore expected to necessitate more frequent washing as suppliers seek to protect their image.
- Demographic development: A population that is increasingly aging should trigger more demand for products that are simple to use.

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

1.4 Corporate management and targets

1.4.1 Corporate goals

- 1 Improvement of the situation in North America.
- 2 Growth through increased innovation, further internationalization of business and greater professionalization of the processes.
- 3 Continued improvement of cost structure through intelligent and international sourcing and production.
- 4 Performance-orientation and differentiation when dealing with our employees.
- 5 Resolute further development of the HSE Standards (Health, Safety, Environment) by implementing the WashTec Safety Rules and increasing the quality standards of the Group.

1.4.2 Management system and monitoring

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. The Company's management board and supervisory board define the corporate strategy and the targets resulting therefrom, which are established at all business units through 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 (add-on) meetings with the division directors, regular international management meetings with all of heads of the operating companies, 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 reporting and management board levels.

1.4.3 Financial quantitative targets and performance indicators

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

Key figures for the Company's planning and management

- EBIT margin (EBIT/revenue)
- Operating results (EBIT) per business segment
- Net-current assets (trade receivables + inventories – trade payables)
- Equity ratio (equity capital/balance sheet total) and gearing ratio (net financial indebtedness/equity capital)
- Cash flow
- ROCE (EBIT/(total assets – short-term liabilities – cash and cash equivalents))

Key non-financial performance indicators

- Employee turnover and average period of service
- Customer satisfaction surveys and analyses

WashTec regularly carries out surveys by which the Company evaluates customer satisfaction with its products and services. The surveys have shown that the customers are consistently very satisfied with WashTec's performance.

Comparison figures covering multiple years showing employee turnover and average period of service are set forth in the section entitled »Employees«.

Multiple year comparison of key planning and management figures

	2011	2010	2009
EBIT margin %	-3.5	7.6	5.1
Equity ratio in %	38.6	43.5	42.8
Cash flow from operating activities in €m	17.2	29.1	20.7

1.5 Change in the group of consolidated companies during the fiscal year

In the wash chemicals division, WashTec acquired the main assets of the production development and sales departments of Adekema, one of the leading chemicals suppliers in Scandinavia, on October 4, 2010. The sale went into effect as of January 1, 2011.

WashTec Benelux B.V., Zoetermeer, Netherlands, also entered into a purchase agreement effective April 1, 2011 for selected assets, specifically the customer lists, and acquired a sales employee of the former dealer for wash chemicals, Shop Service Center B.V. WashTec has thereby secured the future supply and support of all local customers for Auwa wash chemicals through the WashTec subsidiary in the Netherlands. The purchase price for the corporate acquisition, which included a variable component, was less than € 0.5m. The due diligence reviews focused primarily on economic risks.

On April 28, 2011, WashTec also signed an agreement to purchase the key assets of the »Carwash« division of the former Ceccato dealer and second largest market player in Spain, Barin S.A. By virtue of this step, WashTec has become the second largest supplier on the Spanish market. Given the difficult market situation in Spain, Barin had begun experiencing financial difficulties and was forced to file for bankruptcy at the end of 2010. WashTec therefore decided to exploit this opportunity in order to expand its market position in Spain – despite the difficult economic environment that persisted there. WashTec expects the merger of the two organizations to generate good synergies. The parties agreed to a purchase price of approximately € 0.7m, which covers both the customer lists and various inventories. Moreover, key employees were acquired by WashTec. The purchase price included a hold back against the seller.

Acquisition of key assets of the former Ceccato dealer in Spain

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

1.6 Business divisions and production

1.6.1 Business divisions

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 servicing 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 wash equipment and the related servicing are the Company's major revenue drivers.

Revenues by product in €m, 2011

New and used equipment (€ 168.7m revenues)	<ul style="list-style-type: none"> ■ Roll-over wash equipment ■ Self-service wash equipment ■ Commercial carwash equipment ■ Wash tunnels ■ Water reclaim systems
Spare parts and service (€ 88.9m revenues)	<ul style="list-style-type: none"> ■ Full Service ■ Call-out Service ■ Spare parts
Chemicals (€ 24.3m revenues)	<ul style="list-style-type: none"> ■ Wash chemicals
Operations business and others (€ 11.4m revenues)	<ul style="list-style-type: none"> ■ WashTec Carwash Operations ■ WashTec Financial Services

1.6.2 Production, sourcing and logistics

The WashTec Group currently produces its entire product range for Europe in Augsburg, Germany. Since 2009, individual components have been partially sourced or manufactured in China and the Czech Republic. Car wash equipment that is sold to the North American market is produced in Denver, USA.

The Company has two additional smaller production sites in Recklinghausen, Germany (control units) and in Grebenau, Germany (wash chemicals).

WashTec has an international procurement and production chain, which consists of subsidiaries 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 and Denver. WashTec uses modern production methods to produce all of its products. The Company is able to make capacity adjustments at its main production site in Augsburg by making use of its annual working time models and by increasing and decreasing the number of temporary workers.

The Company has concluded long-term supply agreements with the suppliers of key components. In the Group's supply chain organization, all organizational units – from order clarification to sourcing of parts and order flow in production, to delivery of the equipment – are combined under the umbrella of a single responsible unit. Sourcing of spare parts within Europe is performed centrally from the warehouses of external logistic service providers.

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

1.7 Declaration on corporate management

(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.

In the recently completed fiscal year, WashTec AG's management and supervisory boards once again gave their attention to satisfying the requirements of the Code.

WashTec AG is implementing most of the recommendations 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 26, 2010, have been implemented.

Any deviations from individual recommendations of the Code were disclosed in the Declaration of Conformity, issued by the management and supervisory board on December 22, 2011.

The Declaration of Conformity is also published on WashTec's website (www.washtec.de) under »Investor Relations«. Declarations on corporate governance that are no longer current will remain available on WashTec's website for a period of at least five years.

1.7.1 Corporate and managerial structure

Supervisory board

Each member of the supervisory board is responsible for particular areas of business within the framework of overall management responsibility, depending on his particular expertise. In addition to his role as the chairman of the supervisory board, Michael Busch is also responsible for sales and marketing as well as organization, personnel, group intercompany projects, supply chain, product development and strategy. Jürgen Lauer assumes the role of the supervisory board's »Financial Expert« and is responsible for compliance. Massimo Pedrazzini, who simultaneously also has a managing role with a major shareholder of WashTec, is responsible on the supervisory board for investor relations and acquisitions.

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 at its meeting on December 9, 2010 resolved to set the following specific objectives with respect to its composition, which include the following elements:

- at least one supervisory board position for persons, who embody the criteria for internationality in a particular way, such as by way of foreign citizenship or relevant overseas experience;
- at least one supervisory board position for persons, who are neither an advisor to, nor board member of customers, suppliers, creditors or other business partners of the Company.

Taking into account the special situation at WashTec, the supervisory board believes that each aforementioned quota is reasonable.

Each member of the supervisory board is responsible for a certain area of business

The supervisory board already satisfies the aforementioned goals in its current composition and intends to factor in these elements during the next supervisory board election in 2012 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 judicial appointment.

In selecting suitable candidates, the supervisory board shall also consider women, if suitable qualifications and skills exist.

The supervisory board shall also comply with the age limit set forth in its internal rules of procedure, according to which no person should be nominated for membership on the supervisory board if he or she is more than 75 years of age.

The supervisory board oversees and advises the management board as it manages the Company's business. At regular intervals, the supervisory board holds discussions with respect to the Company's business development and planning as well as its strategy and 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. It monitors the Company's compliance with legal norms, regulations and internal corporate guidelines (compliance). Its scope of responsibilities further includes appointing the members of the management board as well as defining their areas of responsibilities. In addition, the supervisory board adopts resolutions on, and regularly reviews, the system of compensation for the management board, including the main contractual elements of that system (sec. 4.2.2 of the Code). Management board decisions of major significance – for example, acquisitions, divestitures and financing measures – are subject to its approval.

The supervisory board is governed by 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 management board, establish the matters needing the approval of the supervisory board and set quorums for management board resolutions.

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

Management board

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

Thorsten Krüger, CEO of WashTec AG, is responsible for managing Supply Chain, Sales, Service and Service Support. Mr. Krüger also serves as the spokesman of the management board. Houman Khorram is responsible for Finances, General Services and Business Development as well as Product Development.

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, 2011, the CFO of WashTec AG, Houman Khorram, held 390 shares of WashTec AG, which he had already acquired prior to his appointment to the management board. In addition, as of December 31, 2011, Massimo Pedrazzini, who is a member of the WashTec AG supervisory board, held 2,251 shares of WashTec AG, which he had acquired prior to his election to the supervisory board. Mr. Pedrazzini is also Chairman of the Board of Directors of Sterling Strategic Value Limited. According to its notification dated April 1, 2010 this company held a share of 2,142,868 (15.33%) of the voting rights in WashTec AG as of March 30, 2010. The other management board and supervisory board members did not hold any shares in WashTec AG as of December 31, 2011.

Shareholders and the annual general meeting

WashTec AG reports to its shareholders in the form of quarterly financial reports, which provide detailed information on business developments as well as the financial situation and results of operations of the Company. The Company's investor relations activities involve regular talks with analysts and institutional investors. In addition, when the Company's quarterly figures are published, the Company holds a conference call for analysts. The management board also gives presentations at analyst and investor conferences, such as the German Investment Conference in September and the German Equity Forum (Deutsches Eigenkapitalforum) in November.

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

In 2011, 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 information platform for both national and international investors with respect to its annual general meeting. WashTec AG does not broadcast its annual general meeting on the Internet and does not electronically transmit notices of such meetings.

Detailed quarterly financial reports & active investor relations work

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

1.7.2 Risk management

Dealing responsibly with commercial risk is one of the basic tenants of good corporate governance. The management board has intra-group and company-specific reporting and management systems at its disposal which permit it to identify, evaluate and manage these risks. These systems are continuously developed and adapted to changes in the business and legal environment. The management board informs the supervisory board regularly 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 required under secs. 289 (5) and 315 (2) no. 5 of the German Commercial Code (HGB) on the internal monitoring and risk management system as it relates to accounting matters.

1.7.3 Compliance

Corporate Governance Guidelines

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 at www.washtec.de.

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 thereby continuously refined and improved. The management 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. In addition, a detailed compliance report is prepared each year.

In response to the unexpectedly poor results in North America, the internal compliance and control systems investigated the weak points in great depth. An inherent or systemic problem was not identified here. Instead, the individual misconduct of certain employees was determined to be the cause. Operating weaknesses were also discovered. In response to the incidents, the internal control system was, and continues to be, further improved. Legal action against the employees in question is currently under review.

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

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

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

All of the executive managers have acknowledged the WashTec Code of Ethics by their signature

Compliance organization is constantly refined

The shareholdings of management and supervisory board members are published both in the Company's Annual Report and in Investor Relations section of the Company's website at www.washtec.de, provided that the requirements of sec. 6.6 of the Code have been met. The »Annual Document«, within the meaning of sec. 10 of the German Securities Prospectus Act (WpPG), summarizes all of the publications of WashTec AG required under the securities laws and made over the past 12 months and makes them available to the public once a year on the Company's website.

The text below is the wording of the declaration of conformity required under sec. 161 of the German Stock Corporation Act (AktG) as it was issued by the management board and supervisory board on December 22, 2011 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 and supervisory boards hereby declare that WashTec AG complied and continues to comply with the recommendations of the Government Commission of the German Corporate Governance Code (version dated 26 May 2010) from the date on which they issued their last declaration of conformity on 9 December 2010. The following exceptions have applied and continue to apply:

- *Variable components form part of the management board remuneration, but there is no multi-year basis of assessment (section 4.2.3, para. 2 of the Code),*
- *As the Company's supervisory board comprised and comprises only three members, no committees have been or will be formed (sections 5.3.1, 5.3.2, and 5.3.3 of the Code). The supervisory board does not view such action as necessary given the number of members, and it specifically believes that when there are only three members, the creation of committees would make the work of the body unnecessarily difficult.*

- *The supervisory board decided to set the qualities of internationality and independence as specific goals in its composition. Because the supervisory board of the company comprised and comprises only three members and because of the Company's specific situation, no specific goals for the composition of the supervisory board were or have been set, however, which provide for a reasonable participation of women (section 5.4.1 of the Code). The supervisory board believes that it is adequate and reasonable, given the number of board members it has, to take the aforementioned goals, which are based on qualities and skills as well as on internationality and independence, into account when making a preferential selection of suitable candidates and to also consider women if the suitable qualifications and skills exist.*

Augsburg, December 22, 2011

WashTec AG

Management Board and Supervisory Board

Further information about corporate governance is available in the 2010 Annual Report pages 52 et seq. as well as in the annual reports of prior years and may be downloaded from www.washtec.de.«

1.7.4 Remuneration report

Remuneration of the management board

The remuneration of the WashTec AG management board as well as the structure of that remuneration are set by the supervisory board and regularly reviewed by it. In conformity with the Corporate Governance Code, the remuneration system is, as a whole, structured in such a way as to take account of the duties of the respective management board member, his personal performance, and the performance of the management board as a whole, as well as the Company's economic situation, success and perspectives for the future, although mid-term performance targets are currently not used in structuring the remuneration.

The remuneration of the members of the management board comports with the statutory requirements of the German Stock Corporation Act as well as, to a substantial extent, with the recommendations and suggestions contained in the Code. The remuneration system was last discussed by the supervisory board at its meeting of December 21 and 22, 2011 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, it directly aims 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 by itself and in the aggregate, and that they do not encourage the taking of unreasonable risks.

Fixed salary

The members of the management board were paid a fixed non-performance related salary amounting to € 693,567 in total in 2011 (prior year: € 715,771). The fixed remuneration of the management board members also includes benefits in-kind consisting, in particular, of the provision of company cars, insurance coverage and reimbursement for the costs of a second residence. The fixed elements of remuneration ensure that the management board members receive basic compensation permitting them, as they go about discharging their duties, to act in

accordance with the well-understood best interests of the Company and with the due diligence of a prudent businessman, without becoming dependent on purely short-term objectives for success. On the other hand, the variable components – which, among other things, are tied to the Company's financial results – guarantee an alignment of interests between the management board and the other stakeholders.

Short-term variable remuneration – performance related components

The variable remuneration components include annually payable, recurring components linked to business performance. They track the earnings per share (»EPS«) after taxes, as determined pursuant to IFRS, above a base amount set by the supervisory board. By setting a challenging threshold for achieving variable compensation on the basis of actual earnings per share, WashTec grants its management board members a variable component of compensation which takes account of both favorable and unfavorable developments (sec. 4.2.3, para. 2 of the Code).

The entire short-term remuneration paid to the management board during the 2011 fiscal year is set forth below:

EPS in €	Base amount	Multiplier
Thorsten Krüger	0.60	4,000
Houman Khorram	0.60	3,000

	2011	2011	2010	2010
Remuneration in €k	Fixed	Variable	Fixed	Variable
Thorsten Krüger	461	0	445	68
Houman Khorram (term beginning Sept 1, 2010)	232	0	76	17
Christian Bernert (term ending Aug 31, 2010)	–	–	194	34
Total	693	0	715	119

Components with long-term incentive

Variable components are part of the management board remuneration, but none are calculated on the basis of numerous years (sec. 4.2.3 para. 2 of the Code).

Benefits following termination of employment

Pensions and pension commitments

In the realm of retirement pensions, agreements have been put in place to provide special benefits to the members of the management board in the form of contribution-oriented pension commitments, under which the annual contribution does not total more than one-third of the director's annual fixed remuneration. These pension commitments are included in the total reported remuneration. No defined-benefit obligations have been made. If the beneficiary dies during the term of the management board agreement, then his wife will have a right to claim the full amount of the fixed salary for up to six months thereafter.

Contribution-oriented pension commitments in €k	2011	2010
Thorsten Krüger	87	71
Houman Khorram (term beginning Sep 1, 2010)	0	0
Christian Bernert (term ending Aug 31, 2010)	–	21
Total	87	92

Other benefits in connection with the termination of employment

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

Both management board employment contracts provide for any general cap on financial settlements (severance cap), limiting payments to a maximum of two annual salaries in the event of premature termination of the director's office. Likewise, in the case of premature termination of a board member's term of office due to a change of control, the relevant management board employment contract limits such payments to a maximum of 150% of the severance cap (sec. 4.2.3 of the Code).

Miscellaneous

The members of the management board do not received 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 5, 2011, the supervisory board remuneration was reconfigured starting in fiscal year 2011. The basic fixed remuneration for an ordinary member of the supervisory board is now € 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 or 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 fixed and variable remuneration is limited to a maximum of € 50,000. In accordance with sec. 8.16 of the Articles of Association of WashTec AG, the supervisory board chairman receives twice the amount of the fixed salary and variable components, while the deputy chairman receives one-and-one-half that amount. 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 2011 fiscal year for services rendered personally by them (sec. 5.4.6 of the Code).

2011 in €k	Fixed	Variable	Meeting fee	Total
Michael Busch	40	0	24	64
Jürgen Lauer	30	0	18	48
Massimo Pedrazzini	20	0	12	32
Total	90	0	54	144

2010 in €k	Fixed	Variable	Total
Michael Busch	20	43	63
Jürgen Lauer	15	32	47
Roland Lacher (term ending May 5, 2010)	3	7	10
Massimo Pedrazzini (term beginning May 5, 2010)	7	15	22
Total	45	97	142

1.8 Disclosures in accordance with secs. 289 (4), 315 (4) HGB – Explanatory Report by the management board

The following text includes the disclosures in accordance with 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 power of control.

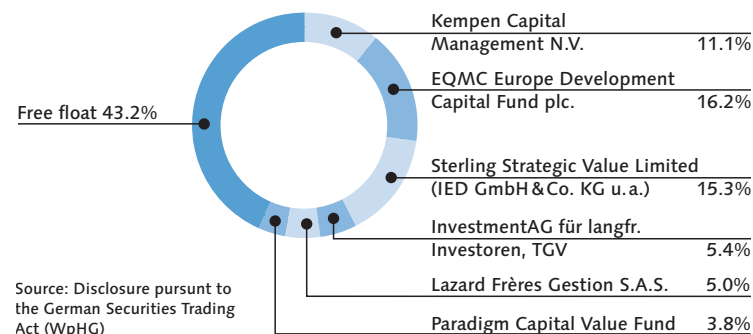
Sec. 315 (4) no. 2 HGB »Restrictions regarding voting rights or transfer« In accordance with sec. 71 b AktG, the Company has no rights pertaining to any treasury shares it acquires. In all other respects, each share has one vote. To the management board's knowledge, there are no restrictions on voting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

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

To the knowledge of the management board, approx. 43% of the Company's shares are in free float. Companies that hold either direct or indirect equity stakes exceeding 10% of the voting rights are EQMC Europe Development Capital Fund plc (16.2%), Sterling Strategic Value Limited (15.3%) and Kempen Capital Management N.V. (11.1%).

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

Shareholder structure (Status February 22, 2012)



Sec. 315 (4) no. 4 HGB »Bearers of shares with special rights«

There are no bearers of shares with special rights granting the power of control.

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

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

Sec. 315 (4) no. 6 HGB »Appointment and dismissal of management board members and amendments to the Articles of Association«

The appointment and dismissal of members of the management board is based on secs. 84 and 85 AktG as well as on sec. 7 of the Articles of Association of the Company. 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 current internal rules of procedure of the management board, the latter currently comprises two members, one of whom has been appointed spokesman by the supervisory board. The Articles of Association do not set out any special requirements with respect to the appointment and dismissal of one or all of the members of the management board. The supervisory board is responsible for appointments and dismissals. 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 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. Sec. 9.9 of the Articles of Association reduces the statutory majority requirement to the extent allowed by law. The supervisory board is authorized to make only formal amendments to the Articles of Association.

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

Authorized capital (sec. 5.1 of the Articles of Association of WashTec AG)
Pursuant to a resolution adopted by the annual general meeting of shareholders held on May 5, 2010, 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 € 12,000,000 on or before May 4, 2013 by issuing new no-par value bearer shares in exchange for cash or non-cash 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 during the period of this authorization based on the authorizing shareholder resolution adopted on May 5, 2010 under

agenda item 9; if the foregoing conversion rights or duties or option rights or duties no longer exist because they had been exercised as of the time the new shares are issued, then the shares issued thereunder must be taken into account. In this respect, the shareholders must generally be granted pre-emptive rights, unless otherwise provided. The new shares may also be underwritten by one or more banks, which are commissioned by the management board and then subject to an obligation to offer these shares to the shareholders for subscription (indirect preemptive right). However, the management board is also authorized (subject to the approval of the supervisory board) to exclude shareholders' 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. The authorized capital is intended to enable the Company to react rapidly and flexibly to growth opportunities and opportunities that arise on the capital markets.

Contingent capital (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 5, 2010, the Company's registered share capital was conditionally increased by up to € 12,000,000, divided into up to 4,193,091 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 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 4, 2013 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 5, 2010, make use of their option or conversion rights or, to the extent they are obligated to exercise the option or conversion rights, satisfy their obligation to exercise their conversion or option rights, or to the extent that the Company exercises an elective right – in complete or partial lieu of payment of the cash amount due – grants its Company shares, provided that no cash compensation is granted or treasury shares or the shares of another publicly listed company are used to satisfy those obligations. The new shares will be issued in each case at the option or conversion price determined in accordance with the aforementioned authorization resolution. The new shares will have dividend rights beginning in the fiscal year in which they are created. The management board is authorized, with the consent of the supervisory board, to prescribe additional details regarding the implementation of the contingent capital increase.

Share buy-back

Pursuant to a resolution by the annual general meeting of shareholders on May 5, 2010, the management board was authorized to acquire, on or before May 4, 2013, 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 to submit sale offers directed at all shareholders. 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 2010.

Sec. 315 (4) nos. 8 and 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. The current members of the management board may terminate their employment contracts by giving 12 months' notice or within 6 months following a change of control, upon 3 months' notice, insofar and as soon as a shareholder acquires, either directly or indirectly, more than 50% of the voting rights in the Company. An agreement was reached with members of the management board that limited their severance pay up to 150% of the severance payment cap in the event their employment was terminated early as a result of a change of control. The attribution rules under sec. 22 WpHG apply accordingly. The terms described reflect current legislation and are similar to those in place for similar, listed companies. They are not intended to impede any takeover attempts.

Results of operation, net assets and financial position

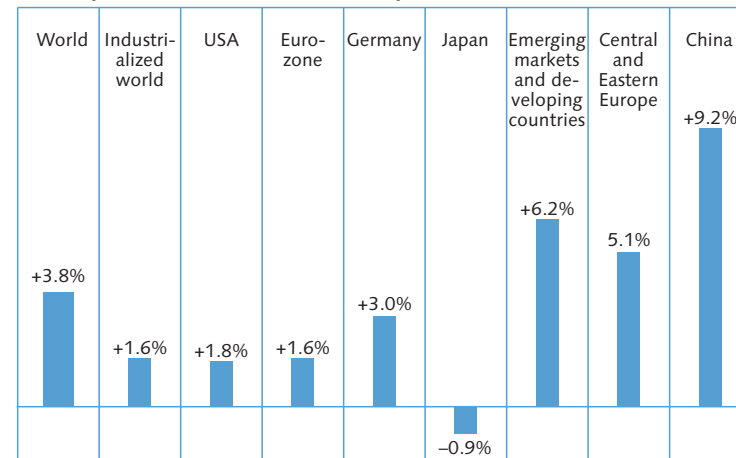
The following section examines the WashTec Group's business developments. WashTec AG is not itself an operating entity and earns income exclusively from dividends paid by WashTec Holding as well as from profit transfers made by WashTec Carwash Operations GmbH and AUWA-Chemie GmbH. Thus, the following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

2.1 Overall economic performance

World economy losing steam

In 2011, the global economy was not able to sustain the high dynamic of the previous year. While the current estimates of the International Monetary Fund (IMF) show growth still reaching a level of 3.8%, this is being sustained in increasing measure by the emerging markets, while the industrialized countries are losing traction. Thus, the IMF is forecasting growth of only 1.6% for the industrialized world, whereas the national product of the emerging markets expanded by 6.2%. Particularly in the second half of the year, the uncertainties of the financial crisis and the euro crisis also increasingly affected the real economy. Europe (+1.6 %) is being adversely affected by the problems of the highly indebted southern European peripheral states. The exception is Germany whose national product was increased by 3.0%, driven by strong exports. The economic dynamic in the US was also moderate at +1.8%. Japan was adversely affected by the consequences of the earthquake catastrophe in March 2011 and had to absorb a decline in economic output of 0.9%. The emerging markets, particularly the up-and-coming national economies in Asia, continue to show a high level of growth. For China, the IMF is forecasting growth of 9.2% for 2011;

Development of the GDP 2011 compared to 2010



Source: International Monetary Fund (IMF), World Economic Outlook, January 24, 2012

India should increase by 7.4%. Risks in the emerging markets result from the fact that the growth impulses are very inconsistent at times. While growth in Latin America is largely dominated by internal demand, the large Asian emerging markets are markedly more dependent on exports and thus are also more vulnerable in the event of a continued slowdown in growth in the industrialized countries.

Impact on the operation of car wash equipment

Since the economic trends in general have had only a slight impact on the operation of car wash equipment, the wash conduct of the end customers overall remained mostly stable, even during the financial and economic crisis. Nevertheless, the general conditions, under which customers are able to secure financing to acquire a new wash system, have deteriorated significantly as a consequence of the financial and economic crisis. This new reality together with the uncertainty about future economic development have caused many customers to postpone their investments in new equipment or, in case of replacement investments, have led to extended life cycles of the equipment.

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

In general, the wash equipment manufacturing sector is a very late-cycle industry, inasmuch as the industry's development does not coincide with the general macroeconomic trends. 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 as part of the segment report.

2.2 Market for car wash equipment

Customer groups

The WashTec Group's customers are predominately operators of petrol stations that offer to customers on-site washing facilities, with which they generate part of their earnings. These customers include multinational oil companies, individual operators and operators of chains of petrol stations/car washes and supermarkets. 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, forwarding agencies and transport companies.

Competition

In general, it may currently be observed that in regions and markets that were impacted especially hard by the financial and economic crisis, the intensity of competition has increased and individual competitors have encountered financial difficulties and have in some cases retreated from those markets due to these circumstances. Due to the general economic situation, it is possible that the market will continue to consolidate in the short- and mid-term. WashTec does not currently see any strategic advantages coming from an active consolidation of manufacturers in Europe.

The main European competitors are Otto Christ AG (Germany), Ceccato SPA (Italy) and Istobal SA (Spain) and Istobal SA (Spain). According to its own research, WashTec is the clear market leader with respect to market coverage and market share. The largest other competitors in the North American market are Ryko Solutions Inc., PDQ Manufacturing Inc., Belanger Inc. and SONNY'S Enterprises Inc. According to its own research, WashTec appears to be in third place in terms of installed base and market share.

Sales markets

The global structure of WashTec is also reflected in the regional distribution of revenues. In the 2011 reporting year, approximately 65% of Group revenue was generated outside of Germany. Business in Core Europe (with approximately 80% of Group's net income) still dominates the picture. In the mid-term, however, substantially more emphasis is expected to be placed on generating revenue in growth regions such as Asia/Pacific (to date approximately 4%) and Eastern Europe (likewise approximately 4%).

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.

2.3 Key WashTec Group projects in 2011

■ Set-up of sales organization in China

In 2011, WashTec began to set up direct sales structures in China in order to be able to more intensively serve the core regions of this important growth market.

Key competitors in Europe:

- Otto Christ AG, Germany
- Ceccato SPA, Italy
- Istobal SA, Spain

■ North America plan for the future

Following a change of management in North America, the Company discovered extensive accounting errors (false book entries). A subsequent detailed analysis of North American activities showed operational weaknesses in the local company. For this reason, at the end of 2011 a plan for the future for North America was devised by management and passed by resolution of the management board and of the supervisory board: as an emergency measure, significant short-term cost reductions were realized. Furthermore, there will be a narrowing and focusing of activities. The prospects for strategic alliances are under review.

■ ERP Roll-out and Field Service Solution

In 2011, WashTec continued the 2011 the standardization and optimization of the IT system environment in the international subsidiaries. The gradual roll-out of these business processes in the international subsidiaries is creating consolidated and streamlined processes in order to achieve procedural transparency and efficiency. By developing and introducing a software system to provide a mobile connection to technicians, the service technicians have an optimal overview of the equipment at the job site and its historical data. This allows them to perform the correct tasks quickly and efficiently, to initiate any necessary subsequent steps and to promptly and correctly report back on the status of the service.

■ Bank financing

The negotiations, which commenced back in 2010 for follow-up financing for the syndicated loan that was due for repayment in July 2011, were successfully concluded in the second quarter of 2011. The existing syndicated loan was replaced as of May 31, 2011 by a revolving credit facility with a term until December 31, 2014 and a working capital and aval guarantee credit line («Avallinie») totaling € 45m. The long-term financing of the Company is thereby secured at market terms until 2014.

Follow-up financing secured

■ Efficiency measures/cost optimization

Due to the continuing global macroeconomic uncertainty and the resulting slowdown of the car wash business, WashTec took measures during the past fiscal year to increase efficiency which should lead to an improvement in the results. These measures include, for example, the optimization of sales structures, the relocating of production facilities to the Czech Republic and the adjustment of the service capacities to the changed general conditions. In addition, personnel measures were implemented which led to a reduction in the number of employees (after adjusting for acquisition effects).

In connection with the insourcing endeavors, a growing number of customer-specific components are being sourced out of the Czech Republic for final assembly in Augsburg. More and more component procurement is also being sourced out of Asia. Our Chinese location serves as a foothold.

Various measures implemented to improve efficiency

2.4 Order backlog

After a slowdown phase in the third quarter of 2011, the Company reported as of December 31, 2011 a slightly higher backlog than it had at the end of the prior year.

Since WashTec's orders generally cycle-through within six to ten weeks, the order backlog has only limited indicative value for how the entire 2012 fiscal year will develop.

Order backlog as of December 31, 2011 slightly higher than prior year

Revenues improve despite difficult market environment; Earnings considerably lower than prior year due to special charges taken in North America

2.5 Results of operation

- Revenues increase to € 293.3m
- EBIT decreases to € –10.2m, EBIT margin at –3.5%
- Non-recurring charges totaling € 28.0m caused by restructuring costs, other provisions, write-downs on goodwill and other intangible assets
- Equity ratio declines to 38.6%, net financial debt lowered to € 24.4m
- Net cash flow at € 17.2m

2.5.1 Key earnings figures

The following table shows the key earnings figures for the WashTec Group:

in €m (unadjusted)	2011	2010	Change
Revenues	293.3	268.4	9.3%
Cost of materials	126.9	109.4	16.0%
Other operating income	6.2	6.8	–8.8%
Personnel expenses	104.5	92.8	12.6%
Other operating expenses	48.8	43.1	13.2%
EBITDA	19.3	29.9	–35.5%
Depreciation and amortization	29.5	9.6	207.3%
Operating result (EBIT)	–10.2	20.3	–150.2%
Financial result	–1.6	–1.8	11.1%
Earnings before taxes	–11.8	18.6	–163.4%
Consolidated net income	–14.5	10.8	–234.3%

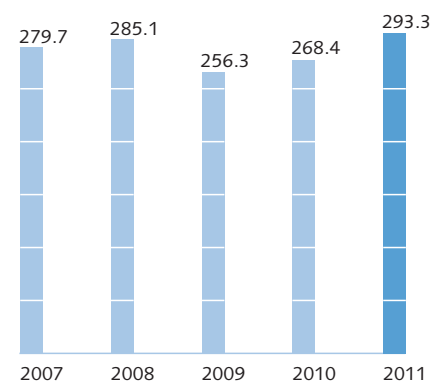
The following table shows the income statement for the WashTec Group adjusted for non-recurring effects:

in €m	2011	2010	Change
Revenues	293.3	268.4	9.3%
Cost of materials	124.0	110.0	12.7%
Other operating income	6.2	6.8	–9.8%
Personnel expenses	99.0	92.2	7.4%
Other operating expenses	48.3	43.1	12.1%
EBITDA	28.2	29.9	–6.0%
Depreciation and amortization	10.4	9.6	8.3%
Operating result (EBIT)			
before non-recurring effects	17.8	20.3	–12.3%
Non-recurring effects	28.0	0.0	–
EBIT after non-recurring effects	–10.2	20.3	–150.2%

2.5.2 Revenue development

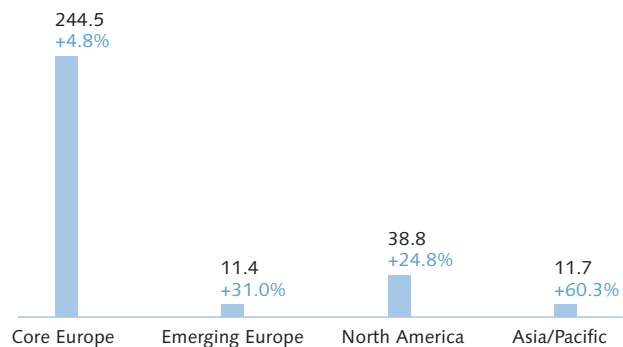
The WashTec Group's revenues totaled € 293.3m and were therefore € 24.9m or 9.3% higher than in the prior year (€ 268.4m). In the fourth quarter of 2011, revenues increased by € 2.5m or 3.2% over the same period of the prior year (revenues in Q4 2011: € 80.6m; revenues in Q4 2010: € 78.1m).

Revenues over multiple years (in €m)



After adjusting for the acquisition effects, revenues equaled € 263.2m and were therefore only slightly higher than in the prior year (adjusted revenues in prior year: € 256.5m).

Revenues by segments in €m, change in % versus 2010



Overall, the markets in **Core Europe** developed, as expected, slowly in 2011. Revenues in this region, which totaled € 244.5m, were nearly 4.8% higher than in the prior year (€ 233.3m). Since 2010, the Central and Eastern European markets (**Emerging Europe**) have stabilized and have begun to grow again. Accordingly, the revenues in this region have risen greatly to € 11.4m (prior year: € 8.7m). In **North America**, revenues rose, above all in Canada, and totaled € 38.8m (prior year: € 31.1m). In US Dollar terms, the regional revenues were USD 54.3m (prior year: USD 41.1m). In the **Asia/Pacific** region, revenues reached € 11.7m due to the annualized effect of the acquisition in Australia (prior year: € 7.3m).

A detailed description of the development in the individual segments is set out in the segment report under 2.7 below.

In 2011, WashTec was able to generate revenues above the prior year's level in all product groups. Thus, **new equipment and used equipment revenues** rose by 8.9% from € 154.9m to € 168.7m.

Revenues in all product groups higher than in prior year

Revenues by products

in €m	2011	2010	Change
New equipment and used equipment	168.7	154.9	8.9%
Spare parts, service	88.9	86.5	2.8%
Chemicals	24.3	18.0	35.0%
Operations business and others	11.4	9.0	26.7%
Total	293.3	268.4	9.3%

The continued profitable wash business can be seen in the revenue increase in the areas of **service and chemicals**. The revenues from service climbed by € 2.4m to € 88.9m (prior year: € 86.5m), and the revenues from wash chemicals increased to € 24.3m (Prior year: € 18.0m) mostly because of the better weather conditions in individual regions of Core Europe and the acquisition of AdeKema and SSC.

The revenues generated by WashTec Carwash Operations GmbH and WashTec Financial Services GmbH are reported under **operations business and others**. Due primarily to new locations and to growth in the number of washes resulting from good weather conditions in Europe in the second quarter of 2011, revenues here rose to € 11.4m (prior year: € 9.0m).

WashTec AG's revenues (as defined under the HGB) rose by € 0.1m to € 1.6m (prior year: € 1.5m) and consisted of invoiced (pass-through) charges to its subsidiaries for IT expenses and management costs.

2.5.3 Expense items and results

2.5.3.1 Expense items

Cost of materials

The cost of materials includes, above all, purchased raw materials, consumables and supplies, and during the 2011 reporting year, depended on the purchase prices of those materials. The largest item related to the purchase of steel, plastics and other raw materials. Due to higher

commodity prices and significantly higher unit sales, the corresponding cost items in 2011 rose considerably, from € 109.3m to € 127.4m. The cost increases were able to be passed on to the customers in the form of price adjustments only to a limited extent, and even this took place only after some period of delay. After adjusting for the provisions made for disadvantageous contracts, the cost of material rose to € 124.4m.

The gross profit climbed from € 159.0m to € 166.4m because revenues increased. The higher costs were able to be offset only in part by cost savings resulting from the international sourcing measures that had been taken (above all, in the Czech Republic and China). The gross profit margin therefore declined from 59.2% to 56.7%. After factoring in the adjustments for the provisions made to account for the disadvantageous contracts, the margin fell to 57.7%.

Personnel expenses

Personnel expenses rose from € 92.8m in 2010 to € 104.5m in 2011. The main reasons for this rise were not only the expansion-based staffing increases, but also the additional costs brought on by the elimination of two hours from the work week after the supplementary collective wage agreement expired, by the implementation of the Compensation Master Agreement (Entgeltrahmenabkommen or ERA) in Germany, by the scaled wage increases and by restructuring costs. After adjusting for the structural and acquisition effects, changes in the depth of the value chain and the restructuring costs, the personnel expenses rose by € 0.7m (despite the dismissal of 34 employees) due mainly to scaled wage increases and the introduction of the ERA in Germany. The non-recurring effects involve the restructuring measures that were carried out and planned in North America and Core Europe and the provisions that were set aside for legal cases totaling € 5.4m.

The personnel expense ratio (personal expenses as a percentage of revenues) increased from 34.6% to 35.6%. After adjusting for the restructuring costs in the amount of € 5.4m, the personnel expense ratio dropped, however, from 34.4% to 33.8%.

Personnel expenses climbed due to, among other things, collective wage increases, the introduction of the ERA in Germany and restructuring costs

Personnel expenses (as defined under the HGB) of WashTec AG equaled € 0.9m (prior year: € 1.1m) and resulted primarily from the remuneration of the management board, which is explained in the remuneration report, and the Investor Relations and Legal departments.

Other operating expenses

Other operating expenses (including other taxes) totaled € 48.8m and were € 5.7m higher than the prior year (€ 43.1m) due primarily to acquisitions and changes in the depth of the value chain. After adjusting for such effects, other operating expenses rose slightly despite price increases in such items as fuel. This item also includes a foreign exchange expense totaling approximately € 1.0m, which is netted against other operating income from the valuation of foreign exchange in the amount of € 1.3m. In 2010, a net foreign exchange gain totaling approximately € 1.0m was reported as a one-time effect.

The increase in other operating expenses (as defined in the HGB) of WashTec AG rose by € 0.7m to € 1.8m (prior year: € 1.1m) due primarily to rising legal and consulting costs, which were incurred specifically in connection with the strategy projects and investigations in North America.

2.5.3.2 Foreign currency effects

The exchange rate development of the US Dollar to the euro does not generally have any impact on the operating business. The reporting date valuation of the balance sheet assets and liabilities that are held in a foreign currency had a favorable impact on earnings of only approximately € 0.3m (prior year: € 0.3m), inasmuch as these positions were largely hedged using derivatives.

2.5.3.3 EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) declined to € 19.3m and were therefore about 36% lower than the prior year (€ 29.9m). EBITDA (after adjusting for non-recurring effects) fell only slightly from € 29.9m to € 28.2m.

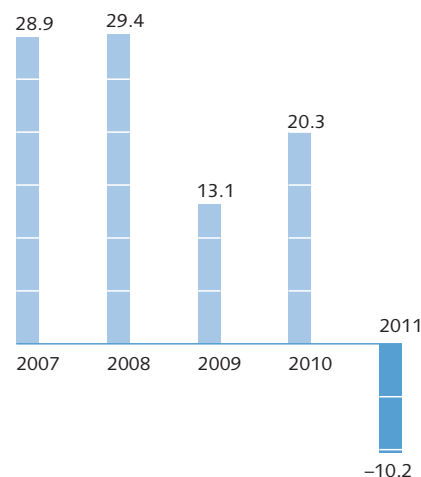
2.5.3.4 Depreciation and amortization

Depreciation and amortization rose to € 29.5m (prior year: € 9.6m) due mainly to the write-down of goodwill in North America.

2.5.3.5 Investment result of WashTec AG

The investment result of WashTec AG (as defined under the HGB) is based on income derived from profit (loss) transfer agreements in the amount of € 2.5m (prior year: € 1.0m) and from a dividend payment made by WashTec Holding GmbH in the amount of € 2.0m, which was collected during the same phase (prior year: € 0.0m).

EBIT over multiple years (in €m)



2.5.3.6 EBIT

The unadjusted earnings before interest and taxes (EBIT) declined to € -10.2m (prior year: € 20.3m), and the EBIT margin stood at -3.5% (prior year: 7.6%).

- EBIT falls by € 30.5m to € -10.2m
- Adjusted EBIT margin drops to € 17.8m, adjusted EBIT margin at 6.1%

EBIT/adjusted EBIT by segments

in €m	2011		2010	
	EBIT	Adjusted EBIT	EBIT	Adjusted EBIT
Core Europe	18.0	22.8	22.4	22.7
Emerging Europe	1.1	1.1	0.6	0.6
North America	-29.9	-5.6	-0.6	-1.1
Asia/Pacific	0.7	0.0	-1.0	-0.8
Consolidation	-0.1	-0.5	-1.1	-1.1
Group	-10.2	17.8	20.3	20.3

2.5.3.7 Non-recurring effects/adjusted EBIT

The EBIT (after adjusting for non-recurring effects based on acquisitions, restructurings, efficiency measures and foreign currency effects) fell from € 20.3m to € 17.8m (non-recurring effects prior year: € 0.0m; of which € -0.3m were attributable to the »Core Europe« segment; € -0.2m were attributable to the »Asia/Pacific« segment and € +0.5m were attributable to the »North America« segment). Of the non-recurring effects recognized in 2011 and totaling € -28.0m, € -4.8m are attributable to the Core Europe segment; € -24.3m are attributable to the »North America« segment, and € +0.7 are attributable to the »Asia/Pacific« segment. The adjusted EBIT margin equaled 6.1% (prior year: 7.6%).

Non-recurring effects totaling € 28.0m, of which € 24.3m are attributable to North America

At the individual segment level, there were (as in the previous year) regional non-recurring effects that were partially compensated at the Group level. The non-recurring effects at the Group level equaled € 28.0m and included a non-recurring charge of € 6.0m for optimization measures carried out in 2011, provisions for the Group-wide restructuring program and provisions for legal cases. In addition, write-downs on goodwill and on intangible assets related to the North American activities and other provisions (after conversion) lowered the result by a total of € 22.0m in total.

Net financial expense reduced to € 1.5m

2.5.3.8 Net financial expense

Net financial expense was further reduced from € 1.8m to € 1.5m because of lower credit line utilization.

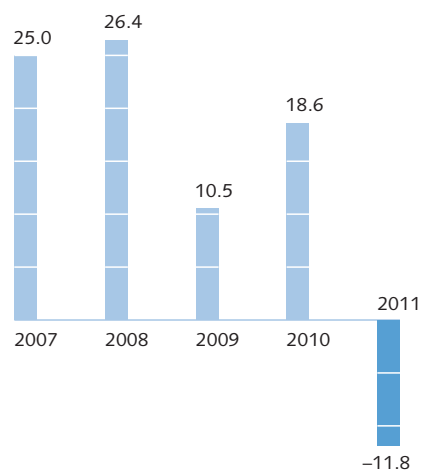
Breakdown of financial result

in €m	2011	2010
Income from bank interest and similar income	0.2	0.1
Financial income	0.2	0.1
Interest-bearing loans	-0.8	-0.8
Interest rate swaps	-0.2	-0.3
Expenses from finance leasing	-0.5	-0.6
Expenses from financing costs and similar expenses	-0.2	-0.2
Financial expense	-1.7	-1.9
Financial result (net financial expense)	-1.5	-1.8

2.5.3.9 EBT

The earnings before income and taxes (EBT) equaled € -11.8m (prior year: € 18.6m).

EBT over multiple years (in €m)



2.5.3.10 Taxes

Taxes equaling € 2.7m (prior year: € 7.8m) consist of the use of deferred tax credits and current tax expenses. The tax rate fell from 42.0% to -23.2%.

Loss carry-forwards are held mainly by international companies, while the loss carry-forwards in Germany have been largely exhausted. The deferred taxes are calculated at a tax rate of 30.7% (prior year: 30.7%).

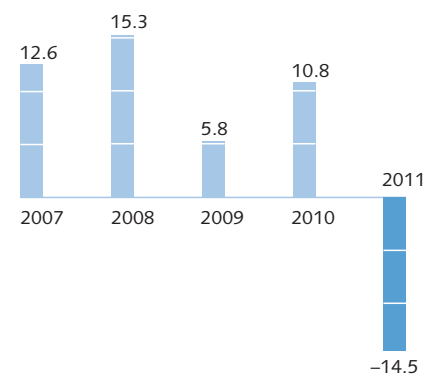
2.5.3.11 Consolidated net income

Consolidated net income after taxes declined by € 25.3m to € -14.5m (prior year: € 10.8m). The earnings per share (diluted = undiluted) decreased to € -1.04 (prior year: € 0.77) on the basis of an unchanged number of shares of approximately 14.0m.

The annual profit of WashTec AG (as defined under the HGB) rose from € 0.4m to € 3.7m.

Consolidated net income declines by € 25.3m to € -14.5m

Consolidated net income over multiple years (in €m)



2.6 Use of funds/dividends

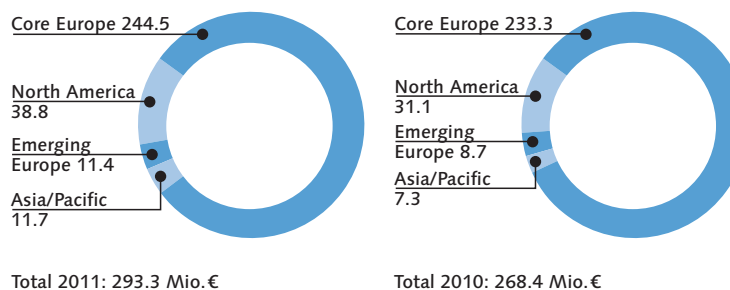
WashTec considers its share to be value-oriented with an attractive return policy. Another element of WashTec's strategy is to expand its market position globally and to achieve moderate revenue growth while maintaining a conservative leverage (gearing) ratio. WashTec defines a conservative leverage ratio as a ratio of EBITDA to net bank debt + finance leases of less than one (1). Under these conditions, WashTec intends to constantly distribute around 40% of the annual net income to its shareholders in the form of dividend payments and/or share buy backs. Based on the high non-recurring charges taken in connection with the restructuring in Europe and the strategic reorientation of the US business, the management board and the supervisory board recommend to the annual general meeting of shareholders, which is scheduled for May 10, 2012, that no dividend be paid.

2.7 Segment report

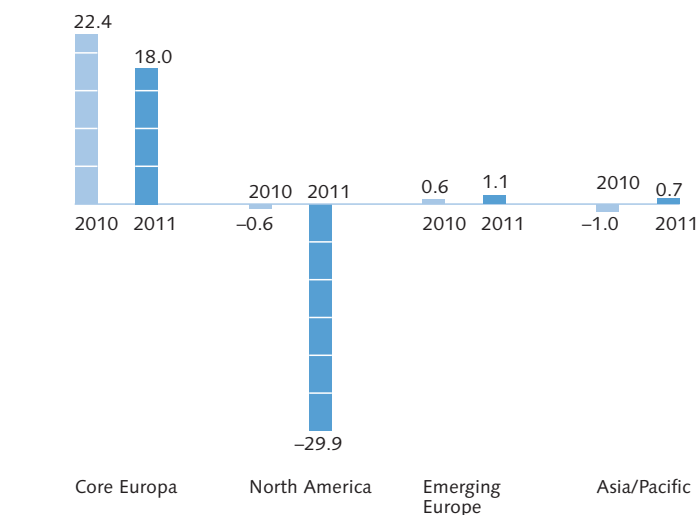
New segment reporting since 2011: »Core Europe«, »Emerging Europe«, »North America«, »Asia/Pacific«

In connection with reorganizing the internal management system of the Group, the segment reporting was changed in the first quarter of 2011 to include the segments »Core Europe«, »Emerging Europe«, »North America« and »Asia/Pacific«. In the »Core Europe« segment, the activities of the WashTec Group in North and Western Europe are consolidated. This segment therefore contains what was previous the »DACH« area (Germany, Austria, Switzerland) as well as the European part of the »RoW« area (rest of world) and the chemicals and operations business (the »Other« area) within that segment. The »Emerging Europe« segment corresponds to the previous area known as »CEE« (Central and Eastern Europe), whereas the segment in »North America« includes the activities in the United States and Canada, which had been previously reported under the »RoW« area. The »Asia/Pacific« area reflects primarily the business development of the Australian subsidiary and the development in China.

Revenues by segments in 2011 and 2010 in €m



EBIT by segments in 2010 and 2011 in €m



*Market stabilization;
increasing competitive
intensity*

2.7.1 Core Europe

Key figures Core Europe

		2011	2010
Revenues	€m	244.5	233.3
EBIT	€m	18.0	22.4
EBIT margin	%	7.4	9.6
Employees		1,316	1,340

Market environment and competition

The number of vehicles has in the recent past developed in a stable manner in Core Europe. 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 customers has been very stable and predictable because such activity is dependent, for the most part, on weather.

The wash equipment market in Core Europe is by far the most developed car wash market in the world, with the highest proportion of installed car wash equipment, the most professional structure 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 station networks either themselves or through lessee-operators. Other clients are independent customers such as supermarket chains, individual operators, logistics companies or car dealerships. A review of the various customer groups reveals that some large oil companies have split from the petrol station networks which have instead been taken over by new, in some cases local, operating chains.

The competition is intense and is limited to only a few manufacturers that were able to successfully structure the consolidation in the last 20 years. The main European competitors are Otto Christ AG (Germany), Ceccato SPA (Italy) and Istobal SA (Spain). The most important markets

are dominated by the direct sales networks of the manufacturers and a direct manufacturer-tied service business. A portion of the sales and service is performed through dealers. Given the great significance of a wide-coverage service structure, 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 best established direct sales and service network as well as by far the largest installed base of over 20,000 roll-over car washes. With this wide-coverage basis, WashTec is very well-positioned in terms of professionalism and efficiency.

Prior to the financial and economic crisis, the market for car wash equipment was a stable replacement market that allowed all manufacturers and dealers in Northern and Western Europe to earn good results with low market growth. In the Company's opinion, the financial and economic crisis has since 2008 revealed a significant market decline and a transformation of the car wash equipment market, which exhibits the following aspects and features:

- Longer replacement cycles for car wash equipment, which are due to the longer service lives, have resulted in a lower market volume;
- Great pressure on dealer management has produced changes in strategy among scores of dealers (sales, abandonment, insolvency, assortment dissemination, refocus);
- The earnings situation among some manufacturers has declined significantly.

As a result of the greater competitive intensity, the Company believes that the average returns in the industry have likewise declined significantly since 2008. WashTec is assuming, however, that both the return and growth of the Company in Core Europe are significantly higher than the industry average.

In 2011, the markets in Core Europe generally developed in a stable to moderate manner, as had been expected. In this respect, individual regions such as Spain, Scandinavia and Great Britain remain substantially more affected, while the development in the larger markets such as Germany and France has been stable. The Company has seen increasingly aggressive pricing in those regions that have been particularly affected. The continued uncertainty among customers has also become manifest in investment behavior, as many capital expenditures and installations – for example – have been postponed. Hence, the Company has continued its structural measures to improve efficiency or has instituted other courses of action. Such actions have included, for example, changing the sales structures, modifying the service capacity to adapt to the lower demand and merging various administrative functions in Scandinavia. WashTec has thereby created the foundation to emerge more strongly from the current weak phase in the markets.

There is a risk that the market will over the mid-term settle in at its current lower level and that there might be other changes both for manufacturers and for dealers. The Company is also assuming that the market prices will continue to come under pressure. As in the past, WashTec is addressing this trend through innovations, professionalization and intelligent cost-cutting and efficiency projects.

Revenue development

WashTec was able to slightly increase its market share in Core Europe. Equipment sales in the region rose slightly thereby. It was also able to expand chemicals business as a consequence of acquiring AdeKema effective January 1, 2011 and the good weather in the second quarter. In the operations business, new locations and good weather conditions in the second quarter produced growth in the numbers of washes. Thus, total revenues in Core Europe were increased by € 11.2m to € 244.5m (prior year: € 233.3m). After adjusting for the acquisition effects, revenues equaled € 241.3m.

Revenues in Core Europe climb by € 11.2m to € 244.5m

Earnings development

The earnings in Core Europe were affected above all by increased personnel costs: the introduction of the Master Compensation Agreement (ERA), the regular scaled wage increase and the elimination of two hours from the work week after the supplemental collective bargaining agreement expired as of the end of 2010 have all adversely affected the result, specifically in production and service. In order to offset the cost increase and to further improve earnings in this segment, the Company has continued efficiency measures already commenced or has launched other courses of action. These courses of action include, for example, adjusting service capacities to match reduced demand, insourcing equipment servicing work from service providers and consolidating administrative functions in Scandinavia. The year 2011 also saw an initial, strong increase in the prices for raw materials. Towards the end of January, the price situation once again relaxed a bit on the commodities markets. The additional expansion of the international procurement (sourcing) activities is expected to compensate for the increased cost of materials.

EBIT, after adjusting for non-recurring effects specifically from restructuring and foreign exchange effects, equaled € 22.8m, thanks to the efficiency measures introduced and despite the negative overall conditions, and was slightly better than the prior year figure (prior year: € 22.7m) The adjusted EBIT equaled € 18.0m (prior year: € 22.4m).

2.7.2 Emerging Europe

Key figures Emerging Europe

		2011	2010
Revenues	€m	11.4	8.7
EBIT	€m	1.1	0.6
EBIT margin	%	9.6	6.9
Employees		4	5

Market environment and competition

The number of vehicles in the Emerging Europe segment (Central and Eastern Europe) has risen considerably. 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, the share for automated car washes once again rose in 2011. The sales and service structure in this region is based primarily on independent dealers. Only a few competitors have subsidiaries representing them in individual regions. The competitive situation in Central and Eastern Europe is largely similar to the structure prevailing in Northern and Western Europe.

Before the onset of the financial and economic crisis, WashTec was generating double digit growth figures in this segment. The financial and economic crisis impacted some of the countries of Central and Eastern Europe strongly and caused customers to change their strategy and postpone their investments in new car wash equipment. After stabilization in 2010, the market grew slightly again in 2011, and thanks to an improved sales structure, the Company has been able to return to the growth rates it enjoyed before the crisis.

WashTec is expecting that the market in the »Emerging Europe« segment will return to very favorable growth again in the future and plans to further strengthen the dealer network in Central and Eastern Europe and to expand its own presence and direct access to major customers in individual regions for example by setting up sales offices. In this context, a Company branch was formed in Poland in early 2012.

Revenue development

Starting from a low level, revenues in this segment have improved substantially, mostly due to solid equipment sales, and equaled € 11.4m as of December 31, 2011 (prior year: € 8.7m).

Revenues in Emerging Europe increase by € 2.7m to € 11.4m

Earnings development

As a result of the generally more favorable market development and the higher revenues, earnings in the »Emerging Europe« segment improved over last year from € 0.6m to € 1.1m.

Positive market development expected also in the future; growth potential for WashTec

2.7.3 North America

Key figures North America

		2011	2010
Revenues	€m	38.8	31.1
EBIT	€m	-29.9	-0.6
EBIT margin	%	-77.1	-1.9
Employees		247	219

Market environment and competition

The number of vehicles in North America has remained largely stable in the last few years. No significant changes are expected here in the future. The wash conduct of the end customers has also not changed significantly.

In the United States, most customers are independent, small or medium-size operators of petrol stations and individual operators of car wash equipment. As a result of the financial and economic crisis, the financing options of these customers have become considerably more difficult to use and remain very limited. On the one hand, this has led to longer operating life of the equipment and, on the other hand, caused a possible reduction in the number of installed machines, a fact ultimately reflected in the sales figures. By contrast, larger customers with a supra-regional scale are making investments to expand their petrol station networks and renew car wash equipment.

In comparison to Europe, the car wash equipment market in North America is highly fragmented and is characterized by a number of manufacturers that work with different sales structures (dealers and direct sales). The percentage of sales carried out through dealers is considerably higher than in Europe. The leader in this market is Ryko Solutions

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

Inc., a local manufacturer which works the market for the most part using its own sales and service teams. There are also manufacturers which have strictly dealer sales structures and those with mixed sales structures. 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 – according to its own research – the third place in Northern America. The other biggest competitors in the North American market are PDQ Manufacturing Inc., Belanger Inc. and SONNY'S Enterprises Inc. The Company believes that since the market size relative to the number of suppliers in it is too small, the supplier market is likely to consolidate.

Already at the end of 2007, the financial and economic crisis in the United States began having an impact on business development. Then in 2008, it significantly reduced the financing opportunities for American customers. Investments and capital expenditures were either cancelled or postponed. Due to the financial and economic crisis, the service lives of the equipment rose substantially and led to a reduction in the unit sales figures. The decline of the US market has been since estimated at almost 40%.

The market pressure led to significant changes among the dealers, including insolvency, sale or multiple brand distribution. During this period marked by the crisis, WashTec was able to maintain its 2008 and 2009 revenues by expanding its direct sales and service network. In 2010, the market for car wash equipment in the United States stabilized at a lower level. Major supra-regional customers continued to invest in expanding their petrol station networks and in renewing their car wash equipment.

WashTec has reacted to the changed market situation by implementing permanent cost reduction programs and by adjusting its employee numbers in the direct and indirect segments.

In the first half of 2011 and despite the continued difficult market environment in the United States, WashTec expanded its regional presence in California and Florida after it had acquired some major orders there. The implementation of the major order in Canada has still not met the Company's expectations. The assumption had been, however, that this development would be temporary. In the second half of the year following a change in management, substantial operating weaknesses were discovered, which were revealed only too late due to false book entries. As part of an emergency program instituted at the end of 2011, substantial cost reductions were and continue to be realized. Furthermore, the Company expects a narrowing and focussing of its activities. The prospects of strategic alliances are currently under review.

Additional details about the current condition and historical development in the North American market can be found in the separate »Special Report North America«, which is included in this Annual Report.

Revenue development

Revenues in North America totaled € 38.8m and were therefore clearly higher than in the same period of the previous year (prior year: € 31.1m). Although equipment revenues in this segment met expectations, the service and chemical revenues trailed expectations due to weather-related weak wash numbers. In US dollar terms, the regional revenues equaled USD 54.3m (prior year: USD 41.1m).

Revenues in North America increased by € 7.7m to € 38.8m

Earnings development

Unexpected operating losses, which were incurred above all in connection with implementing the major order in Canada and the substantial decline in the equipment margins in the United States, lowered earnings in this segment substantially in 2011. The losses also meant that the Company's goodwill and other intangible assets with a net book value of € 19.1m had to be written down in connection with an impairment test. Added hereto are provisions totaling € 5.1m. Thus, despite strong revenue growth in this segment, the Company reported significant negative result of € -29.9m (prior year: € -0.6m) as of the end of the year. The EBIT – after adjusting for the non-recurring effects of the emergency program initiated at the end of the year and the write-down of goodwill and other assets – equaled € -5.6m (prior year: € -1.1m).

2.7.4 Asia/Pacific

Key figures Asia/Pacific

		2011	2010
Revenues	€m	11.7	7.3
EBIT	€m	0.7	-1.0
EBIT margin	%	6.0	-13.7
Employees		45	44

Market environment and competition:

A significant part of this segment is the Chinese market, which 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 washes. Since this approach cannot completely serve the tremendous leap in demand for car washes, there will be a transition to automated car washes in the future.

Until now, the competition in this market has been limited to a couple of Chinese and other Asian manufacturers with limited experience in the field of professional automated car washing. Since 2008, WashTec has had its own production and procurement site near Shanghai and has a sales partner for servicing major customers. At the end of 2010, the first sites were equipped with WashTec equipment as part of a pilot program for a local oil company. Even though this pilot program has yielded good results, WashTec does not expect any significant implementation of the project until the mid or long-term. Furthermore, the expansion of direct sales structures has begun and the local organization has been strengthened in order to help actively shape the important Chinese focus market. The expansion of structures has already yielded the first results: The first equipment has been sold in the car dealer and dealership segment. Even though there has been an increase in business involving all aspects of car washing – above all in China – such business both here and in other high growth regions of Asia are generally still in the development phase and will not produce any significant contributions to revenues and earnings until the mid-term.

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

First locations with WashTec equipment in China under a pilot program, which has yielded good results

On the Australian market, the American and European manufacturers are in direct competition with one another. After the acquisition of an insolvent dealer, WashTec has become the only manufacturer with its own presence in this market. All other competitors conduct their business locally through independent dealers. By virtue of this acquisition, WashTec has secured equipment sales in the region and has guaranteed its customers the service for their equipment.

In Japan and Korea, there are a number of dominant local manufacturers with a national focus. All of the European and the major US competitors have distributors in New Zealand.

The market in Australia, where until now most of the business in the »Asia/Pacific« segment was transacted, has developed and stabilized at a low level. More specifically, individual operators have remained reluctant to make investments or have postponed new installations.

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 structure 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.

Revenue development

Mostly as a result of the acquisition made last year in Australia, the revenues rose in 2011 from € 7.3m to € 11.7m.

Revenues in Asia/Pacific rose by € 4.4m to € 11.7m

Earnings development

Earnings in this segment equaled € 0.7m as of December 31, 2011 (prior year: € -1.0m). The EBIT, adjusted for non-recurring effects, improved over the prior year from € -0.8m to € 0.0m.

2.8 Net assets and financial position

2.8.1 Net assets

Condensed consolidated balance sheet

		2011	2010	2009
Non-current assets	€m	93.1	110.0	108.3
Receivables and other assets	€m	50.6	45.9	37.3
Inventories	€m	39.3	37.4	32.5
Deferred tax assets	€m	7.1	7.0	7.6
Cash and cash equivalents	€m	4.6	15.3	13.8
Other	€m	0.3	1.5	0.4
Equity	€m	75.2	94.4	85.6
Provisions (incl. income taxes)	€m	32.5	22.3	21.0
Liabilities	€m	73.9	85.6	83.7
of which trade payables	€m	9.9	9.5	3.4
Deferred revenues	€m	10.4	10.2	9.6
Deferred tax liabilities	€m	3.0	4.6	0.0
Balance sheet total	€m	195.0	217.1	199.9

Balance sheet total declined to € 195.0m

The **balance sheet total** declined from € 217.1m to € 195.0m.

2.8.1.1 Assets

The WashTec Group's **non-current assets** include goodwill totaling € 42.3m (prior year: € 58.2m). Management subjects the capitalized goodwill to an annual impairment test. The test is based on a mid-term forecast for the period 2012 to 2014 at the Group level. Given the current situation in North America, the respective capitalized goodwill was completely written off in the amount of € 16.4m. No need for a write-down of any other goodwill in accordance with IAS 36 can be currently identified. Non-current assets also include other items such as »real properties and buildings« (€ 18.9m), »technical equipment and ma-

chines« (€ 14.8m) and »intangible assets (excluding goodwill)« (€ 9.3m). Management also subjected the intangible assets to write-downs in connection with the North American activities in the amount of € 2.7m.

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. No need for any write downs can be currently identified.

Receivables and other assets rose from € 45.9m to € 50.6m mainly as a consequence of higher revenues in the last two months of 2011 and acquisitions that had been made. The term of receivables increased slightly from 47 days to 51 days.

WashTec AG's receivables as defined under HGB accounting principles equaled € 8.0m (prior year: € 8.5m) and resulted primarily from general inter-company setoffs among the affiliated enterprises and from profit (loss) transfer agreements.

Inventories rose from € 37.4m to € 39.3m due to the expansion and commencement of the Group's activities in the Czech Republic, China and Canada.

Deferred tax assets equaled € 7.1m and resulted from timing differences (€ 3.8m) and deferred tax assets based on loss carry forwards (€ 3.3m).

As of the balance sheet date, **cash and cash equivalents** had declined from € 15.3m to € 4.6m, primarily due to the repayment of loans as part of the modified financing structure and the dividend payment.

2.8.1.2 Liabilities and equity

Equity decreased from € 94.4m to € 75.2m as a result of the losses. Based on the income and expenses which must be reported under equity pursuant to IFRS (see Statement of Changes in Equity), the change

Equity ratio at 38.6%

in equity does not correspond to the results for the period. The equity ratio fell to 38.6% (prior year: 43.5%).

WashTec AG had equity (as defined by the HGB) of € 134.9m (prior year € 135.6m). This yields an equity ratio of 98.9% (prior year: 99.1%).

Compared to December 31, 2010, **bank debt** declined from € 32.7m to € 21.2m specifically due to the changed financing structure and the related active cash management.

Net bank debt (long-term and short-term bank debt less bank credit balances) was € 16.6m and therefore less than the prior year (€ 17.4m).

Net finance debt (net bank debt plus long-term and short-term finance leasing debt) was € 24.4m and therefore € 2.2m below the prior year (€ 26.6m).

Trade payables rose from € 9.5m to € 9.9m as of the balance sheet date.

The **deferred tax liabilities** were € 1.6m less than they were at the end of 2010, equaling € 3.0m as of the December 31, 2011 (prior year: € 4.6m).

The **gearing** – defined as the quotient of the net financial debt to equity – rose by virtue of the decline in equity to 0.32 (prior year: 0.28).

Provisions (incl. income tax liabilities) consisted primarily of provisions made for personnel, phased retirement obligations, warranties and buy back obligations. As of the balance sheet date, this item equaled € 32.5m (prior year: € 22.3m). This item also includes the anticipated expenses of € 6.7m in connection with the restructuring and cost reduction programs in Core Europe and North America.

The provisions of WashTec AG under the accounting rules of the HGB equaled € 0.8m (prior year: € 0.6m) and were set aside primarily for legal and consulting costs, chartered accounting costs and supervisory board compensation.

2.8.2 Financial position

Principles and goals of financial management

The negotiations, which had commenced in 2010 about the follow-up financing for the syndicated loan expiring in July 2011, were successfully concluded in the second quarter of 2011. The existing syndicated loan was replaced as of May 31, 2011 with a revolving credit facility with a term ending December 31, 2014 and a working capital and an aval guarantee credit line totaling € 45m. Thus, going forward, the Company has adequate funding available under standard market conditions to conduct its business activities and pursue its strategy.

Gearing climbs to 0.32

As part of the centralized financial management, the companies within 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, the variable interest rate is hedged through the use of interest rate swaps. For the swaps, various interest rates – which depend on the durational term of the liability – are set, ranging between 2.115% and 2.58%. As of December 31, 2011, the Group had a credit line totaling € 47.1m. The credit line, which was not utilized but which could be deployed for future operations and for discharging obligations, equaled € 20.3m as of the balance sheet date. The subsidiary WashTec Carwash Operations GmbH finances its equipment investments using sale and leaseback transactions.

	Target value per loan agreement (financial covenants)	Value 2011	Value 2010
EBITDA Gearing ratio	< 2.5	1.3	0.9
Equity ratio	> 35%	38.6%	43.5%

The **EBITDA gearing ratio** (net financial debt/EBITDA) equaled 1.3 as of the end of the year (prior year: 0.9).

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

Cash flow statement

in €m	2011	2010	Change
Earnings before taxes	-11.8	18.6	-163.4%
Change in cash from operating activities	17.2	29.1	-40.9%
Change in cash from investing activities	-8.8	-10.0	12.0%
Free cash flow	8.4	19.1	-56.0%
Change in cash from financing activities	-20.3	-15.5	31.0%
Net change in cash and cash equivalents	-11.9	3.5	-440.0%
Cash and cash equivalents as of December 31	2.6	15.2	-82.9%

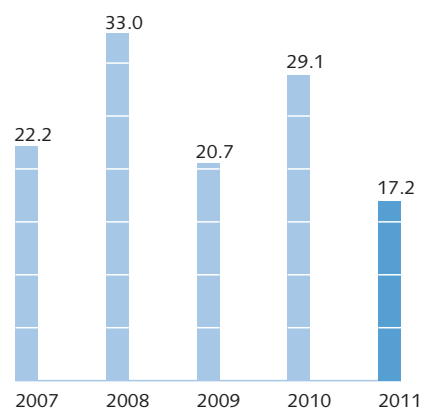
Cash inflow from operating activities (net cash flow) fell to € 17.2m (prior year: € 29.1m). This decline was caused by, among other things, the fewer advance payments received pursuant to the modified customer strategy and by the provisions made for the restructuring. It should also be remembered that at the end of 2009, the Company had repaid many trade payables early (in order to exploit the quick payment discount, among other things). This had led to unusually high cash flow in 2010.

The **net current assets** (trade receivables + inventory – trade payables) rose from € 68.2m to € 75.5m, a rise attributable mostly to the substantial growth. The ratio of net current assets to revenues increased slightly to 0.26 (prior year: 0.25).

Net cash flow at € 17.2m

Net cash outflow from investing activities equaled € 8.8m in fiscal year 2011 (prior year: € 10.0m) and was due primarily to the investments made in manufacturing sites in the Czech Republic and in information technology.

Net cash flow in €m



Free cash flow (net cash flow less cash outflow from investing activities) equaled € 8.4m (prior year: € 19.1m).

Cash outflow from financing activities equaled € 20.3m (prior year: € 15.5m). The cash outflow in 2011 included a dividend payment, interest payments, the repayment of loans as well as the repayment of the long-term finance lease liabilities.

Cash and cash equivalents as of the balance sheet date dropped by € 12.6m to € 2.6m as of the balance sheet date, December 31, 2011. The Company was at all times in a position to meet its payment obligations.

Investments and write-downs

The focus of the Company's investments was on investments in the manufacturing sites in the Czech Republic, new product development and acquisitions. In the prior year, the Company had invested above all in product development, replacement investments and in the commencement of the Group's own activities in Australia and Canada.

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 2012 through 2014 at the Group level.

Focus of investments in 2011:

- Investments in manufacturing in Czech Republic
- Acquisitions
- New product development

3

Miscellaneous

3.1 Employees

Compared to the staffing status on December 31, 2010, the number of employees increased by 12 to 1,651, mostly because of the acquisitions and the expansion of the sourcing activities in the Czech Republic and China. After adjusting for the acquisitions and the sourcing measures, the number of employees actually declined by 34 on a year-to-year comparison.

Number of employees

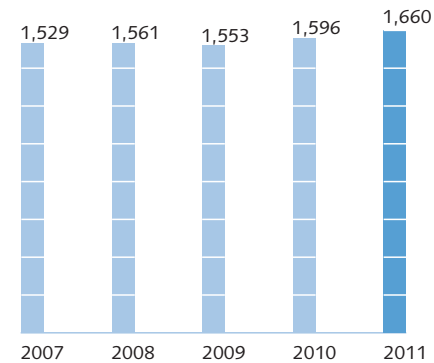
	Dec 31, 2011	Dec 31, 2010	Change
Sales and Service	1,006	1,004	2
Production, Technology and Development	473	480	-7
Finance and Administration	172	155	17
Total	1,651	1,639	12

Number of employees increased to 1,651

In Germany, the WashTec Group is subject to the collective wage agreements with the trade union, IG Metall. In January 2011, WashTec also implemented the Compensation Master Agreement (Entgelt-Rahmenabkommen or ERA).

WashTec's employees are a significant foundation 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, which is 1.6% (prior year: 0.9%), as well as in the long average period of service, which is 16.5 years (prior year: 17.0 years). All executive employees have contracts with fixed and variable remuneration components. The variable remuneration components are linked to the achievement of Group operating targets and to individually agreed objectives.

Average number of employees by year



3.2 Quality and environmental management

High-quality products provide the basis for WashTec's technological leadership on the market. Quality, safety and environmental protection are key components of WashTec's corporate philosophy. The Company has an extensive management system for quality, the environment, health and safety protection, which is audited at regular intervals by the German Technical Control Association (TÜV). WashTec thus meets the requirements of internationally recognized standards and is DIN ISO 9001, 14001 and SCC (Safety Certificate Contractors) certified.

WashTec offers water reclaim systems for all car wash equipment, which ensures environmentally-friendly car washes. In this way, the amount of fresh water used by a roll-over car wash can be reduced to 14–30 liters per wash. The AUWA product program is superbly harmonized with all water reclaim systems and also supports in this way 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 regarding our sustainability can be found in the sustainability report.

3.3 Research and development

WashTec is the leader in innovation

WashTec is the leader in innovation and has once again evidenced this in 2011. For example in October 2011, WashTec presented the newest innovations and trends for economical and environmentally-friendly car washing at the Equip Auto in Paris. During this important trade fair, WashTec's filter concept, AquaX², earned the prize for innovation for its low energy consumption. The AquaX² technology, which allows a non-chemical reclamation of used water, reduces energy consumption by more than 70% through its new control technology.

2012 will be WashTec's year of innovation after it had already set the foundation for it during the previous year with intensive development work. To this end, innovations are expected to be brought to market on a regular basis in the first half of the year. Numerous innovations are also expected to be presented at the automechanika trade fair in Frankfurt am Main later in the year.

The range of products should be continuously enhanced by innovations

The research and development activities of the WashTec Group are aimed at continuously enhancing the existing range of products through innovation and at catering to the individual design and program requirements of customers in a timely and effective way. In this respect, the added benefits for operators and end customers are always the focus. The development also strives, above all, to preserve natural resources, accelerate throughput times, effectively handle the vehicle in a manner that protects the car paint, adjust the wash equipment to the ever-evolving vehicle forms and contours, provide greater availability

of equipment and meet customer demands for more user-friendly car washing. Also becoming more and more important is the collaborative work with the automobile industry; a collaboration that seeks to identify as early as possible new vehicle forms, materials and surface qualities. WashTec is currently pursuing an extensive dialogue with the industry.

WashTec can also rely on the ideas and experience of its employees: A technological product team, including experts from Germany and abroad, is responsible for developing new technological solutions and concepts. As a whole, more than 50 employees work in research and development at WashTec's headquarters in Augsburg.

The continuous improvement and further development of the products, specifically with respect to the improvement of the wash and drying results as well as the increase in the efficiency of the equipment with respect to the consumption of resources, secures a significant competitive advantage for WashTec.

WashTec attaches great importance to the protection of its innovations through the use of patents. The WashTec group is the holder of more than 700 patents. The core concept of the WashTec Group's patent strategy is to safeguard innovations that provide WashTec with unique selling points.

In 2011, the capitalized development costs of the Group totaled € 1.4m (prior year: € 1.5m). Added to that are the costs which could not be capitalized totaling € 0.5m (prior year € 0.4m).

Multi-year comparison of capitalized development costs/ development expenses

in €m	2011	2010	2009
Capitalized costs	1.4	1.5	0.7
Expenses	0.5	0.4	0.6
Total costs	1.9	1.9	1.3

4

Supplementary report

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

5

Opportunities and risk management

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 risks in a controlled manner, the Company's main business processes are subject to an internal management and monitoring system that is designed to identify risks at an early stage and to implement the necessary countermeasures in a timely manner.

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

WashTec has instituted a multi-stage system for identifying and monitoring all risks that threaten the Company's ability to continue as a going concern. The aim of this system is to identify risks, which are posed by future events, by using short- and mid-term forecasts (24 months), and to take the appropriate steps for launching suitable countermeasures as part of a structured approach.

Multi-stage system for identifying and monitoring risks

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 risk assessment surveys, 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. By adding together all individual risk potentials, the total risk situation for the Group is presented. 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 risk monitoring yielded no risks that threatened the existence of the Group.

Monitoring and management system

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

- Extended management board meetings
- Management meetings
- Annual planning
- Ongoing forecast calculations
- Monthly and quarterly reporting
- Strategic and Technical Product Committee
- Strategic marketing group
- Investment planning
- Production and capacity planning
- Internal audits
- Debtor management
- Insurance policies

- Risk officer
- Compliance officer
- Purchasing and supply management
- Personal planning and development
- Committee systems and procedures

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

Internal control system for the accounting process (IKR)

The IKR covers the principles, procedures and actions for ensuring the effectiveness and economic feasibility of the accounting, the propriety of the accounting and the compliance with the applicable legal requirements. The objective of WashTec's IKR is to ensure that reliability of financial reporting and the published annual financial statements is secured. Group-wide guidelines for accounting and measurement are intended to ensure conformity and consistency of the accounting in the WashTec Group. New provisions and changes to existing rules regarding accounting are examined in a timely manner with respect to their impact on the WashTec Group. WashTec has an extensively standardized structure for weekly, monthly and quarterly reporting, which reflects the applicable policies in a both timely and updated manner. The financial statements of the Group companies are analyzed internally in the Group on a monthly basis using Group-wide budgeting and reporting tools. During the integration of newly acquired companies, the Company examines whether the IKR of the acquired company matches the standards of the WashTec Group.

All procedures and companies are evaluated according to their potential and previously identified risks and reviewed by the Internal Audit Department, which reports directly to the management board. These reviews are carried out continuously throughout the entire year. Within the business divisions themselves, the control measures are regularly performed, usually by the Controlling Department. The tools and instruments used here are described below.

There were no changes made in the internal control system between the balance sheet date and the day on which the management report was prepared.

Report on opportunities and risks

As of the balance sheet date (December 31, 2011), the following opportunities and risks persist, that could have a material effect on the WashTec Group's further development. Risks are possible future developments or events, which could lead to projections or target variances that are negative for the Company. 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. The risk is causally linked to a peril. There were no material changes to the risk structure compared to the prior year. 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.

Financial and economic crisis

Risks

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

Opportunities

The financial and economic crisis could also provide WashTec with an opportunity to expand its innovation and market leadership as a consequence of increasing consolidation pressure. 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.

Climate and environmental influences

Risks

Climate changes, increasing congestions on roads, high fuel costs and bans on inner-city driving together with road tolls and greater environmental awareness could result in fewer vehicles on the road in an effort to protect the environment. Such a trend could diminish car wash activity and, accordingly, reduce investments made in car wash equipment. Likewise, laws and regulations, such as the ban on the operation of car wash facilities on Sundays and public holidays, could have an adverse effect on wash behavior.

Opportunities

The fact that fresh water as a resource is becoming scarcer and more costly could result in an increase in automatic 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 car wash equipments without water reclaim systems. If the stricter legislation being enacted 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.

Establishment of new sales and service organizations, restructuring and product development

Risks

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

In connection with restructuring the sales and service organization or the current strategic reorientation of business activities in North America, the Group may incur additional financial costs, which could significantly lower the company's earnings and therefore adversely affect the financial covenants or trigger a renegotiation or termination of the loan agreement.

Opportunities

A favorable start-up and successful integration of any acquired sales and service organizations could improve the WashTec Group's market position and earnings. The successful expansion of the product range, combined with the launch of new products and more extensive market penetration, could increase the Company's market share and improve its profits.

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 for WashTec.

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

WashTec has installed a systematic and intensive 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 development and will, if needed, react to any changes in a timely manner.

Opportunities

The financial and economic crisis provides WashTec with the opportunity to expand its dominant 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.

Investments

Decisions to make investments require, among other things, the making of assumptions and estimates about future developments and trends. The evaluation of risks and opportunities plays a decisive role when reviewing potential investments.

Risks

This entails the risk that the assumptions or estimates 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. WashTec plans to support the signature rule for maintaining the so-called »4-eyes-principle« (second set of eyes principle) through the workflow system which is currently implemented only in Germany. 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 improve earnings or the cost situation.

Innovations

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, such as the development of car paint designed to repel dirt particles with a »lotus effect«, may permanently impact the demand for WashTec products. WashTec's R&D department is constantly monitoring new developments in car paints. We currently do not anticipate any sustained impact on the car wash business in the short- or 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.

Quality and process 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. 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.

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.

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 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.

Takeover risks

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

Financial risks

A banking syndicate has made available – in major parts – loans and other local credit lines amounting to € 47.1m until December 2014. 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. A further aggravation of the financial and economic crisis might make it more difficult to satisfy certain financial ratios which, in turn, could have a direct adverse effect on the Company's financing situation.

Exchange rate 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 or are already described under the section »Financial Risks«.

Liquidity risks

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

There is a potential liquidity risk when there might not be adequate cash to discharge the financial obligations as they fall due.

Credit risks

The Group enters into transactions with creditworthy third parties only. In order to keep the del credere risk as low as possible – if the customer does not have a first-rate credit rating – order acceptances are subject to controls. For new regional customers, the Company requests evidence of credit standing or financing. 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.

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 three years.

Overview of corporate risks

Identified risks are assessed with respect to the likelihood of their occurrence and their potential financial impact. In order to depict the aggregated likelihood for the various risk categories, the following table uses three categories: »high«, »medium« and »low«.

	Likelihood of occurrence	Possible financial impact
Financial and economic crisis	low	medium
Climate and environmental influences	medium	medium
Establishment of new sales and service organization/restructuring/product development	medium	medium
Customer, competition and market	low	low
Investments	low	low
Innovations	low	low
Quality and process risks	medium	medium
Supplier risks	low	low
Capacity risks	medium	medium
Takeover risks	medium	medium
Financial risks	low	medium
Exchange rate risks	medium	low
Liquidity risks	low	medium
Credit risks	medium	medium
Tax risks	low	medium

Total risk assessment

The total risk situation of the WashTec Group remains manageable. Given the good balance sheet structure, no material financial risks are currently identifiable which could adversely affect WashTec. On the basis of the information, which currently exists and is predictable for the foreseeable future, the Company's management believes that is no single risk, either currently or in the foreseeable future, which could threaten the Company's existence. The total risk assessment of all single risks does not reveal any threat regarding the continued existence of the WashTec Group.

Outlook

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

6.1 Business policy and strategy

In 2012 and subsequent years, WashTec will continue to adhere to its fundamental business policy and strategy of at least maintaining or further expanding its market and technology leadership in the car wash industry. This is dependent on the economic environment. However, in view of its strong market position, good balance sheet structure and globally unique sales and service network, the Company sees itself as better positioned than most of its competitors. The future strategic direction of the WashTec Group, i.e. the development of innovation and greater internationalization and professionalization, will play a key role in this. Accordingly, there are opportunities to further expand market shares in a number of regions. The profitability of the WashTec Group should continue to increase in coming years through this new direction and through a constant improvement in cost efficiency, in order to thereby generate a high cash flow.

6.2 Sales markets and products

The market drivers of the WashTec business will also persist in 2012, but in view of the uncertain general economic conditions, they may have less of an impact on the development of the operational business than is expected for the medium to long-term:

- Economy: Increase in the number of newly registered vehicles and labor costs, rising per capita income
- Technology/convenience: Increasing demands with respect to speed, convenience and quality of the wash
- Environmental issues: More stringent requirements and implementation of environmental laws and regulations – fresh water as a limited resource

Over the long-term, the greatest area of potential for the WashTec Group is in the Asia business, 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 car washing, currently a nonstarter in this region, will increase 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.

The WashTec product range is successfully established in more than 60 countries worldwide and will continue to comprise 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. In addition to maintenance of the equipment, this also includes operator models and the brokering of financing for the equipment. The sale of roll-over wash equipment and the related service are the Company's major revenue drivers.

6.3 General economic conditions

Global growth 2012 on shaky ground

Since mid-2011, economic experts have been revising their forecasts for the world economy in 2012 significantly downward. According to the Organisation for Economic Co-operation and Development (OECD), the uncertainties from the global financial crisis will affect the real economy. Thus, the Organisation is forecasting growth of only 1.6% for its more than 30 member states. The driving forces behind this rise are once again the developing countries and emerging markets. Growth of 8.5% is forecast for China. In contrast, the industrialized countries are very adversely affected by the financial crisis. Thus, the economy of the eurozone may expand only marginally by 0.2%. Several member states are even anticipated to have a shrinking national product. Thanks to fiscal support in an election year, the US can hope for growth of 2.0%. On the heels the catastrophe-induced slump in 2011, Japan's national economy could also grow by 2.0% in the coming year.

There is great uncertainty in the specified forecasts according to the experts since there is no solution on the horizon for the global debt problems in many industrialized nations. Accordingly, many national economies are not ruling out the possibility that a continued worsening of the financial and economic crisis and a concurrent potential slowdown in China's economic dynamics could cause the global economy to slide into recession.

6.4 WashTec business development

2012 in light of Company's realignment

Due to the current lack of clarity in the overall development in the markets and the special situation in North America, any forecast for 2012 is marked by considerable uncertainty.

The management board is aware that risks exist in light of this, which could have a significant influence on the forecasted revenue and earnings development. The management board therefore continuously follows ongoing developments, particularly in the eurozone, in order to be able to react quickly and effectively - with further cost reduction measures if necessary - in the event of signs of a continued worsening of the economic situation. Furthermore, it is the goal of the management board to find a strategic solution for the North American region and to implement the newly introduced strategic redirection of the Company and continue to improve operating profitability.

In 2012 WashTec will examine all operations and activities of the Group in terms of contribution to earnings and potential for optimization. There are no current plans for further expansion through acquisitions. 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. Future-oriented projects will not be abandoned despite any consolidation of the business. In this context, the focus in Core Europe will be on replacement investments, while an increasing volume of capital expenditure is expected in Emerging Europe and Asia/Pacific (especially China). Market opportunities should be developed here for example through the gradual expansion of sales structures and the further strengthening of the local organizations. The overall capital expenditure volume for the next two fiscal years is expected to be around the same amount as capital investment in fiscal

year 2011. Furthermore, in the coming years, we expect employee numbers to remain stable or decline slightly.

Due to cost transfers, WashTec AG expects stable revenue development for 2012 and 2013 and thus also continued positive operating results. Results in the future will continue to be dependent 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 come out of a difficult market situation strengthened.

The Company, as a whole, is projecting the following regional developments for 2012:

- **Core Europe:** From the Company's perspective, the market in Core Europe will remain difficult in 2012 as well. The continuing financial and economic crisis as well as the increasing competition and ongoing pricing pressure will affect revenue and margin growth. A normalization of competitive intensity is assumed to occur only in the medium-term. Thus, in this region, the Company assumes only a slight revenue growth of 1–3%. The efficiency and optimization measures that have been introduced will help to absorb the cost increases expected due to collective wage increases in the personnel department. In summary, it is assumed that with stable market development and moderate collective wage increases, there will be stable to slightly positive results in Core Europe. Large collective wage increases would pose an additional risk to earnings.
- **North America:** There are no indications at present for any recovery of the US market. WashTec's efforts in this region will be concentrated very much on improving performance through the cost cutting program that was launched and through the redirection of the business, for example through strategic alliances. Thus, it is hoped that even with declining revenues of 3–7% due to the normalization of the major customer order in Canada, operating losses can be reduced significantly by 50–70%. However, in the context of the strategic redirection, additional, largely non cash-effective non-recurring expenses may be incurred.
- **Emerging Europe:** The Company expects that the market in Emerging Europe will also continue to grow in 2012. Thus, in connection with the increased sales activities and the expansion of local presence, double-digit revenue growth is expected in this region in 2012 as well – starting from a lower base – and corresponding development of earnings.
- **Asia/Pacific:** Following the successful integration of the former Australian dealer after the acquisition in 2010, the Company is expecting stable market development in this region for 2012. This should become apparent through a slight improvement in revenue and earnings. The activities in China are still in the development phase. Even though the first positive signs from this market can be observed through successful pilot tests for large oil companies and the expansion of the sales network to the car dealers, the Company does not assume that this will lead to any noteworthy contribution to revenue and earnings in 2012. Rather, WashTec will also invest this year in the expansion of our direct sales activities and structures. Nevertheless, in the medium to long-term, sustained growth opportunities for WashTec are expected through the great increase in the number of cars in this region.

in €m	2011	Targets 2012	Medium to long-term goals
Revenues	293.3	↻	Growth 4–7% p. a.
EBIT	–10.2	⬆	Growth 4–7% p. a.
Consolidated net income	–14.5	⬆	Growth 4–7% p. a.
Key projects	Implementation of efficiency measures	Strategic solution North America	Continuation of the new strategy
		Implementation of the new strategy	Above-average growth in Emerging Markets

At present, it is assumed that the North American business will be continued and the restructuring program will be implemented. On this basis, WashTec is aiming for a slight revenue growth of 1–2% for the entire Group in 2012 with a significant increase in the adjusted earnings. Further special charges through potential strategic alliances in North America cannot be excluded at present. In the medium to long-term, implementation of the agreed strategy is expected to lead to a sustained growth rate with a 4–7% increase in revenues and earnings each year.

WashTec will also continue to focus on optimizing the working capital and on effective financial management. The negotiations concerning the follow-up financing for the syndicated loan which was due for repayment in July 2011 were successfully concluded in the second quarter of 2011. The existing syndicated loan was replaced by a revolving credit facility with a term until December 31, 2014. The Company therefore also has sufficient funds available in the future at standard market terms for its business operations and the continuation of the strategy. Key financial covenants, which were agreed to in the context of refinancing the Company, are an EBITDA gearing ratio of under 2.5 and an equity ratio of over 35%. In its outlook, the management board assumes that these key figures will also be met in the future.

Augsburg, February 22, 2012



Thorsten Krüger
Spokesman of the
Management Board



Houman Khorram
Member of the Management Board





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Consolidated Income Statement

		Jan 1 to Dec 31, 2011	Jan 1 to Dec 31, 2010
	Notes	€	€
Revenue	7	293,262,274	268,414,149
Other operating income	8	4,836,273	5,281,047
Capitalized development costs		1,383,577	1,481,375
Change in inventories of work in progress		493,059	-138,080
Total		299,975,183	275,038,491
Cost of materials			
Cost of raw materials, consumables and supplies and of purchased material		105,955,214	88,645,065
Cost of purchased services		21,447,364	20,607,302
		127,402,577	109,252,367
Personnel expenses	9	104,474,580	92,784,554
Amortization, depreciation and impairment of tangible and intangible assets		29,527,743	9,565,236
Other operation expenses	10	47,944,912	42,355,126
Other taxes		854,811	741,804
Total operating expenses		310,204,623	254,699,087
EBIT		-10,229,440	20,339,404
Other interest and similar income		172,986	109,354
Interest and similar expenses		1,724,797	1,868,496
Financial result	11	-1,551,811	-1,759,142
Result from ordinary activities/EBT		-11,781,251	18,580,262
Income taxes	12	-2,735,009	-7,803,765
Profit transfer		0	0
Consolidated profit for the period		-14,516,260	10,776,497
Profit carried forward		20,011,831	10,912,570
Dividend payout		-4,332,861	-1,677,236
Consolidated accumulated profit		1,162,710	20,011,831
Average number of shares		13,976,970	13,976,970
Earnings per share (basic = diluted)	13	-1.04	0.77

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 2011. Rounding differences may occur.

Statement of Comprehensive Income

	2011	2010
	€k	€k
Results after taxes	-14,516	10,776
Changes in the fair value of financial instruments used for hedging purposes recognized under equity	-506	-491
Adjustment item for the currency translation of foreign subsidiaries and currency changes	-75	323
Exchange differences on net investments in subsidiaries	339	-124
Actuarial gains/losses from defined benefit obligations and similar obligations	-238	-288
Deferred taxes on changes in value taken directly to equity	124	282
Valuation gains/losses recognized directly in equity	-355	-298
Total income and expense and valuation in gains/losses recognized directly in equity	-14,871	10,478

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 2011. Rounding differences may occur.

Consolidated Balance Sheet – Assets

		Dec 31, 2011	Dec 31, 2010
	Notes	€	€
Non-current assets			
Property, plant and equipment	15	41,459,574	41,920,722
Goodwill	16	42,313,523	58,192,039
Intangible assets	16	9,319,436	9,862,248
Trade receivables	20	823,860	387,967
Tax receivables	19	200,501	252,817
Other assets	21	277,271	39,793
Deferred tax assets	17	7,140,268	7,015,377
Total non-current assets		101,534,433	117,670,963
Current assets			
Inventories	18	39,273,936	37,378,273
Trade receivables	20	46,158,532	39,934,929
Tax receivables	19	69,887	1,210,691
Other assets	21	3,365,306	5,584,162
Cash and bank balances	22	4,602,593	15,304,363
Total current assets		93,470,254	99,412,418
Total assets		195,004,687	217,083,381

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 2011. Rounding differences may occur.

Consolidated Balance Sheet – Equity and Liabilities

		Dec 31, 2011	Dec 31, 2010
	Notes	€	€
Equity			
Subscribed Capital	23	40,000,000	40,000,000
<i>Contingent capital</i>	23	12,000,000	12,000,000
Capital reserves	24	36,463,441	36,463,441
Other reserves and exchange rate effects	26	-2,471,897	-2,116,221
Profit carryforward		15,678,970	9,235,334
Consolidated profit for the period		-14,516,260	10,776,497
		75,154,254	94,359,051
Non-current liabilities			
Interest-bearing loans	29	18,953,013	276,582
Finance leasing liabilities	30	5,251,755	6,617,302
Provisions for pensions	27	7,307,188	7,013,238
Trade payables	31	0	47,000
Other non-current provisions	28	5,003,177	3,693,291
Other non-current liabilities	31	1,808,373	1,540,501
Deferred Income	32	860,671	698,988
Deferred tax liabilities	17	2,998,024	4,551,105
Total non-current liabilities		42,182,201	24,438,007
Current liabilities			
Interest-bearing loans	29	2,294,388	32,427,648
Finance leasing liabilities	30	2,499,054	2,560,143
Prepayments on orders	31	4,175,186	7,968,064
Trade payables	31	9,940,581	9,478,523
Other liabilities for taxes and levies	31	4,207,868	3,321,152
Other liabilities for social security	31	901,168	815,887
Tax provisions		4,264,330	1,711,785
Other current liabilities	31	23,935,498	20,631,733
Other current provisions	28	15,920,176	9,884,854
Deferred Income	32	9,529,983	9,486,534
Total current liabilities		77,668,232	98,286,323
Total equity and liabilities		195,004,687	217,083,381

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 2011. Rounding differences may occur.

Consolidated Cash Flow Statement

	2011	2010
Notes	€k	€k
EBT	-11,781	18,580
Adjustments to reconcile profit before tax to net cash flows		
Amortization, depreciation and impairment of non-current assets	29,528	9,565
Gain/loss from disposals of non-current assets	-112	-182
Other gains/losses	-155	2,483
Interest income	-173	-109
Interest expense	1,725	1,868
Movements in provisions	7,189	-922
<i>Changes in net working capital:</i>		
Increase/decrease in trade receivables	-6,916	-3,996
Increase/decrease in inventories	-1,375	-2,810
Increase/decrease in trade payables	255	5,484
Changes in other net working capital	-329	1,424
Income tax paid	-677	-2,273
Net cash flows from operating activities	17,178	29,112
Purchase of property, plant and equipment (without finance leasing)	-8,025	-7,472
Proceeds from sale of property, plant and equipment	549	606
Acquisition of a subsidiary, net of cash acquired	-1,286	-3,173
Net cash flows from operating activities	-8,762	-10,039
Raising of long-term loans	19,000	372
Repayment of non-current liabilities to banks	-31,293	-10,039
Dividend payout	-4,333	-1,677
Interest received	148	106
Interest paid	-1,362	-1,572
Repayment of non-current liabilities from finance leases	-2,487	-2,727
Net cash flows used in financing activities	-20,327	-15,537
Net increase/decrease in cash and cash equivalents	-11,912	3,536
Net foreign exchange difference	-640	-2,113
Cash and cash equivalents at 1 January	15,155	13,732
Cash and cash equivalents at 31 December	2,603	15,155
Cash and cash equivalents	4,603	15,304
Current bank liabilities	-2,000	-149

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 2011. Rounding differences may occur.

Statement of Changes in Consolidated Equity

€k	Subscribed capital Note 23	Capital reserve Note 24	Treasury shares Note 25	Other reserves Note 26	Exchange rate effects Note 26	Loss carried forward	Total
As of January 1, 2010	40,000	36,464	0	-1,365	-453	10,912	85,558
Income and expenses recognized directly in equity				-903	323		-580
Taxes on transactions recognized directly in equity				282			282
Share-based payment						-1,677	-1,677
Consolidated profit for the period						10,776	10,776
As of December 31, 2010	40,000	36,464	0	-1,986	-130	20,011	94,359
As of January 1, 2011	40,000	36,464	0	-1,986	-130	20,011	94,359
Income and expenses recognized directly in equity				-405	-75		-480
Taxes on transactions recognized directly in equity				124			124
Dividend						-4,333	-4,333
Consolidated profit for the period						-14,516	-14,516
As of December 31, 2011	40,000	36,464	0	-2,267	-205	1,162	75,154

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 2011. Rounding differences may occur.

Notes to the Consolidated Financial Statements of Washtec AG (IFRS) for Fiscal Year 2011

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, 2011 were prepared on February 22, 2012 and made available to the supervisory board for review. They are expected to be approved at the supervisory board meeting on March 21, 2012 and thereafter released for publication by the management board. The consolidated financial statements and Group management report are available for viewing on the online version of the Bundesanzeiger [German Federal Gazette] and the electronic company register and may be downloaded from our website, www.washtec.de.

The ultimate parent company of the WashTec Group is WashTec AG, which is entered in the commercial register in Augsburg under registration 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 comprise 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 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 2010 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, 2011:

Consolidated entities	Share in capital %	Equity capital at Dec 31, 2011 in €k	Profit/loss for 2011 in €k
German entities			
WashTec Cleaning Technology GmbH, Augsburg ¹⁾	100	29,846	0
WashTec Holding GmbH, Augsburg	100	96,228	-20,744
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	1,423	49
Mark VII Equipment Inc., Arvada, USA	100	-12,042	-25,828
WashTec S.r.l., Casale, Italy	100	-59	-45
WashTec UK Ltd., Great Dunmow, United Kingdom	100	1,513	-855
California Kleindienst Limited, Wokingham, United Kingdom ⁵⁾	100	0	0
WashTec A/S, Hedehusene, Denmark ⁴⁾	100	1,662	-1,229
WashTec Cleaning Technology GmbH, Vienna, Austria	100	672	-42
WashTec Spain S.A., Madrid, Spain	100	419	53
WashTec Car Cleaning Equipment (Shanghai) Co. Ltd., Shanghai, China	100	-62	-154
WashTec Cleaning Technology s.r.o., Nyrany, Czech Republic	100	2,012	3
WTMVII Cleaning Technologies Canada Inc., Grimsby, Ontario, Canada ⁶⁾	100	-6,335	-6,339
WashTec Australia Pty Ltd., Sydney, Australia	100	-397	202
WashTec Cleaning Technology España S.A., Bilbao, Spain ⁵⁾	100	1	0
WashTec Benelux B.V., Zoetermeer, Netherlands ³⁾	100	1,969	240
WashTec Nordics AB, Bollebygd, Sweden	100	-421	-773

1) Profit/loss assumption by WashTec Holding GmbH

2) Profit/loss assumption by WashTec AG

3) Subgroup with Benelux Carwash Management B.V., Zoetermeer, NL, Washtec Benelux Administratie B.V., Zoetermeer, NL and WashTec Benelux N.V., Brussels, Belgium, whose results are reported in WashTec Benelux B.V., Zoetermeer, NL

4) Including permanent establishments in Norway

5) Company is currently inactive

6) 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 17 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 (Buyback-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 2011, the Group applied the following new and revised IFRS Standards and Interpretations.

- IAS 24 Amendments to IAS 24 – Related Party Disclosures
- IAS 32 Amendments to IAS 32 – Classification of Rights Issues
- IFRS 1 Amendments to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- IFRIC 14 Amendments to IFRIC 14 – Minimum Funding Requirements
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IFRS Improvements to the IFRS 2010

The facts addressed by IFRS 1, IAS 24, IAS 32, IFRIC 14 and IFRIC 19 are currently not relevant to the WashTec Group.

Moreover, IASB and the IFRIC enacted additional Standards, Interpretations and Amendments listed below, but these did not yet have to be applied in fiscal year 2011 or they have not yet been recognized by the European Union. As of December 31, 2011, the WashTec Group had not 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 1 Amendment to IAS 1 – Presentation of Items of Other Comprehensive Income
- IAS 12 Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets
- IAS 19 Amendment to IAS 19 – Employee Benefits
- IAS 27 Revision of IAS 27 – Separate Financial Statements
- IAS 28 Revision of IAS 28 – Investments in Associates and Joint Ventures
- IAS 32 Offsetting Financial Assets and Financial Liabilities
- IFRS 1 Amendments to IFRS 1 – Severe Hyperinflation and Fixed Transition Dates Relief for First time Adopters
- IFRS 7 Amendments to IFRS 7 – Financial Instruments: Disclosures
- IFRS 9 Financial Instruments: Classification and Measurement

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests and Other Entities
- IFRS 13 Fair Value Measurement
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The facts addressed by IAS 12, IAS 27, IAS 28, IAS 32, IFRS 1, IFRS 11, IFRS 12, IFRS 13 and IFRIC 20 are currently not relevant to the WashTec Group. The other Standards currently have no material adverse effect on the net assets, financial position and results of operation for 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 therefore 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 euros at the rate of exchange applicable on the balance sheet date and their income statements are translated at the weighted average exchange rates for the year.

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

Property, plant and equipment

Property, plant and equipment 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 and capitalized development costs and licenses.

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 indefinite useful lives. During the reporting period, the Group held assets with only finite useful lives.

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

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

Internally generated intangible assets (research and development costs)

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

Following initial recognition of the development expenditures as an asset, the cost model will be applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of the expected future benefits. During the development phase 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 to »Core Europe«, »Emerging 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, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value. In the case of investments not 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 when the loans and receivables are derecognized or impaired.

Fair value

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

Amortized 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.

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 held at fair value and reported in the income statement, or financial liabilities measured at their amortized costs.

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

Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and are not recognized at fair value. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or a portion of a financial asset or a portion of a group of similar financial assets) will be derecognized, if the contractual rights to draw the cash flow from a financial asset expire.

Financial liabilities

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

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

Financial instruments and hedging

Original financial instruments

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

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 un-recognized 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: cost of direct materials and labor, but excluding borrowing costs.

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 27.

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.

Provisions for phased retirement agreements

Phased retirement agreements are based primarily on the so-called »block model«. Under these arrangements, there are two types of obligations which, using actuarial principles, are measured at their cash value and then recognized separately from one another: the first type of obligation relates to the accumulated outstanding performance amount, which is recognized pro rata temporis over the term of any active or work phase. The accumulated outstanding performance amount is based on the difference between the compensation earned by the employee prior to the phased retirement agreement (including the employer's share of the social security contributions) and the compensation for the part-time employment (including the employer's share of the social security contributions, but not including the top-up contributions). The second type of obligation relates to the employer's obligation to pay the top-up contributions plus an additional amount towards the statutory pension insurance and is recognized directly and in full once the obligation arises.

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 € 41k.

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 only be recognized if the following recognition criteria are met:

Revenues from the sale of machines, accessories, goods and services are recognized once the performance due has been rendered or the significant risks and rewards of ownership have passed to the buyer. This is normally the case when finished goods or merchandise are delivered, sent or collected.

Revenues from servicing agreements are recognized once the performance has been rendered.

Revenues from the operations 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.

In connection with reorganizing the Group's internal management system, the segment reporting in the first quarter of 2011 was changed to include the segments »Core Europe«, »Emerging Europe«, »North America« and »Asia/Pacific«.

In the »Core Europe« segment, the activities of the WashTec Group in Northern and Western Europe are consolidated. This segment therefore contains what was previously the »DACH« area (Germany, Austria, Switzerland) as well as the European part of the »RoW« area (rest of world) and the chemicals and operations business (the »Other« area). The »Emerging Europe« segment corresponds to the previous area known as »CEE« (Central and Eastern Europe), whereas the »North America« region includes the activities in the United States and Canada, which had been previously reported under the »RoW« area. The »Asia/Pacific« region reflects primarily the business development of the Australian subsidiary and the development in China.

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 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. Business combinations

Business combinations in 2011

In the Wash Chemicals Division, WashTec Benelux B.V., Zoetermeer, Netherlands, concluded a purchase agreement effective April 1, 2011 regarding selected assets, specifically the customer list and acquired a sales employee of the former dealer for Waschchemie-Shop Service Center B.V.. WashTec has thereby secured the future supply and support of all local customers for Auwa wash chemicals through the WashTec subsidiary in the Netherlands.

The purchase price for the corporate acquisition was less than € 0.5m. It included a variable component. The due diligence reviews focused primarily on economic risks.

WashTec also signed an agreement in April to purchase the key assets of the »Carwash« division of the former Ceccato dealer and second largest market player in Spain, Barin S.A. By virtue of this step, WashTec has become the second largest supplier on the Spanish market. Given the difficult market situation in Spain, Barin had begun experiencing financial difficulties and was forced to file for bankruptcy at the end of 2010. WashTec therefore decided to exploit this opportunity in order to expand its market position in Spain – despite the difficult economic environment that persisted there. WashTec expects the merger of the two organizations to generate good synergies.

The parties agreed to a purchase price of approximately € 0.7m, which covers both the customer list and various inventory items. Moreover, key employees were acquired by WashTec. The purchase price included a hold-back, which was enforceable against the seller. The approval required to validate the contract has also since been granted by the competent bankruptcy court in Madrid.

In connection with the acquisition, incidental costs of acquisition totaling € 52k were incurred which were recognized in the income statement.

The following table shows the carrying values and the preliminary fair values of the aforementioned companies' assets and liabilities, which were acquired, as of the acquisition closing date:

in €m	Fair Value	Carrying Value
Inventories	0.2	0.2
Intangible assets	1.0	0.0

The consolidated net income as of December 31, 2011 includes a result of € 0.1m as well as revenues of € 1.1m. Had the business combinations been consummated as of the beginning of the year, then the Group revenues would have been increased by approximately € 0.1m to approximately € 293.4m, and the net consolidated income would have remained unchanged at € –14.5m.

Business combinations in 2010

On March 19, 2010, WashTec Australia Pty. Ltd. was formed as an Australian subsidiary of WashTec Cleaning Technology GmbH (which retained 100% of the voting interest) in order to commence direct sales and servicing activities in Australia.

On April 1, 2010, WashTec Australia Pty Ltd. entered into a purchase agreement to buy the substantial assets of the former Australian dealer. The investment in the Australian market serves the purpose of securing WashTec equipment sales, guaranteeing equipment availability WashTec's customers and solidifying the relationship with the major customers.

On April 20, 2010, a new wholly-owned subsidiary was formed in Canada under the name WTMVII Cleaning Technologies Canada Inc. and was set up as the subsidiary of Mark VII Equipment Inc., USA. WashTec has thereby commenced direct sales and servicing activities in Canada.

During the course of 2010, WTMVII Cleaning Technologies Canada Inc. acquired the assets of numerous sales and service organizations. These acquisitions allowed WashTec to further expand its market share in Canada, implement the framework agreement with Shell which had been in place in this region since 2010, and offer customers high-end service on a nationwide basis.

These acquisitions are summarized below.

The agreed purchase price for the corporate acquisition was € 2.1m. The purchase agreements contain a hold-back clause enforceable against the sellers. Due diligence examinations were carried out that focused primarily on the economic risks. In connection with the acquisitions, due diligence-related acquisition costs and transaction expenses totaling € 237k have been incurred to date and these costs were recognized in the income statement.

The following table shows the carrying values and the fair market value of the acquired assets and liabilities of the aforementioned companies as of the acquisition closing date.

in €m	Fair Value	Carrying Value
Trade receivables	1.7	2.1
Inventories	1.3	2.4
Non current assets	1.0	0.9
Trade payables	0.6	0.5
Liabilities and provisions	1.3	0.6

On October 4, 2010, WashTec acquired, as of January 1, 2011, the substantial assets of the product development and sales departments of Adekema, one of the leading suppliers of chemicals in Scandinavia. In order to exploit the economies of scale in the existing logistics network, WashTec transferred the production as well as the logistics management for the Scandinavian market for car wash chemicals to the Flügger Group as part of a strategic co-operative venture.

By virtue of the acquisition of Adekema and the more extensive cooperation with Flügger, WashTec will be able to meet the needs of the Scandinavian market even better and service its customers with the best possible car wash chemicals.

The agreed purchase price for the corporate acquisition was € 2.1m. The purchase agreements contain a hold-back clause enforceable against the seller. Due diligence examinations were carried out that focused primarily on the economic risks. In connection with the acquisitions, due diligence-related acquisition costs and transaction expenses totaling € 69k have been incurred to date and these costs were recognized in the income statement.

The following table shows the carrying values and the preliminary fair values of the acquired assets and liabilities of the aforementioned companies as of the acquisition closing date, which are amortized over a period of 5–8 years.

in €m	Fair Value	Carrying Value
Intangible assets	2.1	2.1

7. Notes on segment reporting

By segment 2011 in €k	Core Europe	Emerging Europe	Northern America	Asia/Pacific	Consolidation	Group
Revenues	244,485	11,379	38,836*	11,673	-13,111	293,262
with third parties	233,155	11,357	37,910	11,673	-833	293,262
with other divisions	11,330	23	926	0	-12,279	0
EBIT	18,009	1,068	-29,910	746	-142	-10,229
Other interest and similar income						173
Interest and similar expenses						-1,725
Result from ordinary activities						-11,781
Income taxes						-2,735
Consolidated net profit						-14,516
Assets	167,208	3,725	17,676	4,640	-10,372	182,877
Liabilities	68,618	206	15,370	3,967	-6,214	81,947
Investments in property, plant and equipment	11,130	1,010	153	323	0	12,616
Scheduled amortization, depreciation and impairment losses	-8,807	-402	-939	-300	0	-10,448
Non-scheduled amortization, depreciation and impairment losses	0	0	-19,079	0	0	-19,079
By segment 2010 in €k	Core Europe	Emerging Europe	Northern America	Asia/Pacific	Consolidation	Group
Revenues	233,254	8,740	31,144*	7,283	-12,007	268,414
with third parties	223,173	8,738	29,902	7,283	-682	268,414
with other divisions	10,081	2	1,242	0	-11,325	0
EBIT	22,384	611	-540	-965	-1,151	20,339
Other interest and similar income						109
Interest and similar expenses						-1,868
Result from ordinary activities						18,580
Income taxes						-7,804
Consolidated net profit						10,776
Assets	183,946	2,131	33,188	3,861	-29,906	193,220
Liabilities	68,871	213	16,872	4,083	-15,649	74,390
Investments in property, plant and equipment	7,753	200	1,203	762	0	9,918
Scheduled amortization, depreciation and impairment losses	-7,988	-330	-1,086	-161	0	-9,565

* The revenues for North America in 2011 were \$ 54,338k (prior year: \$ 41,140k)

Reconciliation of segment assets and liabilities

in €k	2011	2010
Segment assets	182,877	193,220
Deferred tax assets	7,140	7,015
Tax receivables	270	1,464
Cash and cash equivalents	4,603	15,304
Non-current assets held for sale	115	80
Consolidated balance sheet total	195,005	217,083

in €k	2011	2010
Segment liabilities	81,947	74,390
Deferred tax liabilities	2,998	4,551
Income tax liabilities	4,264	1,712
Non-current interest-bearing loans	18,953	277
Current interest-bearing loans	2,294	32,428
Finance lease liabilities	7,751	9,177
Derivative financial instruments	1,643	189
Consolidated debt capital	119,850	122,724
Equity capital	75,154	94,359
Consolidated balance sheet total	195,005	217,083

The consolidated revenues were generated in the following regions:

in €m	2011	2010	Change
New machines and used machines	168.7	154.9	13.8
Spare parts, services	88.9	86.5	2.4
Chemicals	24.3	18.0	6.3
Rent, accessories and miscellaneous	11.4	9.0	2.4
Total	293.3	268.4	24.9

The consolidated revenues were generated in the following regions:

in €m	2011	2010	Change
Germany	102.9	97.4	5.5
Rest of Europe	139.3	132.6	6.7
<i>of which France</i>	44.4	37.1	7.3
Northern America	37.9	30.1	7.8
Rest of World ¹⁾	13.2	8.3	4.9
Total	293.3	268.4	24.9

¹⁾ primarily Asia and Australia

By region

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

2011 €k	Germany land	Rest of Core Europe	Emerging Europe	Northern America	Asia/Pacific	Group
Carrying value of property, plant and equipment	31,179	6,650	2,233	789	609	41,460
Investments in property, plant and equipment	3,572	2,492	1,010	132	277	7,483
Carrying value of intangible assets	44,743	6,755	3	0	132	51,633
Investments in intangible assets	1,796	3,270	0	21	46	5,133

2010 €k	Germany land	Rest of Core Europe	Emerging Europe	Northern America	Asia/Pacific	Group
Carrying value of property, plant and equipment	32,089	6,400	1,641	1,171	620	41,921
Investments in property, plant and equipment	3,529	2,368	200	531	651	7,279
Carrying value of intangible assets	44,775	4,133	13	19,022	111	68,054
Investments in intangible assets	1,795	63	0	672	109	2,639

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

Notes to the consolidated income statement

8. Other operating income

Other operating income totaled € 4,836k (prior year: € 5,281k) and consisted primarily of income from exchange rate differentials in the amount of € 1,304k (prior year: € 2,357k), from income accruals based on operator models in the amount of € 1,462k (prior year: € 1,064k), income from the sale of scrap in the amount of € 779k (prior year: € 684k) and income from the sale of acquired vehicles and from the sale of other property, plant and equipment totaling € 168k (prior year: € 228k).

9. Personnel expenses

Personnel expenses consist of the following:

in €k	2011	2010
Wages and salaries	89,530	77,745
Social security contributions	7,649	7,532
Pension and phased-retirement costs	1,552	1,686
Expenses for employer share of statutory and voluntary pension insurance (contribution-oriented)	5,744	5,822
Total	104,475	92,785

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

Average number of employees	Dec 31, 2011	Dec 31, 2010	Change
Sales and servicing	1035	968	67
Production, technology and development	481	473	8
Finance and administration	144	155	-11
Total	1,660	1,596	64

10. Other operating expenses

Other operating expenses may be itemized as follows:

in €k	2011	2010
Vehicle costs	9,951	8,086
Travel expenses	5,022	4,294
Advertising and trade fair costs	2,400	3,049
Maintenance/repairs	3,126	2,879
Rent/operating leases excluding vehicles	3,360	2,846
Legal and consulting fees	3,185	2,316
Communication costs	2,288	2,211
Operating leases – vehicles	2,140	2,078
Temporary workers	2,681	2,061
IT expenses	2,210	2,025
Exchange rate effects	1,024	1,153
Allocations to bad dept allowances on receivables	588	1,072
Insurance	779	906
Training/continuing education costs	883	637
Office supplies	588	609
Product liability	425	492
Expenses for own patents and intellectual property rights	355	435
Fees, licences and research costs	528	399
Bank charges	323	269
PR work	272	242
Loss on disposals of non-current assets	27	46
Miscellaneous administrative expenses/other expenses	5,790	4,250
Total	47,945	42,355

Auditors' 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	2011	2010
Annual accounts auditing	238	235
Other confirmations	49	48
Tax advisory services	4	0
Other services	68	20
Total	359	303

11. Financial result

in €k	2011	2010
Other interest and similar income	173	109
Financial income	173	109
Interest-bearing loans	860	847
Interest rate swaps	165	280
Expenses from finance leases	496	561
Expenses from borrowing costs and similar expenses	203	180
Financial costs	1,725	1,868
Financial result	-1,552	-1,759

Of the interest income and interest expense, a total of € -1,237k (prior year: € -918k) must be apportioned to the categories, »Loans and receivables« (LaR) and »Financial liabilities measured at amortized cost« (FLAC).

12. 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 -23.2% (prior year: 42.0%).

in €k	2011	2010
Expected income tax expense	-3,617	5,705
Tax differences due to different tax rates	144	-51
Non-deductible expenses	3,117	240
Minimum taxation	0	187
Effects of the non-recognition of deferred tax assets	3,187	1,109
Write-down of deferred tax assets from loss carryforwards	98	154
Dividends	0	34
Capitalisation of corporate income tax credits	-5	-5
Withholding tax	48	35
Other	-237	396
Actual income tax expenses	2,735	7,804

Tax expenses consist of the following:

in €k	2011	2010
Deferred tax expense/income	-1,633	5,319
Actual tax expense	4,368	2,485
Total income taxes	2,735	7,804

13. Earnings per share

Calculation of undiluted earnings per share for 2011 and 2010

in €k or units	2011	2010
Consolidated profit	-14,516	10,776
Weighted average outstanding number of shares	13,976,970	13,976,970
Earnings per share (undiluted + diluted)	€-1.04	€ 0.77

The management board and supervisory board recommend that any accumulated profit (*Bilanzgewinn*) shown in the WashTec AG annual financial statements for fiscal year 2011 be brought carried forward.

14. Non-recurring effects

In 2011, the Company booked non-recurring charges totaling € 5.4m in personnel expenses, € 0.5m in other operating expenses, € 3.0m in cost materials. Of this amount, € 4.3m is attributable to the initiated restructuring and efficiency programs. The remaining amount has been used to endow other provisions.

In addition, a non-scheduled write-down was also made on the intangible assets in North America in the amount of € 19.1m.

In the prior year, non-recurring charges in connection with the acquisitions (€ 332k) and settlement payments (€ 584k) were booked in the amount of € 916k. These non-recurring charges may be offset against one-time gains from exchange rate differentials totaling € 955k.

Notes to the consolidated balance sheet

15. 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, 2010	40,907	20,739	14,273	15,502	32	91,453
Additions	188	3,118	1,601	1,473	89	6,469
Additions from company acquisitions	0	70	667	73	0	810
Disposals	0	1,820	863	230	70	2,983
Reclassifications	0	753	-177	-567	-9	0
Currency translation effects	121	196	118	8	0	443
December 31, 2010	41,216	23,056	15,619	16,259	42	96,192
Additions	692	3,596	1,582	1,343	271	7,483
Additions from company acquisitions	0	0	0	0	0	0
Disposals	26	1,108	1,678	834	0	3,647
Reclassifications	18	863	77	-795	-164	0
Currency translation effects	57	28	69	3	2	161
December 31, 2011	41,957	26,435	15,668	15,977	151	100,188
Amortization, depreciation and impairment losses						
January 1, 2010	19,944	13,672	11,521	4,916	0	50,053
Amortization/depreciation for the year	1,473	1,664	1,477	2,225	0	6,839
Impairment losses	0	1,805	574	216	0	2,595
Reclassifications	0	548	-173	-375	0	0
Currency translation effects	69	65	-161	1	0	-26
31, Dezember 2010	21,486	14,144	12,090	6,551	0	54,271
Amortization/depreciation for the year	1,519	2,120	1,660	2,257	0	7,556
Disposals	17	1,090	1,345	553	0	3,006
Reclassifications	0	563	0	-563	0	0
Currency translation effects	55	46	-195	1	0	-93
December 31, 2011	23,043	15,782	12,210	7,693	0	58,728
Carrying value						
December 31, 2011	18,914	10,653	3,458	8,284	151	41,460
December 31, 2010	19,730	8,912	3,529	9,708	42	41,921
January 1, 2010	20,963	7,067	2,752	10,586	32	41,400

Finance leases

Carrying value in €k	2011	2010
Washing equipment, sale and leaseback	8,243	9,595
Finance leasing, fixtures and fittings	41	113
Total	8,284	9,708

Finance leases, fittings and fixtures relate mainly to 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 obligations to purchase plant, property and equipment or intangible assets.

16. 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, 2010	9,529	8,874	3,334	79,852	6	101,595
Additions	564	168	53	0	1,691	2,475
Additions from company acquisitions	0	0	156	8	0	164
Disposals	0	37	0	0	0	37
Reclassifications	0	4	0	0	-4	0
Currency translation effects	186	4	115	1,037	0	1,342
December 31, 2010	10,279	9,013	3,658	80,897	1,693	105,540
Additions	51	400	21	19	1,395	1,885
Additions from company acquisitions	0	0	3,241	0	0	3,241
Disposals	0	1	4	0	37	43
Reclassifications	0	544	0	0	-544	0
Currency translation effects	101	-1	63	502	8	672
December 31, 2011	10,430	9,955	6,979	81,417	2,515	111,297
Amortization and impairment losses						
January 1, 2010	4,342	5,464	2,197	22,700	0	34,704
Amortization for the year	1,194	1,138	395	0	0	2,727
Impairment	0	0	0	0	0	0
Disposals	0	38	0	0	0	38
Reclassifications	0	0	0	0	0	0
Currency translation effects	10	2	78	5	0	95
December 31, 2010	5,546	6,565	2,670	22,705	0	37,486
Amortization for the year	522	1,236	1,135	0	0	2,892
Impairment	2,559	0	126	16,394	0	19,079
Disposals	0	0	-33	0	0	-33
Reclassifications	0	0	0	0	0	0
Currency translation effects	104	1	64	4	0	174
December 31, 2011	8,731	7,801	4,028	39,103	0	59,664
Carrying value						
December 31, 2011	1,699	2,154	2,951	42,314	2,515	51,633
December 31, 2010	4,732	2,447	989	58,192	1,693	68,054
January 1, 2010	5,187	3,411	1,137	57,152	6	66,891

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 € 528k (prior year: € 399k), 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 € 42,314k (prior year: € 58,192k), will be attributed to the operating segments (as determined under IFRS 8) as follows: »Core Europe« in the amount of € 41,601k (prior year: € 41,582k), »Emerging Europe« in the amount of € 705k (prior year: € 705k), »North America« in the amount of € 0k (prior year: € 15,897k) and »Asia/Pacific« in the amount of € 8k (prior year: € 8k).

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 2012 through 2016.

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

- average increase in revenues between 4% and 7% per annum, in individual regions up to 44%
- cost increases of 2–3%
- wage and salary cost increases of approx. 2–4% per annum

For discounting purposes, an interest rate of 7.63% (prior year: 7.03%) and a long-term growth rate under a perpetual annuity of 1 to 1.5% (prior year: 0.5%) was used as a basis.

The discount rate calculation is derived from a weighted borrowing rate of 4.7% (prior year: 4.6%) and a weighted equity rate. The equity rate is based on a risk-free rate of return averaging 3.20% (prior year: 3.40%) as well as a beta factor of 1.06 (prior year: 1.07).

In fiscal year 2011, an unscheduled write-down of goodwill in the amount of € 16,394k became necessary. The write-down related to goodwill for North America. The amount recoverable under the basis of »value in use« was less than the carrying (book) value of the cash generating unit on the basis of mid-term planning. The detailed situation in North America is explained in the management report.

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.

17. Deferred taxes

The Group is reporting deferred tax assets in the amount of € 7,140k (prior year € 7,015k) as well as deferred tax liabilities in the amount of € 2,998k (prior year: € 4,551k). 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 (2012 through 2016).

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 € 25,450k (prior year: € 17,335k) were not recognized. This corresponds to non-capitalized tax assets in the amount of € 8,132k (prior year: € 5,717k).

Some of the loss carry forwards have no time restrictions with regard to their utilization. A total of € 18,528k in loss carry-forwards is restricted. Of this amount, € 5,280k will lapse between 2012 through 2021 and € 13,248k will lapse between 2022 through 2032, if they cannot be utilized.

The deferred tax receivables and tax liabilities are apportioned according to the following balance sheet items and loss carry-forwards.

in €k	Deferred tax receivables		Deferred tax liabilities	
	2011	2010	2011	2010
Tax loss carryforwards	3,333	4,358	0	0
Property, plant and equipment	121	135	-4,743	-5,147
Intangible assets	293	91	-1,695	-2,759
Inventories	1,576	1,667	-525	-474
Trade receivables	250	24	-236	-1,293
Provisions	1,585	1,574	-165	-11
Other liabilities	718	232	-72	-27
Finance lease liabilities	2,116	2,457	0	0
Deferred income	1,620	1,727	0	0
Miscellaneous	113	30	-145	-118
Total	11,724	12,295	-7,581	-9,829
<i>of which non-current</i>	7,399	7,245	-6,393	-8,166
<i>of which current</i>	4,325	5,050	-1,188	-1,663

Deferred tax liabilities totaling € 4,584k were set-off against deferred tax receivables under the netting rules of IAS 12.

During the reporting year, € 124k (prior year: € 282k) in deferred taxes were booked directly under equity capital. The net balance of the deferred taxes recorded under equity capital therefore equals € 1,010k (prior year: € 886k).

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	2011			2010		
	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	-75	-	-75	323	-	323
Exchange differences on net investments in subsidiaries	339	-104	235	-123	40	-85

in €k	2011			2010		
	before Income tax	Income tax	after Income tax	before Income tax	Income tax	after Income tax
Changes in the fair value of financial instruments	-506	156	-350	-491	153	-338
Changes of actuarial gains and losses	-238	71	-167	-288	90	-198
Changes in value recorded directly under equity capital	-480	124	-356	-582	282	-299

18. Inventories

in €k	2011	2010
Raw materials, consumables and supplies, including merchandise	24,844	24,272
Work in progress	5,712	6,072
Finished goods and merchandise	8,325	7,022
Prepayments	393	12
Total	39,274	37,378

During the reporting year, the addition to the inventory allowances equaled € 1,942k (prior year: € 820k).

19. Tax receivables

in €k	2011	2010
Non-current tax receivables	200	253
Current tax receivables	70	1,211
Total	270	1,464

The non-current tax receivables involved primarily the discounted claims against the tax authorities based on corporate income tax credits. The current tax receivables resulted in the prior year primarily from prepayments of corporate income tax, which are off-set by the same amount of trade tax liabilities.

20. Trade receivables

in €k	2011	2010
Current trade receivables	46,158	39,935
Non-current trade receivables	824	388
Total	46,982	40,323

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, 2011, bad debt allowances were charged on trade receivables in the nominal amount of € 2,798k (prior year: € 3,277k). The bad debt allowance account developed as follows:

in €k	2011	2010
As of January 1	3,277	3,005
Allocations recognised as expense	835	1,001
Utilization	-1,100	-398
Reversal	-225	-349
Currency translation effects	11	18
As of December 31	2,798	3,277

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 T€	2011	2010
Receivables, neither overdue nor written down	37,568	30,496
Overdue receivables, not written down, of which		
less than 30 days	5,372	5,646
30–120 days	3,049	3,136
120–365 days	851	960
more than 365 days	0	0
Total	9,272	9,742
Receivables written down	2,942	3,362

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 they will not be collected (drohender Uneinbringlichkeit) or where legal action has been initiated.

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

21. Other assets

in €k	2011	2010
Non-current other assets	277	40
Current other assets	3,365	5,584
Total	3,642	5,642
of which prepaid expenses	1,223	802

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.

The decline in item »current other assets« can be attributed, above all, to the attainment of the dominion over the assets acquired in connection with the corporate purchase of »Adekema« in 2010, and the fact that those assets are now reported under non-current assets (€ 2,231k).

22. Cash and cash equivalents

in €k	2011	2010
Cash and cash equivalents	4,603	15,304

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 € 4,603k (prior year: € 15,304k).

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

For purposes of the consolidated cash flow statement, cash and cash equivalents comprised the following as of December 31:

in €k	2011	2010
Bank balances and cash on hand	4,603	15,304
Overdraft account	-2,000	-149
Cash and cash equivalents	2,603	15,155

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

Equity capital

23. Subscribed capital

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

As of December 31, 2011, the average weighted number of shares issued and outstanding was 13,976,970 (prior year: 13,976,970 shares).

	2011	2010
Ordinary shares in units k	13,977	13,977
Nominal value of ordinary shares in €	2.86	2.86

The annual general meeting of shareholders of WashTec AG resolved on May 5, 2011 to pay out a dividend totaling € 4,332,860.70 from the accumulated profit for fiscal year 2010 which equaled € 4,759,216 and to carry forward € 426,355.30. The payout constitutes a dividend of € 0.31 for each no-par share entitled to a dividend. The profit/loss carried forward is thereby lowered by € 4,332,860.70.

Authorized capital

Pursuant to the resolution adopted at the annual general meeting of shareholders on May 5, 2010, 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 € 12,000,000 on or before May 4, 2013 by issuing new no-par value bearer shares in exchange for cash and/or non-cash 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 5, 2010. 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.

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.

Pursuant to a shareholder resolution dated May 5, 2010, contingent capital account was created as follows.

Contingent Capital I: The registered share capital was conditionally increased by up to € 12,000,000, divided into up to 4,193,091 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 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 4, 2013 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 5, 2010, 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.

24. 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.

25. Treasury shares

Pursuant to a resolution adopted at the annual general meeting of shareholders on May 5, 2010, the Company is authorized on or before May 4, 2013 to purchase up to 10% of the current registered share capital of € 40,000,000 for purposes other than trading.

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

26. 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:

Other reserves

in €k	Dec 31, 2011	Dec 31, 2010
Recorded changes in the fair value of financial instruments used for hedging purposes	-1,752	-1,246
Exchange differences from net investments in subsidiaries	-420	-759
Actuarial gains/losses from defined benefit pension commitments and similar obligations	-1,105	-867
Deferred taxes on value changes recognized directly in equity capital	1,010	886
Other reserves	-2,267	-1,986
Currency effects	-205	-130
Total	-2,472	-2,116

27. Provision for pensions

The amount of the provision was computed using actuarial methods at a discount rate of 4.75% (prior year: 5.0%). 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 4.5% (prior year: 4.5%). The »2005 G mortality tables«, published by Prof. Klaus Heubeck, were used as the biometrical basis of calculation. Staff turnover ratios were estimated according to age and sex.

The number of beneficiaries as of December 31, 2011 equaled 233 employees (prior year: 240 employees).

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

in €k	2011	2010	2009	2008	2007
Present value of defined benefit obligations (cash value)	7,307	7,013	6,649	6,200	6,633

Expenses for experience-based adjustments were included in the actuarial gains and losses and totaled € 51k (prior year: € 21k).

Since fiscal year 2005, all actuarial gains and losses are off-set against equity capital. In the recently completed fiscal year, the actuarial gains and losses equaled € -238k. Actuarial gains and losses booked directly against equity capital as of December 31, 2011 totaled € -1,105k (prior year: € -867k).

In fiscal years 2010 and 2011, the cash value of the pension obligations developed as follows:

in €k	2011	2010
As of January 1	7,013	6,649
Pensions paid	-414	-415
Service cost in the reporting period	100	157
Interest expense	323	332
Actuarial gains and losses	229	290
As of December 31	7,251	7,013

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. The development of the so-called »reimbursement rights« in 2010 and 2011 can be shown in the following table:

in €k	2011	2010
Fair value of reimbursement claims January 1	385	390
Expected return	16	15
Employer contributions	0	0
Benefits paid	-18	-18
Actuarial gains and losses	-7	-2
Fair value of reimbursement claims as of December 31	376	385

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

in €k	2011	2010
Cash value of reimbursement claims	376	385

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

in €k	2011	2010
Service cost in the reporting period	100	155
Interest expense	323	332
Anticipated income from the reimbursement claim	-16	-15
Pension expenses	407	472

The actual income for the reimbursement claims for 2011 totaled € 10k.

The Group is expecting payments of € 412k, plus the employer's share of social security for fiscal year 2012.

28. Other provisions

in €k	Phased retirement	Warranty	Repurchase obligations	Restructuring	Other	Total	
	2011	2011	2011	2011	2011	2011	2010
As of January 1	2,136	5,071	2,647	1,794	1,930	13,578	13,937
Additions from business combinations	0	0	0	0	188	188	691
Addition	658	4,708	570	4,318	5,329	15,584	6,184
Utilisation	-915	-2,869	-528	-897	-1,239	-6,449	-5,529
Reversal	0	-735	-19	-774	-478	-2,006	-1,848
Exchange differences	0	10	0	0	18	28	142
As of December 31	1,879	6,185	2,670	4,441	5,748	20,923	13,578
current	1,440	6,015	681	4,441	3,343	15,920	-
non-current	439	170	1,998	0	2,405	5,003	-
Provisions in 2010							
current	951	4,836	524	1,794	1,779	-	9,885
non-current	1,184	236	2,123	0	151	-	3,693

The provision for phased retirement was calculated in accordance with IAS 19 »Employee Benefits«. The calculation was based on an interest rate of 3.75% (prior year: 4.00%) 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 € 4,441k (prior year: € 1,794k) and included mostly provisions for planned personnel measures in North America and Germany in the amount of € 3,634k

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 € 5,748k (prior year: € 1,930k) relate, above all, to provisions for legal and consulting costs in the amount of € 1,560k (prior year: € 779k) as well as provisions for loss contracts in North America in the amount of € 3,103k

As of the balance sheet date, the WashTec Group believes its contingent liabilities totaled € 726k (prior year: € 701k) and consisted primarily of contractual performance obligations and potential expenses in connection with repurchasing machinery, and believes that the likelihood that these claims will be enforced is less than 50%.

29. Interest-bearing loans

in €k	2011	2010
Current interest-bearing loans	2,294	32,428
Non-current interest bearing loans	18,953	277
Total interest-bearing loans	21,247	32,705

The new refinancing arrangement at the WashTec Group was implemented as of May 31, 2011. A revolving credit facility was set up with a term ending December 31, 2014. The borrower is WashTec Cleaning Technology GmbH, which now has access to a € 45m credit line. The credit line consists of a working capital credit facility in the amount of € 38m and an aval guarantee facility of € 7m. The total amount of the credit lines, to which the WashTec Group has access, is € 47.1m.

As of December 31, 2010, € 5.3m (prior year: € 4.9m) 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 € 20.3m (prior year: € 16.6m) as of the balance sheet date.

The syndicated loan continues to be tied to conditions, but these conditions have been improved considerably compared to the previous syndicated loan agreement. For example, WashTec is now bound by two instead of five covenants for the duration of the contract. Moreover, the amount security provided to the banks has been lowered. The contract was concluded under margins considered customary in the industry.

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 1.75% and 3.65%.

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 € 198k (prior year: € 276k).

Key assets of the German companies of the WashTec Group were assigned or pledged as collateral to secure the working capital facility granted.

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

	2011	2010
Collateral provided in €k	Carrying value	Carrying value
Trademarks, patents, licenses	no collateral	427
Land and building	17,142	18,222
Inventory	no collateral	20,164
Trade receivables	9,491	7,341

	2011	2010
Weighted, effective average interest rate	5.07%	4.88%

30. 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 2011	2,874	5,554	137	8,566
Interest expense for lease liability existing on the respective balance sheet date	375	437	3	815
Cash value of minimum lease payment 2011	2,499	5,117	135	7,751

Lease payment due (in €k)	< 1 year	1–5 years	> 5 years	Total
Minimum lease payment 2010	3,012	6,999	206	10,217
Interest expense for lease liability existing on the respective balance sheet date	452	584	4	1,040
Cash value of minimum lease payment 2010	2,560	6,415	202	9,177

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
2011	9,264	12,126	204	21,594
2010	8,365	12,007	63	20,434

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

31. Liabilities

in €k	2011	2010
Trade payables	9,941	9,526
Prepayments on orders	4,175	7,968
Liabilities for taxes and charges	4,208	3,321
Liabilities in connection with social security	901	816
Other liabilities	25,744	22,172
Total	44,969	43,803
<i>of which current (due < 1 year)</i>	<i>43,161</i>	<i>42,215</i>
<i>of which non-current (due > 1 year)</i>	<i>1,808</i>	<i>1,588</i>

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

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

Other liabilities due within one year include debtors with credit balances of € 573 (prior year: € 1,052k), liabilities to employees for such benefits as vacation, overtime work, travel expenses, etc. in the amount of € 11,619k (prior year: € 10,108k), and liabilities owed to employer's liability insurers totaling € 247k (prior year: € 213k). Other liabilities also include accruals for miscellaneous debts totaling € 7,193k (prior year: € 6,976k), which resulted from missing invoices on services already performed, as well as for credits to be granted in the Service division.

32. Deferred income

Deferred income totaling € 10,391k (prior year: € 10,186k) related primarily to the recognition of revenues for servicing contracts in the periods to which they relate.

33. Financial risk management objectives and methods

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

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

Interest rate risk

Derivative financial instruments and hedging relationships

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

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

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

At the inception of the hedge, both the hedging relationship and the Group's risk management objectives and strategies for arranging the hedge are formally stipulated and documented. The documentation contains the designation of the hedging instrument, the underlying or secured transaction and the nature of the hedged risks, and a description as to how

the Company assesses the hedging instrument's effectiveness in offsetting the risk exposure. These types of hedging relationships are considered highly effective in off-setting exposures to changes in the fair value or the cash flow and such effectiveness is constantly reviewed.

Cash flow hedge

The base interest rate under the loan agreement is variable and tracks EURIBOR. Therefore, on June 9, 2011, two additional derivative financial instruments in the form of interest rate swaps were concluded to serve as a hedging instrument, each with a term ending December 31, 2015.

As of December 31, 2011, there were a total of four interest rate swaps, which qualify as hedging instruments and which served to hedge the exposure to fluctuations under the loan's variable, EURIBOR-linked interest rates. Under the swap contracts, the entity pays fixed interest on the loan amount and in return receives a floating-rate interest on the same principal. The interest rate swaps serve to hedge the underlying obligation. For the two swaps with terms ending December 2012, the interest rates are set at 2.115% and 2.120%, respectively, and for the new 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. The fair value of the interest rate swaps as of December 31, 2011 is € -1,029k (prior year: € -189k) and is reported under other current liabilities (prior year: current liabilities).

The hedging relationship is considered to be highly effective. The effective portion of the hedging relationship is 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 € -165k (prior year: € -280k).

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

Commencement	End	Nominal values in €k as of Dec 31, 2011	Reference interest rate
January 1, 2010	Dec 31, 2012	5.331	1-month Euribor
January 4, 2011	Dec 31, 2012	5.331	1-month Euribor
July 1, 2010	Dec 31, 2015	6.759	1-month Euribor
June 30, 2011	Dec 31, 2015	3.380	1-month Euribor

The following table shows the sensitivity of the consolidated profit or loss before taxes (due to the effects of the floating interest loan but subject to any existing interest rate hedges) to a reasonable possible change in interest rates. All other variables remain constant. Significant effects on the consolidated equity capital do not exist.

2011 EURIBOR				
Increase/decrease in basis points	10	15	-10	-15
Effects on profit/loss before taxes in €k	-20	-31	20	31
2010 EURIBOR				
Increase/decrease in basis points	10	15	-10	-15
Effects on profit/loss before taxes in €k	-19	-28	19	28

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 is relying 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. The net investment in the foreign operation was increased by USD 10m effective May 25, 2011 and by USD 4m effective September 23, 2011, to USD 34m effective July 1, 2010. Based on a capital increase at Mark VII from contributing as capital a portion of the loan receivable, this net investment was reduced to USD 15m in December 2011. The American subsidiary has long-term CAD 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. Accordingly, the translation effects of these loans are recognized under 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.

2011	Rate trend USD	5%	-5%
	Effects on profit/loss before tax €k	120	-120
	Effects on equity capital in €k	-580	580
2010	Rate trend USD	5%	-5%
	Effects on profit/loss before tax €k	75	-75
	Effects on equity capital in €k	-374	374

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 29 concerning interest-bearing loans. The WashTec Group is financed primarily via WashTec Cleaning Technology GmbH, which also has the largest funding requirements, being the Group's most important operating company.

The following table shows all the contractually stipulated payments and repayments of interest and principal on financial liabilities recognized on the balance sheet as of December 31, 2011. 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, 2011, 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 2011	Cash flows 2012	Cash flows 2013–2015	Cash flows 2016 et seq.
Interest-bearing loans	21,247	2,616	21,055	0
Liabilities from finance leases	7,751	2,874	5,112	579
Trade payables	9,941	9,941	0	0
Other financial liabilities	13,741	13,741	0	0
Derivative financial liabilities	1,029	307	759	0

in €k	Carrying value 2010	Cash flows 2011	Cash flows 2012–2014	Cash flows 2015 seq.
Interest-bearing loans	32,704	34,129	104	276
Liabilities from finance leases	9,177	3,012	6,297	908
Trade payables	9,526	9,526	0	0
Other financial liabilities	11,451	11,357	64	30
Derivative financial liabilities	189	110	12	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 2011.

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 lease less cash.

In addition, WashTec's equity capital must be at least 35% of the balance sheet total as of the end of each quarter.

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

34. Financial instruments – additional information

The following table, which is derived from the relevant balance sheet items, shows the connection between the classification and the carrying values of the financial instruments.

Carrying values, valuation approaches and fair value measurement categories:

In €k	Measurement- category under IAS 39	Carrying value Dec 31, 2011	Balance sheet valuation under IAS 39			Balance sheet valuation under IAS 17	Fair value Dec 31, 2011
			Amortized cost	Fair Value in equity	Fair Value through profit and loss		
Assets							
Cash and cash equivalents	LaR	4,603	4,603	–	–	–	4,603
Trade receivables	LaR	46,982	46,982	–	–	–	46,982
Other financial assets	LaR	750	750	–	–	–	507
Liabilities							
Trade payables	FLAC	9,941	9,941	–	–	–	9,941
Interest bearing-loans	FLAC	21,247	21,247	–	–	–	21,247
Other financial liabilities	FLAC	13,741	13,741	–	–	–	13,741
Finance lease liabilities	n. a.	7,751	–	–	–	7,751	7,751
Derivatives financial liabilities		1,643	–	1,029	614	–	1,643
Derivatives with hedge relationship	n. a.	1,029	–	1,029	–	–	1,029
Aggregated presentation per IAS 39 measurement categories							
Loans and Receivables (LaR)			52,335	–	–		
Financial Liabilities Measured at Amortised Cost (FLAC)			44,929	–	–		

In €k	Measurement-category under IAS 39	Carrying value Dec 31, 2010	Balance sheet valuation under IAS 39			Balance sheet valuation under IAS 17	Fair value Dec 31, 2010
			Amortized cost	Fair Value in equity	Fair Value through profit and loss		
Assets							
Cash and cash equivalents	LaR	15,304	15,304	–	–	–	15,304
Trade receivables	LaR	40,323	40,323	–	–	–	40,323
Other financial assets	LaR	507	507	–	–	–	507
Liabilities							
Trade payables	FLAC	9,526	9,526	–	–	–	9,526
Interest-bearing loans	FLAC	32,704	32,704	–	–	–	32,704
Other financial liabilities	FLAC	11,452	11,452	–	–	–	11,452
Finance lease liabilities	n. a.	9,177	–	–	–	9,177	9,177
Derivatives financial liabilities		189	–	189	–	–	189
Derivatives with hedge relationship	n. a.	189	–	189	–	–	189
Aggregated presentation per IAS 39 measurement categories							
Loans and Receivables (LaR)			56,112	–	–		
Financial Liabilities Measured at Amortised Cost (FLAC)			53,682	–	–		

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

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

Net results according to measurement categories

Net results in €k	2011	2010
Loans and receivables	–1,380	–333
Financial liabilities valued at amortised cost	843	–1,596

The net results are attributable primarily to foreign currency evaluation, allowances (loans and receivables), and interest expenses as well as foreign currency evaluation (financial liabilities measured at amortized costs).

The following table shows 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 2011		
	Level 1	Level 2	Level 3
Derivative financial instruments	–	1,643	–
in €k	Fair value 2010		
	Level 1	Level 2	Level 3
Derivative financial instruments	–	189	–

Other Notes

35. Compliance statement pursuant to sec. 161 AktG

WashTec AG has issued the statement required under sec. 161 AktG for fiscal year 2011 and has made the statement available to its shareholders at www.washtec.de.

The management board approved the consolidated financial statements on February 22, 2012 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 21, 2012.

36. Information about the Company's governing bodies

Management board

Thorsten Krüger, (Dipl.-Ing.), Weißenhorn

Spokesman of the Management Board

Sales, Supply Chain, Service and Service Support

Houman Khorram, (Dipl.-Ing. und Dipl.-Wirtsch.-Ing.), Gröbenzell

Finance, General Services, and Business Development as well as Product Development

Supervisory board

Michael Busch, (Dipl.-Kfm.), (Chairman)

Independent business consultant and managing director of Cobe Consult GmbH, Berlin

Advisory board member of the following company:

- factorP Partnerschaft engineering & consulting group, Frankfurt am Main

Jürgen Lauer, (Dipl.-Betriebswirt/MBA), (Deputy Chairman)

Managing director of JüLa Beteiligungs GmbH, Weißenhorn

Member of the advisory board/supervisory board of the following companies:

- Medica Medizintechnik GmbH, Hochdorf (member of the advisory board)
- Pulsion AG, Munich (Deputy Chairman)

Massimo Pedrazzini

Attorney at Law, Massagno, Switzerland

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., Tortola, British Virgin Islands (President of the board of directors)
- Fondazione Fidinam, Lugano, Switzerland (member of the foundation board)
- Katadyn Produkte AG, Wallisellen, Switzerland (member of the board of directors)
- Pestalozzi Stiftung, Zurich, Switzerland (member of the foundation board)
- Precicast Bilbao SA, Bilbao, Spain (member of the board of directors)
- Rex Articoli Tecnici SA, Mendrisio, Switzerland (member of the board of directors)
- Teleplan International NV, Zoetermeer, Netherlands (member of the supervisory board until January 28, 2011)

37. Information about related party transactions

In fiscal year 2011, 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

Remuneration paid to the entire management board in the fiscal year was € 693k. In the prior year, the remuneration was € 834k.

Shares held by the management board members developed as follows:

Shares held by members of the management board (pcs.)	2011	2010
Thorsten Krüger	0	0
Houman Khorram	390	390
Christian Bernert (through August 31, 2010)	0	33,794
Resignation Christian Bernert	0	-33,794
Gesamt as Dec 31	390	390

Supervisory board

Remuneration paid to the entire supervisory board in the fiscal year was € 144k (prior year: € 142k).

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

Shares held by members of the supervisory board (pcs.)	2011	2010
Michael Busch	0	0
Jürgen Lauer	0	0
Massimo Pedrazzini (since May 5, 2010)*	2,251	2,251

* Mr Pedrazzini is also the president of the board of directors of Sterling Strategic Value Limited, which – according to the notification dated April 1, 2010 – held 2,142,868 voting shares (15.33%) of WashTec AG on Mar 30, 2010.

Former members of the management board

There were also pension obligations owed to a former management board member and his survivors in the amount of € 146k (prior year: € 161k), which are covered by a relief fund.

38. Notes after the balance sheet date

No significant events occurred after the balance sheet date.

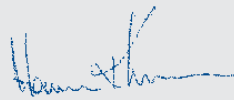
Augsburg, February 22, 2011

WashTec AG



Thorsten Krüger

Spokesman of the Management Board



Houman Khorram

Member of the Management Board

Responsibility Statement

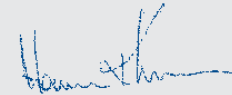
»To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development 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, February 22, 2012



Thorsten Krüger

Spokesman of the Management Board



Houman Khorram

Member of the Management Board

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 2011. 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, 23 February 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven	Holger Graßnick
Wirtschaftsprüferin	Wirtschaftsprüfer



Financial Statements of WashTec AG – Balance Sheet (HGB)

Assets	Dec 31, 2011	Dec 31, 2010
	€	€
A. Non current-assets		
I. Property, plant and equipment		
Fixture and fittings	22,983	10,211
II. Financial Assets		
Shares in associated companies	128,048,510	128,029,510
	128,071,493	128,039,721
B. Current assets		
I. Receivables and other assets		
1. Receivables from associated companies	8,049,394	8,472,908
2. Other assets	270,459	303,856
thereof more than one year € 252,818		
	8,319,853	8,776,764
II. Cash	22	233
	22	233
C. Prepaid expenses	23,833	20,833
Total assets	136,412,201	136,840,552

Equity and liabilities	Dec 31, 2011	Dec 31, 2010
	€	€
A. Equity		
I. Subscribed capital	40,000,000	40,000,000
<i>Contingent capital</i>	<i>12,000,000</i>	<i>12,000,000</i>
II. Capital reserve	90,844,959	90,844,959
III. Retained Earnings	4,096,309	4,759,216
	134,941,268	135,604,175
B. Provisions		
1. Provisions for taxes	89,615	2,072
2. Other provisions	705,259	563,975
	794,874	566,048
C. Liabilities		
1. Trade liabilities	74,825	101,663
2. Other liabilities	601,234	568,666
thereof from taxes € 578,988 (prior year € 480,655)		
thereof for social security € 18,896 (prior year € 21,912)		
	676,059	670,330
Total equity and liabilities	136,412,201	136,840,552

Financial Statements of WashTec AG – Income Statement (HGB)

	Dec 31, 2011	Dec 31, 2010
	€	€
Revenues	1,594,215	1,517,688
Other operating income	243,130	28,229
	1,837,345	1,545,917
Personal expenses		
a) Wages and salaries	-794,624	-964,727
b) Social security, pension and other benefit costs	-122,279	-133,223
thereof for old-age pensions € -91,291 (prior year: € -95,609)		
	-916,902	-1,097,951
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	-7,512	-4,390
Other operating expenses	-1,764,663	-1,086,878
	-2,689,077	-2,189,220
	-851,731	-643,302
Income from profit and loss transfer agreement	2,521,691	1,086,913
Expenses fom profit and loss transfer agreements	0	-82,199
Income from interests	2,000,000	0
Other interest and similar income	87,878	200,772
thereof from affiliated companies € 72,729 (prior year: € 183,854)		
Interest and similar income	-44	-124,763
thereof from affiliated companies € -44,36 (prior year: € -124,762,95)		
	4,609,524	1,080,723
EBIT	3,757,793	437,420
Income taxes	-87,839	0
Profit for the year	3,669,954	437,420
Profit carried forward	4,759,216	5,999,032
Withdrawal from Retained Earnings	-4,332,861	-1,677,236
Retained Earnings	4,096,309	4,759,216

WashTec Worldwide

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Distributors

An up-to-date overview of our international sales partners can be found online at www.washtec.de

WashTec product range

Products (approx. 2/3 of revenues)



Roll-over systems



Wash tunnels



Self-service wash systems



Commercial wash systems



Water reclaim systems

Services (approx. 1/3 of revenues)



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



Wash chemicals



Remote Management

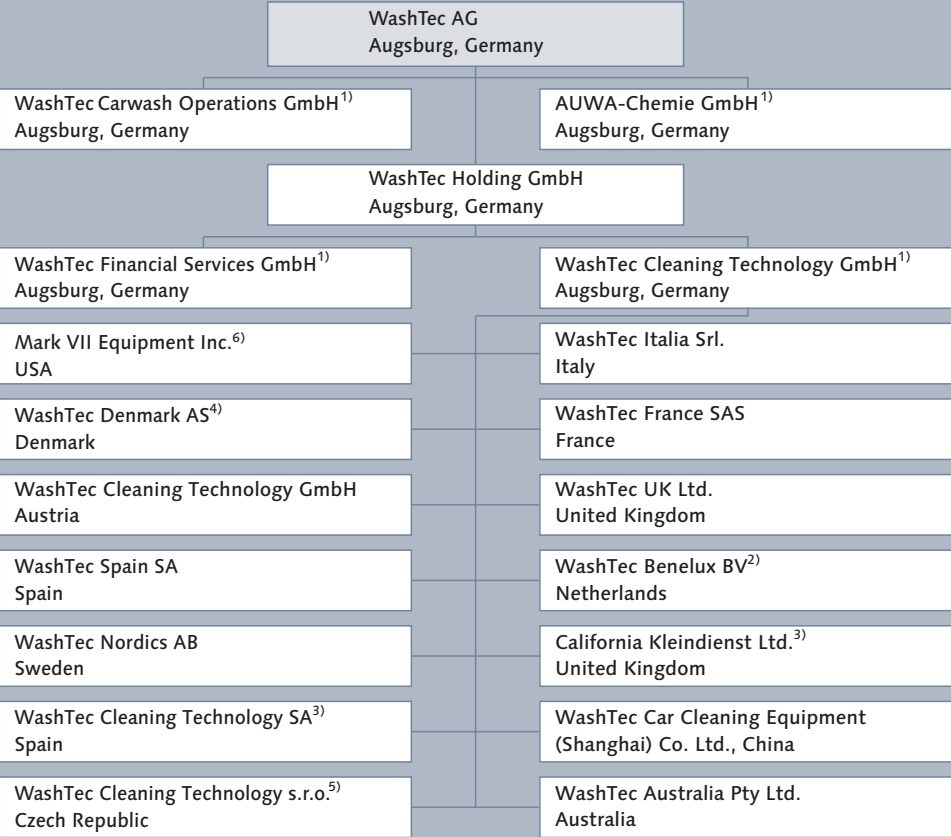
Operations Business

- WashTec Carwash Operations

Financing

- WashTec Financial Services

Corporate structure



¹⁾ Controlling and profit and loss transfer agreement
²⁾ Subgroup with Benelux Carwash Management B.V., Zoetermeer, Netherlands, WashTec Benelux Administrative B.V. Zoetermeer, Netherlands and WashTec Benelux N.V., Brussels, Belgium, whose results are disclosed by WashTec Benelux B.V, Zoetermeer, Netherlands
³⁾ The company is currently inactive
⁴⁾ Incl. offices in Norway
⁵⁾ WashTec Cleaning Technology GmbH 90%, WashTec Holding GmbH 10%
⁶⁾ Including subsidiary WTMVII Cleaning Technologies Canada, Inc. in Canada

Financial Calendar

Annual Report 2011	March 26, 2012
Q1 Report 2012	May 7, 2012
Annual General Meeting	May 10, 2012, Augsburg
Q2 Report 2012	August 7, 2012
Q3 Report 2012	November 5, 2012
Equity Forum, Analysts' Conference	November 12–14, 2012, Frankfurt am Main

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