Maximum **Customer Benefit.**

Annual Report 2015

Unaudited translation for convenience purposes only

We offer everything around carwash

Roll over systems

Self-service

Wash tunnels

Chemicals

Financial
services

Services

Operations

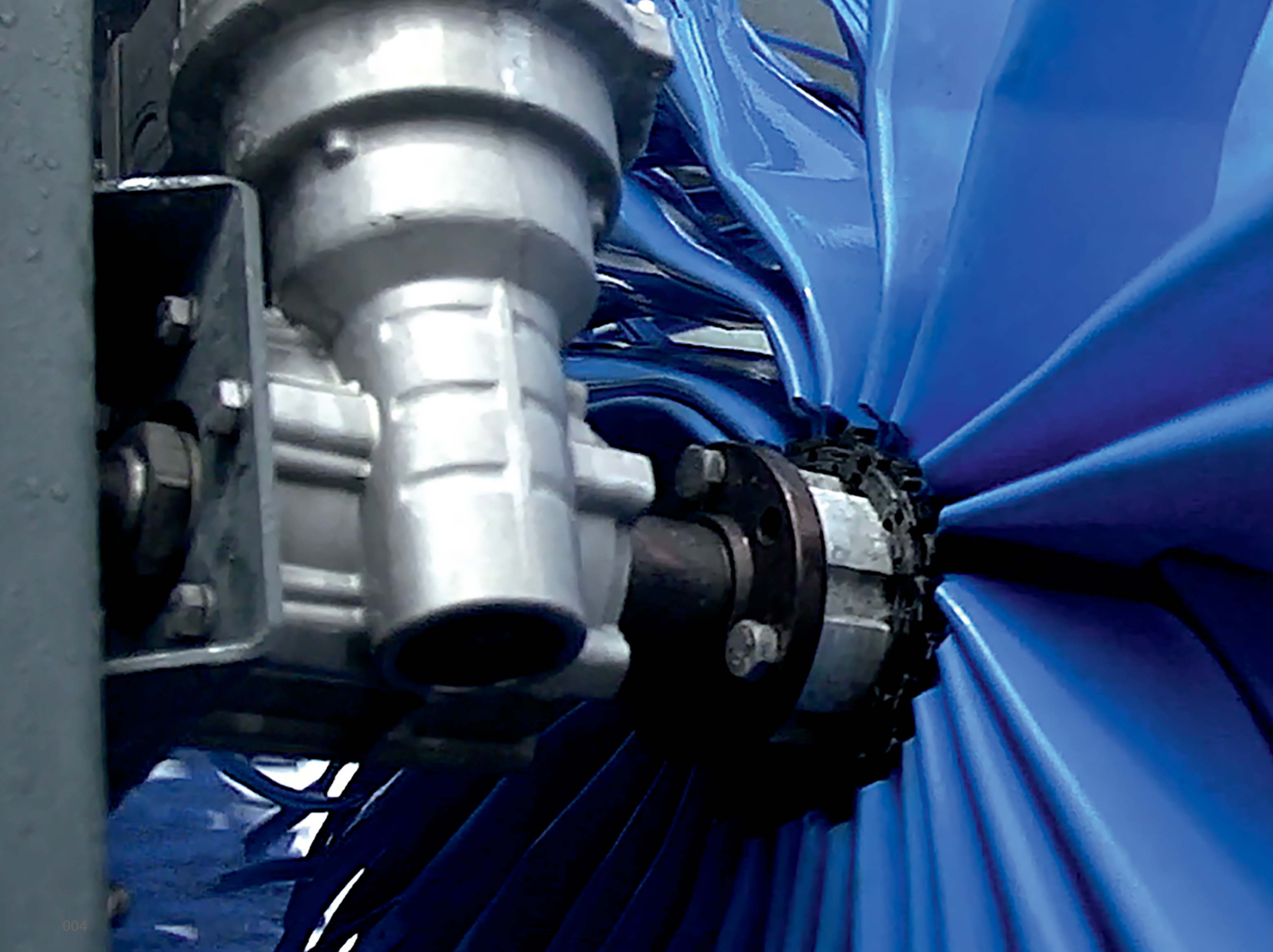
Content

The Group

Combined Management Report WashTec and the Group

Consolidated Financial Statements of WashTec AG

Further Information



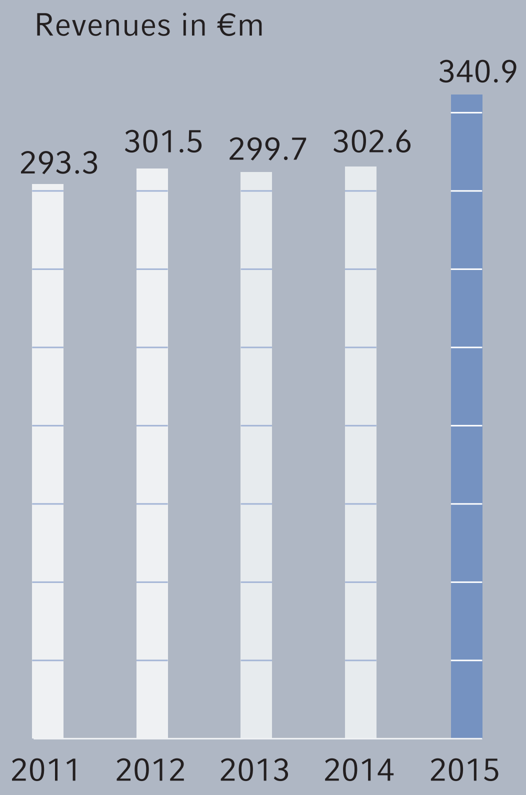
The Group

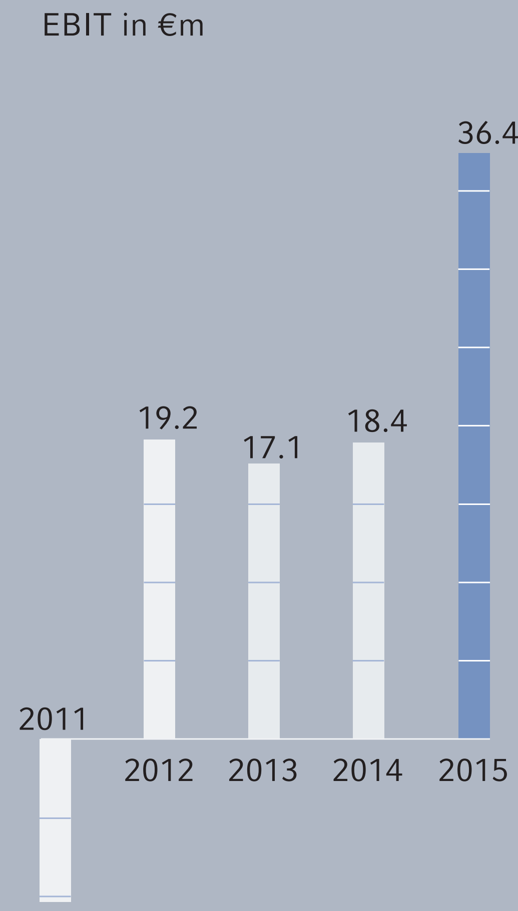
Group Level Key Performance Indicators (KPIs) 2011 through 2015

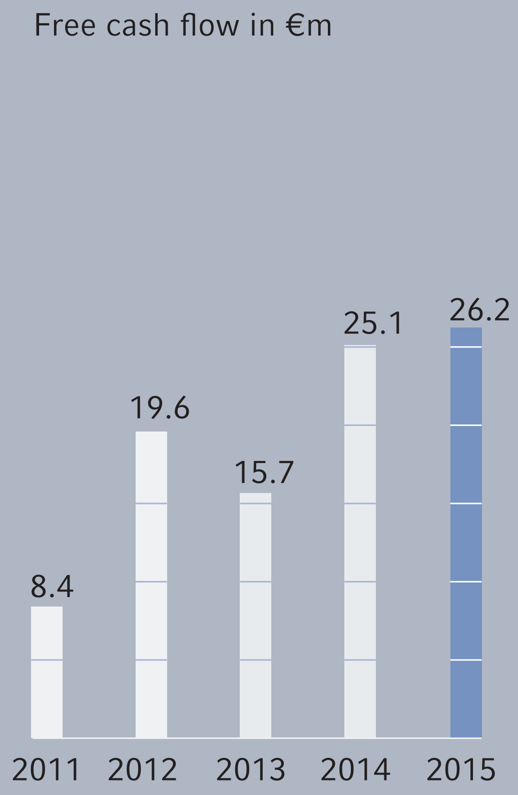
		2015	2014	2013	2012	2011
Revenues	in €m	340.9	302.6	299.7	301.5	293.3
EBITDA	in €m	46.1	28.6	27.0	29.2	19.2
EBIT	in €m	36.4	18.4	17.1	19.2	–10.4
EBIT margin	in %	10.7	6.1	5.7	6.4	–3.5
EBT	in €m	35.9	17.7	15.8	16.5	–11.9
Consolidated net income	in €m	24.6	12.7	11.2	10.1	–14.6
Earnings per share[1]	in €	1.78	0.91	0.80	0.72	–1.04
Free cash flow	in €m	26.2	25.1	15.7	19.6	8.4
Balance sheet total	in €m	190.0	185.8	174.2	183.6	195.0
Equity	in €m	80.3	90.9	87.8	84.4	75.3
Employees[2]		1,672	1,676	1,670	1,650	1,660

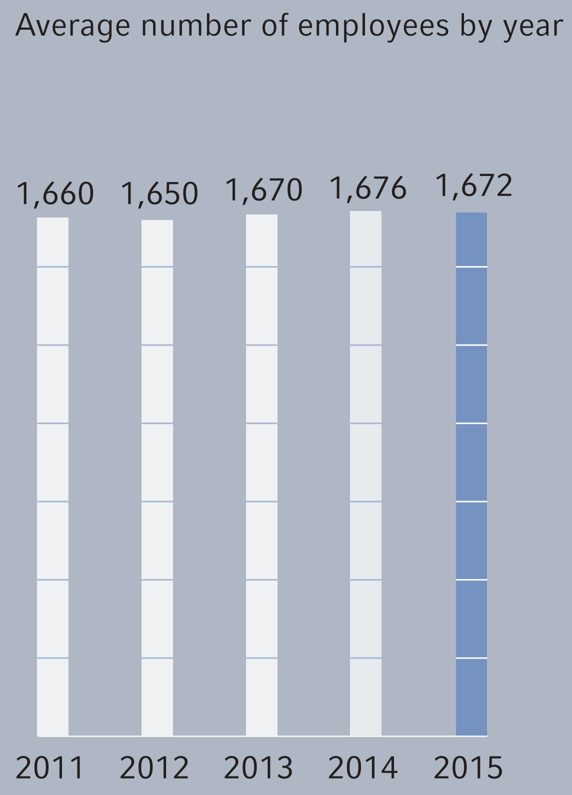
[1] weighted average number of outstanding shares since Dec 31, 2009: 14.0m, since Dec 31, 2013: 13.9m, as of Dec 31, 2015: 13.8m. [2] year average

Revenues, **Earnings**, Cash Flow, **Employees**









Report of the Management Board

Dr. Volker Zimmermann
Chief Executive Officer

Dear Shareholders, Customers and Employees,

The slogan for this year's annual report is »Maximum **Customer Benefit**«. In the following pages we will take you on a journey to our customers around the world. Various examples will illustrate the diverse and intriguing world of professional car washing.

2015 was the most successful year in WashTec's history so far. With revenues of € 340.9 million, we grew by 12.7% compared to the prior year. Our EBIT was € 36.4 million, almost double the previous year. We thereby achieved an EBIT return of 10.7%. 2015 was also the most successful year for our shareholders in terms of their investment in WashTec. The share performance exceeded 130%. During the fiscal year, the Company distributed more than € 35.7 million to its shareholders in the form of dividends and share buybacks.

The segments of Core Europe, North America and Asia/Pacific were the main contributors to this successful growth. With our products and services, we were able to convince not only our large customers as e.g. oil companies, but also achieved increases in sales to independent customers. In summary, we grew in all product areas and regions, especially Equipment and Services developed particularly favorably.

In 2016, we are striving to achieve further revenue growth. We are focused on expanding our sales activities in order to better exploit regional potential. We will expand the chemicals production plant in Grebenau to set it for further growth. We are constructing a show room at our headquarters in Augsburg. This will allow us to present our innovations in a suitable setting and work with our customers to achieve the best solutions. We are also investing in our employees and executives with corporate philosophy workshops and executive training programs. Also on the agenda are efforts to increase the efficiency of our processes, for example through a SAP rollout in our North American subsidiaries or by equipping all service technicians with the latest state-of-the-art hardware.

We started a change process in 2015: a process that involves the Company as a whole and that facilitates a successful and value-oriented development. In our corporate philosophy, we define the foundation: our Nr. 1 objective is customer benefit, positioning ourselves as the specialist in the car wash industry, pursuing our aspiration to drive innovation and making clear statements regarding management and cooperation. This corporate philosophy forms the basis of our work.

We are fully aware that success requires a team effort. Thus, we thank all our employees for their commitment and creativity. Many thanks also to our customers, shareholders and business partners for their support and for the trust they have placed in us. We look forward to staying the course together with you in 2016.

Dr. Volker Zimmermann
Chief Executive Officer

Dr. Volker Zimmermann (1963)
CFO/Chief Executive Officer
Areas: Supply Chain, Research and Development, Service, Quality, Purchasing

Volker Zimmermann earned a doctorate in mechanical engineering and worked for Voith Turbo GmbH & Co. KG for many years as a managing director, among other positions. Most recently, Mr. Zimmermann served as chairman of the board of managing directors at Knorr-Bremse, Systeme für Nutzfahrzeuge GmbH.

Since February 2015, Mr. Zimmermann has been CEO of WashTec AG.

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

Rainer Springs has a masters degree in business administration (earning the title of »Dipl.-Kfm«) from the Universität der Bundeswehr Neubiberg. After having worked for management consulting firms for several years, he worked for ABB AG in different fields, including robotics. He joined WashTec in 2004 and served as Chief Operating Officer for the US subsidiary from 2011 to 2014. Since 2015, Mr. Springs is a member of the Management Board of WashTec AG.

Karoline Kalb (1972)
CHRO/Member of the Management Board
Areas: Human Resources, Compliance, Investor Relations, Special Projects

Karoline Kalb is a licensed attorney. Since 2001, she has been working for WashTec in various management functions, including as Director of Key Accounts Management and Compliance. Since November 2013, Ms. Kalb has been a member of the Management Board of WashTec AG.

Stephan Weber (1963)
CSO/ Member of the Management Board
Areas: Sales, Marketing, Product Management

Stephan Weber is an engineer (earning the title of »Dipl.-Ing.«) in the field of wood engineering. After holding different management positions with well-known national and international machine and plant engineering companies, he became a member of the Management Board of Michael Weinig AG where he was responsible for Sales and Marketing. Since January 2015, Mr. Weber has been a member of the Management Board of WashTec AG.

World of WashTec – GERMANY

»The sales team of WashTec has been advising me very competently during our entire cooperation. I am particularly impressed by the prompt service – after a single phone call, a service technician immediately comes to us«, Herbert Manz, Managing Director Autohaus Manz, Schwarzenfeld, Germany.

Left to right: Karsten Eissmann and Herbert Manz (Autohaus Manz), Günther Kollmer (WashTec Germany)


3
SHAMPOOTECS
ECO
5
FOAMTECS
ECO
6
KONSERVAN
DRY ECO

World of WashTec – FRANCE

»I am 100% satisfied with my WashTec equipment, the service and the Auwa chemicals«, Charles Rozé, owner of Eldoradeau SARL, Fleury-les-Aubrais, Frankreich.

Left to right: Ghislain Bertrand (WashTec France), Charles Rozé (Eldoradeau SARL) and Gilles Vandeputte (WashTec France)

PROGRAMMES
R2LAVAGE
6
OPTIMUM
Haute pression latérale
5
PRESTIGE
Haute pression latérale
4
ULTRA
Haute pression latérale
12€
1
SoftCare
BORNE DE PAIEMENT
D'ÉCONOMIE !
DE JETONS OU À LA BOUTIQUE

World of WashTec – USA

»Xtreme Clean is pleased to have chosen Mark VII as our full-service supplier of wash equipment, service and chemical. The ChoiceWash XT enables us to offer a unique product in our expanding market. With Mark VII as our partner, we anticipate a bright future for Xtreme Clean«, Nate Kessler, COO, Xtreme Clean Auto Wash, Michigan, America.

Left to right: Mike Reijonen (Mark VII USA), Nate Kessler (Xtreme Clean Auto Wash)


XTREME CLEAN
AUTO WASH
DRIVE
AHEAD
PARK

World of WashTec – AUSTRALIA

»We are thrilled to have the world's best technology from WashTec to deliver an excellent experience to our local customers, every-time. We look forward to a long and profitable partnership with WashTec«, Robert Sacco, Managing Director Waves Carwash, Gungahlin, Australia.

Left to right: Daniel Bianchi (WashTec Australia), Dino Jugovac (Waves Carwash), Andrew Barr (Chief Government Minister ACT), Kevin Foley (WashTec Australia), Robert Sacco (Waves Carwash)


Forward
STOP
Forward
STOP
Reverse
Hello, my name is:
DINO
Hello, my name is:
ROB

Customer benefit is our number one objective.

We offer our customers, the end users and car wash operators, the maximum amount of benefits.

We are **specialists.**

We focus on our area of expertise: the carwash.
We understand the related processes and technology in all their breadth and depth.

We combine science and technology into overall better solutions; this includes exceptional services covering the entire life cycle.

We are an **innovation** company.

We are never satisfied with the status quo, but strive to constantly improve ourselves.

We proactively look for opportunities, recognize areas for improvement and implement them together and quickly with all our strength.

We live **leadership.**

Leadership for us means setting an example and seeing the big picture. We provide a professional and creative environment for the successful development of our employees and the company.

We ensure that roles and responsibilities are clearly assigned and know we can rely on each other to perform.

At WashTec, we are **entrepreneurs**.

We are professionals in our area of expertise, set ourselves the highest standards and are constantly developing our skills.

Each one of us sees the whole picture and makes our contribution. We help each other and share our knowledge.

Within our areas of responsibility, we take decisions and accept responsibility for them.

Report of the **Supervisory Board**

Dr. Günter Blaschke
Chairman of the Supervisory Board

Dear Ladies and Gentlemen,

For WashTec AG, the recently completed fiscal year was the most successful year in the company's history so far. The management board was renewed and enlarged at the start of 2015. With the adoption of a new corporate philosophy, the successful conclusion of various tenders, and numerous initiatives to increase sales excellence, important foundations were laid for even more success in the future with innovative products and maximum customer benefit.

Work of the Supervisory Board

The work of the supervisory board was guided by a business strategy that sought to expand market share and improve cost structures. The supervisory board engaged extensively in current business performance. An innovation committee, a sales committee and a sales strategy committee were formed. During the reporting year, the supervisory board adhered to the responsibilities imposed on it under the law, the Company's articles of association and the board's own internal rules of procedure. The supervisory board was directly involved in all decisions of fundamental significance to the Company. In fiscal year 2015, the supervisory board, regularly obtained updates on 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. In addition to other reports, the management board reported each month in writing to the supervisory board about business development. When it was needed, the supervisory board also requested additional reports from the management board and inspected other relevant Company documentation. Discrepancies between actual business development and the plans and targets were explained to the supervisory board in detail and then checked by the supervisory board based on the documents presented to it. The management board conferred and coordinated with the supervisory board above all on the strategic direction of the Company. The supervisory board extensively discussed any transactions, which were important to the Company, on the basis of the reports issued by the management board.

During fiscal year 2015, the supervisory board regularly reviewed the situation of the Group and monitored the work of the management board

The supervisory board voted on all reports and draft resolutions of the management board, whenever required by law or the Company's articles of association, after thorough examination and discussion. Beyond the extensive work conducted during the supervisory board meetings, the chairman of the supervisory board also discussed the Company's position and its further development and direction in various one-on-one talks with the management board outside of the meetings. The other supervisory board members were also available to exchange views with the management board outside of the meetings. All supervisory board members provided each other with comprehensive reports concerning their respective one-on-one talks with the management board. In fiscal year 2015, the plenary supervisory board held a total of eight ordinary and extraordinary meetings, of which three were held in the form of conference calls. At least one meeting was held each quarter. In addition, nine committee meetings were held, and various resolutions were adopted pursuant to the draft resolution circulation procedure. Attendance at the meetings of the supervisory board and its committees was nearly 100%. The committee work report was presented to the supervisory board during the plenary meetings. This report separately addresses the work of the committees. The topics at the regular conferences of the supervisory board were market performance, the competitive situation, the development of revenues, earnings and staffing at the WashTec Group, the financial position and the major participations and investments, and the risk management system. The management board submitted regular and comprehensive reports to the supervisory board about corporate planning, strategic development, the status of business and the current (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 needed the consent of the supervisory board, were reviewed and then discussed and decided with the management board. The current business and earnings situation relative to the budgeted figures was discussed at all of the meetings. Furthermore, the following individual topics were included on the agenda of the meetings:

2015 priorities:

- *Current business and earnings situation*
- *New corporate philosophy: maximized customer benefits are highest priority*
- *Annual planning 2016/ Mid-term planning 2017–2018*
- *Supervisory board and management board matters*

- Discussion of the annual financial statements of WashTec AG and the consolidated financial statements for fiscal year 2014 (1st quarter),
- Resolutions about the agenda for the annual general meeting of shareholders (1st quarter),
- Supervisory board matters (ongoing), specifically the composition of the committees,
- Workshop regarding the corporate philosophy (4th quarter),
- Management board affairs (ongoing), replacement and enlargement of the management board (1st quarter),
- Annual planning 2016 (budget), strategic and mid-term planning 2017–2018 (4th quarter),
- Target figures for the percentage of women on the supervisory board and management board, remuneration system of the management board and the Long Term Incentive Plan, Corporate Governance Code and declaration on conformity, compliance (3rd and 4th quarter),
- Investment into chemical production at the Grebenau site.

Critical items on the agenda for the meeting, which was held on March 23, 2016 and at which the accounts were approved, included not only a discussion of the annual financial statements of WashTec AG and the consolidated financial statements for fiscal year 2015 (including the approval and adoption of the annual and consolidated financial statements), but also a discussion of the combined management report. Also discussed in the presence of the annual accounts auditor were the draft resolutions intended for submission to the annual general meeting of shareholders.

Report on the work of the committees

In order to efficiently discharge its duties, the supervisory board also formed an innovation committee and a sales strategy committee, thereby adding to the existing committees: the audit committee, the personnel committee and the nominating committee. This was undertaken in compliance with the requirements of the German Corporate Governance Code. The current composition of the committees is printed on page 80. The committees serve to prepare the topics and resolutions for the supervisory board meetings. At the same time, they do in fact execute some decision-making authority, which is delegated to them pursuant to mandatory laws and regulations. We provide below a brief overview of the committee work.

The audit committee convened four times in the recently completed fiscal year. In the presence of the annual accounts auditor, the committee focused mostly on the 2014 consolidated financial statements, the management report, the 2014 management letter, the compliance and risk report, as well as the results as of the 2015 half-year report, the report on the review *[prüferische Durchsicht]*, the check on the supervisory board priorities and the follow up of the management letter from the annual accounts auditor. The quarterly reports were discussed at length, and the audit parameters were defined.

The personnel committee met twice during the reporting year. The subject matters involved the reorganization of the management board and a Long Term Incentive Plan (LTIP) for the management board.

The nominating committee did not meet during the reporting year.

The innovation committee, formed in the 3rd quarter, met three times in the recently completed fiscal year. Its focus was primarily on organization, procedures, strategically important R&D projects and the mid-term goals of WashTec AG.

The sales strategy committee, formed in the 4th quarter, met once during the reporting year. The main topic was the positioning of WashTec. The committee discussed, above all, how WashTec might enhance the focus and improve the global implementation of its broad-based marketing strategy.

Good collaborative relationships were guaranteed at all times.

No conflicts of interest arose for the supervisory board members.

Corporate Governance

The management board and supervisory board determined target figures for the percentage of women on the supervisory board and on the management board and dealt with the changes to the Corporate Governance Code, reviewed corporate governance and issued a new declaration of conformity, which is printed on page 85.

Remuneration system for the management board

The management board remuneration system is based on the duties and performance of the management board members and on the condition of the Company. The overall remuneration of the members of the management board is made up of monetary and non-monetary as well as fixed and variable components, and in general, it tracks the sustained development of the Company. During the reporting year, a Long Term Incentive Plan (LTIP) for the management board was passed and is described in detail in the remuneration report.

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 described in more detail the remuneration report on pages 85–88. The supervisory board most recently approved the annual resolution about the management board remuneration system at its meeting of December 15, 2015.

Audit of the annual and consolidated financial statement 2015

The management board prepared the annual financial statements of WashTec AG, the consolidated financial statements and the combined management report of WashTec AG and of the Group as of December 31, 2015. PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Munich was selected by the annual general meeting of shareholders to serve as annual and consolidated accounts auditor. It audited the management report and issued an unqualified auditor’s report on each of them.

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

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

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

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, 2015, as well as the management board's proposal on the use of the unappropriated surplus [Bilanzgewinn] had been presented to all members of the supervisory board in a timely manner so that the latter could carry out their own review. Financial statements and reports were the topic of the supervisory board meeting, which was held on March 23, 2016 in order to approve the accounts. As part of that supervisory board meeting, the management board also issued a report regarding the development of the Company's earnings.

The annual accounts auditor attended the meeting on March 23, 2016 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, the combined management report and the management board's proposal on the use of unappropriated surplus. The supervisory board's review did not yield any objections. At its meeting held for purposes of approving the accounts, the supervisory board approved the annual financial statements of WashTec AG (as prepared by the management board) and the consolidated financial statements. The annual financial statements of WashTec AG are thereby formally adopted. The management board's proposal on the use of the unappropriated surplus was approved by the supervisory board after it reviewed the proposal.

Changes on the Management Board

For the future, an expanded management board team consisting of current and newly appointed members is undertaking the task of exploiting additional opportunities for sustained growth in revenues, earnings and increasing company value. Effective February 1, 2015, Dr. Volker Zimmermann was appointed Chief Technology Officer (CTO) and Management Board Chairman (CEO). Ms. Karoline Kalb's responsibilities on the management board are the areas of management culture, talent management and leadership development along with corporate communication, compliance and special projects. Mr. Stephan Weber was appointed Chief Sales Officer (CSO) effective January 1, 2015. Mr. Rainer Springs was appointed Chief Financial Officer (CFO), effective February 1, 2015.

Already in the very first year, we have come one big step closer to meeting the supervisory board's high expectations for the management board team; namely, of preserving continuity and, above all, creating stimuli for sustained profitable growth.

The supervisory board would like to thank the management board and all managers for their good and constructive cooperation. A very special thanks, however, goes out to all employees whose dedication and commitment helped make 2015 such a success.

Augsburg, in March 2016

On behalf of the Supervisory Board

Dr. Günter Blaschke
Chairman of the Supervisory Board

Sustainability Report

Our future is secured through sustainable economic activities: economic activities not just of our Company, but also those of society as a whole. Even today, these considerations influence our actions as we use resources as efficiently as possible. We also take our responsibility to employees and society very seriously. Our goal is to create sustainable value and to leave behind for the next generations a world that is ecologically and socially intact.

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

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

Product responsibility

1. WashTec Products

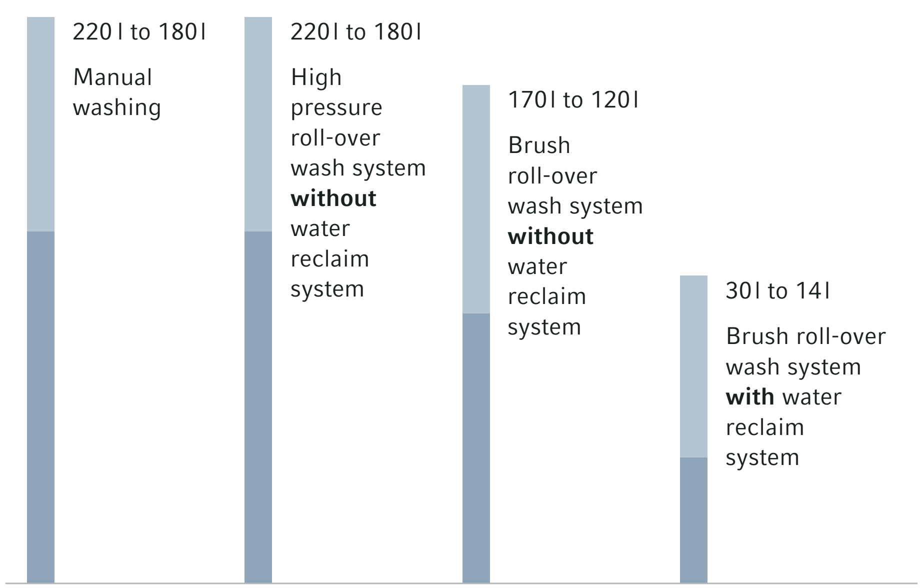
- WashTec products not only preserve the financial resources of our customers through lower energy usage, reduced fresh water consumption and the use of recycled water via water reclaim systems and optimally dosed chemicals, but also thereby protect the environment. WashTec supports the customers in their pursuit of sustainable business activities.
- Through its site research, WashTec supports its customers in optimally designing products for the local site in order to avoid waste and the risk of under-dimensioning wash capacity. Only in this manner the optimum use of resources for the economical result can be achieved while simultaneously preserving resources.

The WashTec environmental seal identifies all products and product components that are particularly environmentally-friendly and preserve resources

All WashTec equipment meet every environmental regulation currently in force and offer a fresh water-preserving alternative to the manual car washing approach that is prohibited in Germany and other countries. Even in markets with lower environmental standards or greater water scarcity, WashTec expects 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 increasingly strict, and even in other countries, a ban against manual car washing is under discussion. In Scandinavia, WashTec uses for many years now the »Nordic Swan« label for particularly environmentally-sound water reclaim equipment and/or car wash facilities.

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

Minimized consumption of fresh water



Source: WashTec Analysis

2. WashTec- or AUWA-Chemical products

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

The range of products encompasses a line-up of cleaning and care products for car wash facilities and spans everything from special solutions for water recovery systems 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 products always satisfy all currently valid statutory requirements and that, for example, the wastewater thresholds are always met. The need to comply with the highest environmental and health standards is just as obvious. Thus, for example, all used active washing substances are bio-degradable, environmentally-friendly and non-abrasive.

A number of products satisfy the requirements of the Nordic Ecolabel (Nordic Swan), as well as the VDA. Moreover, special 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 harmonized with all WashTec water reclaim equipment and in this manner helps retain a high level of water quality. The concentrated and highly efficient products assist in reducing dosage quantities – and therefore, consumption – and in improving the quality of the process water and in thereby lowering fresh water needs. Specific dosage recommendations on the product packaging help to avoid excessive dosages.

Production

1. Equipment

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

Since exhaust fumes and exhaust air generated during production are filtered, the discharge or emission of harmful substances is kept to the lowest extent technically possible. Thereafter, products are installed and maintained at our customers' places of business by about 500 in-house service technicians, subcontractors and technical personnel of our sales partners. The service technicians are on the road with modern, specially-equipped service vehicles, which themselves carry along suitable equipment and fittings ranging from tools and spare parts to safety equipment such as, for example, special mobile scaffolding.

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

2. Wash chemicals

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

During the production of AUWA products, the available resources are always handled sparingly. Accordingly, any raw materials such as dye, fragrances, emulsifying agents, or similar products, which are not required for the product to work, are avoided to the highest extent possible. All wash chemical products are concentrates automatically diluted and apportioned in the wash equipment. In addition to saving weight, this process also saves packaging materials, thereby reducing transport costs to a minimum.

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

WashTec environmental scorecard

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

1. Energy

At WashTec, the vehicle fleet makes up the largest percentage of overall energy needs (65%). All vehicles newly acquired by WashTec are equipped with economical diesel motors with particle filters. These filters reduce the discharge of particles by up to 99% per vehicle. In addition, the fuel consumption is lowered to the furthest extent possible by equipping the service vehicles with GPS navigation systems facilitating optimized route planning and thereby keeping travel time as low as possible. The company car policy provides for limits and penalty rules for CO_2 emissions.

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

The electricity, which WashTec procures for the corporate headquarters and the main production site in Augsburg, is derived up to 39.9% (prior year: 32%) from renewable energy. This figure is significantly higher than the national average of 24.6% (prior year: 22%). WashTec thereby actively contributes to reducing radioactive waste and lowering its CO_2 emissions.

2. Waste

In 2015, WashTec generated 2,530 tons of waste material in Germany by having taken back old equipment and due to production waste. This waste is systematically sorted and recorded. Through the resolute separation of disposable waste (e.g., metal and sheets), the sale of these waste materials in 2015 yielded proceeds of € 250k (prior year: € 270k). Disassembled old systems are either refurbished or professionally removed by authorized service providers.

Certifications

Since 2000, WashTec is certified under ISO 9001 and ISO 14001, which are standards that set forth the globally recognized requirements in responsible quality management and environmental management systems. Under the environmental management system based on ISO 14001, WashTec is taking part in the »Environmental Pact for Bavaria – Sustainable Growth with Environmental and Climate Protection Components«. This is a voluntary agreement between the Bavarian state government and Bavarian industry which, among other things, creates an obligation to provide additional environmental protection work going far beyond the standards required by law. In addition, WashTec is certified under SCC. »SCC« stands for »Safety Certificate Contractors«. The fulfillment of this standard by engaging in preventative measures serves to protect the safety and health of our employees and also covers other requirements of environmental protection. The certifications, which are routinely performed by DEKRA, also validate whether there has been compliance with the statutory provisions and rules and establish legal certainty.

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

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. Since 2007, WashTec has received the »SRI Pass-Status« (Sustainable & Responsible Investment) as a sustainable investment.

Customer satisfaction

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

In order to review the extent to which we can satisfy this goal, we constantly carry out customer satisfaction surveys in which we review the level of satisfaction with our products (e.g., regarding quality, price-performance ratio, introductory operational training) and our customer service (e.g., regarding quality, reaction time, friendliness). According to the most recent survey conducted in Germany, customer satisfaction with WashTec service and our products is very high. Almost 170 service deployments and approximately 100 machine installations were evaluated in 2015. More than approximately 100 of our chemicals customers were surveyed as well. Our chemicals customers are particularly satisfied with initial training (orientation) and technical advice on new products (grade: 1.3) and with wash results (grade: 1.2). In Services, it was employee friendliness, above all, that received high marks (grade: 1.3). Eighty-percent (80%) of our customers expressed a level of satisfaction with our product assembly team that was higher than the satisfaction level with services performed by service providers in general, whereas approximately 19% of those customers judged it at about the same level. (Grading based to the German school grading scale where 1 represents the best grade and 6 the lowest grade).

Personnel and Compliance

1. WashTec Code of Ethics

Since 2005, a standard Code of Ethics applies to all companies of the WashTec Group, and its main tenet requires that all employees comply with all laws and directives (compliance). The Code includes the key directives on how employees ought to interact with one another and how to interact with customers, suppliers, advisors and government officials. The WashTec managers and the Company's employees in Sales, Purchasing, Personnel and Finance routinely sign 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. Corporate Philosophy

The corporate philosophy (»Leitbild«) introduced in fiscal year 2015 provides all employees with guidance on how to interact among themselves and with customers. Highest priority above all is on providing maximum customer benefit. Each contact with WashTec should be a positive experience for our customers. The corporate philosophy is the basis for our leadership policies. The corporate philosophy is being rolled out throughout the Group in the form of global workshops for all employees. Management training programs are built upon this philosophy and specifically tailored to WashTec's needs.

3. 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.

4. 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.

5. Training and human resource development

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

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

The Company's headquarters are in Augsburg. At this location, the Company offers formal training in the fields of information technology (IT), mechatronics, and qualification as an industry business person [Industrie-Kauffrau/-mann]. The number of training positions is supposed to be tripled in 2016. Likewise, in 2016, the training faculties should be expanded to cover the field of industrial mechanics.

6. Employee satisfaction

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

In a study conducted by »Focus«, WashTec was recognized as one of the best employers in the engineering sector.

The communication between management board members, managers and employees improved as a result of social activities conducted during non-business hours, such an annual ski trip, a company running event or the WashTec happy hour.

7. Health and safety

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

Moreover, under the SCC certification, WashTec has a very well-developed employee safety system and health protection management system. WashTec service technicians are under a special obligation to learn and understand the issue of safety. The focus of regular training and certification programs are training sessions for conduct in and around gas stations in preparing and implementing work related to the commissioning, maintenance and servicing of our equipment and systems. All WashTec service technicians in Germany participated in a driver safety training program (using their company cars). The roll-out of new safety equipment is accompanied by extensive training sessions. Thus, for example, all service technicians were given special mobile scaffolding, which was developed in collaboration with a well-respected scaffolding manufacturer. In a training program, which was separately conceptualized for that purpose, our employees were introduced to the so-called »WashTec Tower« in order to be able to correctly and safely use the advantages of the scaffolding, which had been specially developed to meet the needs of working on wash equipment at greater heights. The concept and launch of the »WashTec Tower« was awarded the »Clever Fox« (»Schlauer Fuchs«) prize by the employers' liability insurance association for woodwork and metalwork (Berufsgenossenschaft für Holz und Metall). Compliance with these safety provisions is routinely monitored in internal and external audits. Likewise, the results from audits carried out at customers' locations are used to motivate our employees and to continually improve the working conditions.

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

8. Balancing family and career

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

Social commitment – Bunter Kreis

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

The WashTec Share

Karoline Kalb
Member of the
Management Board

Stock market performance in 2015

During some periods in 2015, global stock markets experienced high volatility. This was particularly the case for the Chinese stock market which, after a brilliant start, came under massive pressure during the middle of the year and created a drag on the European stock markets as well. The cause of these trends were increasing concerns about economic growth in China. Particularly during the second half of the year, these concerns produced considerable downward pressure on oil prices and industrial raw materials. As a consequence, the currencies and stock markets of commodity-dependent countries began to decline. By the end of the year, the US Federal Reserve decided to raise its prime rate for the first time in many years, thereby applying an additional brake on economic growth (even though the decision had been widely expected).

Compared to the rest of the world, the German stock market showed a favorable trend in 2015. In March, the DAX climbed above 12,000 points for the first time in its history and reached its peak for the year in April (climbing to 12,391 points) before closing 2015 at 10,860 points on the last trading day of the year. Thus, the DAX gained 9.4% for the year. The small-cap index, SDAX, climbed 26.6% to 9,098 points, and the European benchmark stock index, Euro Stoxx 50, reported a 3.2% gain to 3,288 points.

WashTec share price increases 132.8 % during the course of the year

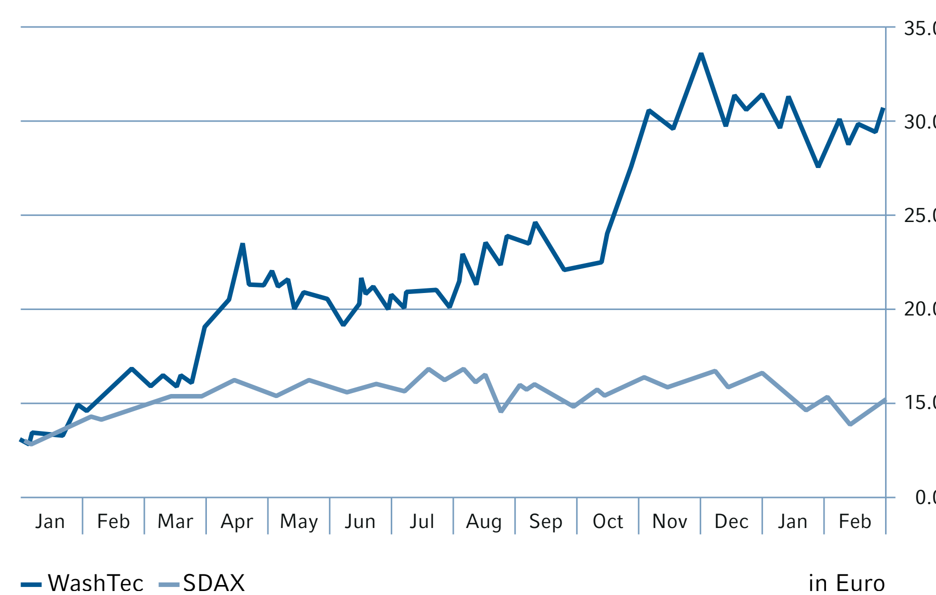
The WashTec share price entered 2015 at € 13.10 and, by the end of the day on January 6, 2015, reported its low for the year at € 12.90. On December 1, 2015, the share price reached its annual high of € 33.70 and, at the end of the year, equaled € 30.50. The price increase in 2015 was 132.8%.

Market capitalization of approximately € 426 million, December 31, 2015

The Company's market capitalization at year's end rose to € 426 million (Source: Deutsche Börse) as a result of the good performance. In the Deutsche Börse AG ranking relating to the Prime Standard companies not included in the DAX or the TecDAX indices, WashTec – as of November 30, 2015 – achieved a ranking of 84 in terms of market capitalization (based on shares held in free float) and 112 in terms of trading volume and therefore just missed inclusion in the SDAX. In order to be included in the SDAX, a company must rank in the top 110 under both criteria. Effective March 21, 2016 Deutsche Börse has included WashTec in SDAX as a result of the good performance and increased trading volume.

Entry in SDAX as at March 21, 2016

Price development of WashTec shares 2015/2016 compared to the SDAX (index)



As of February 29, 2016, the shares were trading at € 30.05 per share.

Attractive dividend policy

Pursuant to a resolution adopted by the annual general meeting of shareholders on May 13, 2015, the Company paid its shareholders a dividend of € 1.65 per share for fiscal year 2014, which consisted of a dividend payment of € 0.70 per share as well as a special dividend payment of € 0.95 per share.

In August and September 2015, a share buyback program was implemented in the form of a public share buyback offer. In connection with the share buyback program, the Company purchased almost 550,000 shares at a price of € 23.20 per share. Following the conclusion of the program, the Company holds 4.25% of its own shares.

Total Shareholder Return 145.4%

In 2015, the Company made distributions equaling € 35.7 million in the form of share buybacks and dividend payments. The total shareholder return was 145.4%.

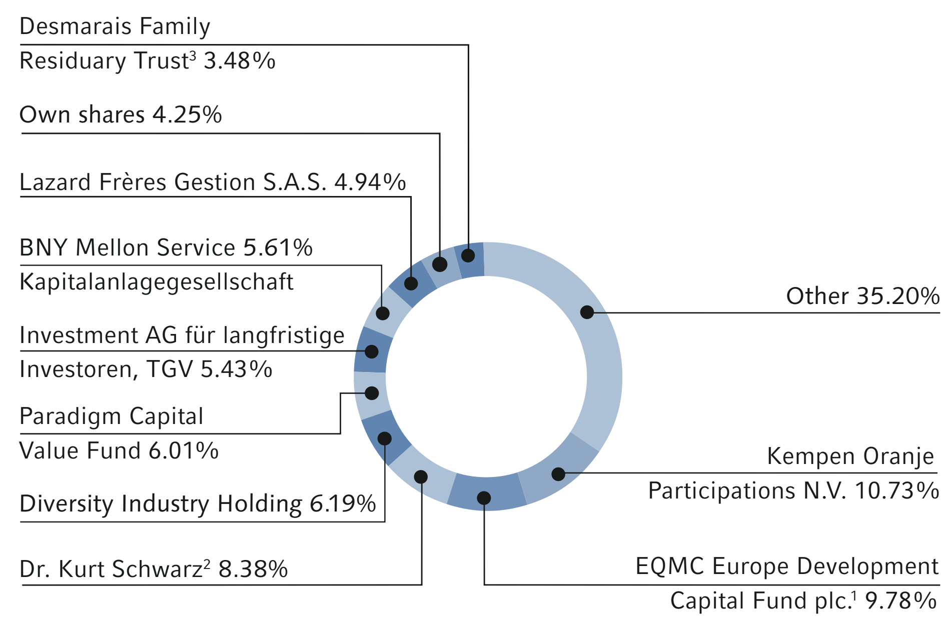
WashTec aims to have an attractive dividend policy that ensures a successful continued growth of the Company. Moreover, the Company shall regularly review the prospect of distributing special dividends or the possibility of buying back shares. Such measures will be evaluated on the condition of the Company having sufficient funds at its disposal for expanding its market position.

The Company therefore plans to recommend that the annual general meeting of the shareholders renew the authorization, which is expiring in 2016, for buying back shares representing up to 10% of the registered share capital. Details regarding prior share buybacks can be found in the investor relations section of the Company's website: www.washtec.de.

Changes in the shareholder structure

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

Shareholder structure as December 31, 2015



[1] Nmás1 Dinamia, S.A.
[2] Leifina GmbH & Co. KG et al
[3] Setanta Asset Management

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

In fiscal year 2015, WashTec received numerous voting rights notifications pursuant to the German Securities Trading Act (WpHG):

Nmás1 Dinamia, S.A., Madrid, Spain, informed us that its voting shares on July 20, 2015 exceeded the 10% threshold and equaled 10.80% on that day. The voting shares of EQMC Europe Development Capital Fund plc., Dublin, Ireland, were attributed to it.

Nmás1 Dinamia, S.A., Madrid, Spain, informed us that its voting shares on September 16, 2015 fell below the 10% threshold and equaled 9.781% on that day. The voting shares of EQMC Europe Development Capital Fund plc., Dublin, Ireland, were attributed to it.

Nmás1 Asset Management, SGIIC, S.A., Madrid, Spain, informed us that its voting shares on September 16, 2015 fell below the 10% threshold and equaled 9.781% on that day. The voting shares of EQMC Europe Development Capital Fund plc., Dublin, Ireland, were attributed to it.

EQMC Europe Development Capital Fund plc, Dublin, Ireland, informed us that its voting shares on September 16, 2015 fell below the 10% threshold and equaled 9.781% on that day.

Kempen Oranje Participaties N. V., Amsterdam, Netherlands, informed us that its voting shares on September 28, 2015 exceeded the 10% threshold and equaled 10.73% on that day.

WashTec AG informed us that on September 14, 2015 its treasury shares exceeded the 3% threshold and equaled 4.25% on that day.

Lazard Freres Gestion SAS, Paris, France, informed us that its voting shares on October 12, 2015 fell below the 5% threshold and equaled 4.94% on the day. 4.04% of the voting rights was attributed to the company. The voting rights of SICAV Objectif Small Caps Euro (among others) are attributed to it.

Seven investors therefore each hold at least 5.00% of the voting rights, and 35.20% are held in free float. According to the definition used by Deutsche Börse, free float equals 87.37%, because own shares and the shares of Dr. Kurt Schwarz are removed.

Directors' Dealings

The following directors' dealings were reported to the Company pursuant to the Securities Trading Act (WPHG):

- Purchase of 5,000 shares by Dr. Liebler, Supervisory Board Member, on May 13, 2015,
- Purchase of 5,000 shares by VVG Familie Roland Lacher KG, which is represented by Mr. Lacher, Supervisory Board Member, on May 18, 2015,
- Purchase of 5,000 shares by Dr. Hein, Supervisory Board Member, on May 29, 2015,
- Purchase of 12,500 shares by Dr. Zimmermann, Management Board Member, on September 25, 2015,
- Purchase of 3,000 shares by Mr. Weber, Management Board Member, on November 19, 2015,
- Purchase of 4,000 shares by Mr. Springs, Management Board Member, on December 10, 2015,
- Purchase of shares totaling 3,300 shares by Ms. Kalb, Management Board Member, on December 21, December 23, and December 29, 2015.

Active investor relations work continued

In 2015, management continued an ongoing dialogue with shareholders, the financial community and journalists. On the occasion of publishing its results, the Company held financial press conferences as well as conference calls for analysts and investors. At the annual general meeting of shareholders on May 13, 2015, the Management Board shared its detail position on the current market situation, business development and strategy and discussed these matters with the shareholders. Moreover, the shareholders of WashTec AG were updated in a timely manner about all important events. WashTec participated in the capital market conferences of Baader Bank in September, the Equity Capital Forum in November, and Oddo Seydler (Lyon) in January 2016.

WashTec shares are covered by a number of independent analysts

WashTec shares are regularly analyzed and valued by analysts at reputable financial institutions (Hauck & Aufhäuser, HSBC Trinkaus & Burkhardt, MM Warburg). In January 2016, Bankhaus Lampe initiated coverage.

Key data on WashTec shares

		2015	2014	2013
Annual closing price*	€	30.50	13.10	10.70
Annual high	€	33.70	13.44	11.40
Annual low	€	12.90	10.11	8.90
Annual opening price	€	13.10	10.30	9.00
Number of shares as of Dec 31**	million	13.4	13.9	13.9
Free float on Dec 31	%	35.2	34.6	29.8
Market capitalization as of Dec 31	€ million	426.4	182.5	149.1
Development over the year	%	+132.8	+27	+19
(for comparison: SDAX)	%	*+26.6*	*5*	*+29*
Earnings per share***	€	1.78	0.91	0.80
Dividends per share	€	1.70	1.65	0.64

* based on Xetra-closing prices
** without the 594,646 own shares of WashTec AG
*** weighted average number of outstanding shares since 31 Dec 2009: 14.0m, since 31 Dec 2013: 13.9m, at 31 Dec 2015: 13.8m

Additional information and contact:

Current data regarding the WashTec shares and detailed information about 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 and its shares may also contact the Investor Relations Department at WashTec AG:

Telephone	+49 821 5584-0
Fax	+49 821 5584-1135
E-Mail	washtec@washtec.de

Combined Management Report WashTec AG and the Group

2015 at a Glance

WashTec Group*

- All regions and products reported revenue and earnings growth
- Revenues of € 340.9m or 12.7% higher than prior year (9.9% increase after adjusting for exchange rate effects)
- Revenues in Q4 9.9% (€ 8.6m) higher than prior year
- EBIT nearly doubles to € 36.4m with an EBIT margin of 10.7%
- EPS climbs to € 1.78

Core Europe

- Significant revenue increase and earnings improvement
- Revenues: € 276.6m; EBIT: € 34.0m

Eastern Europe

- Significant revenue increase and earnings improvement
- Revenue: € 14.3m; EBIT: € 0.2m

North America

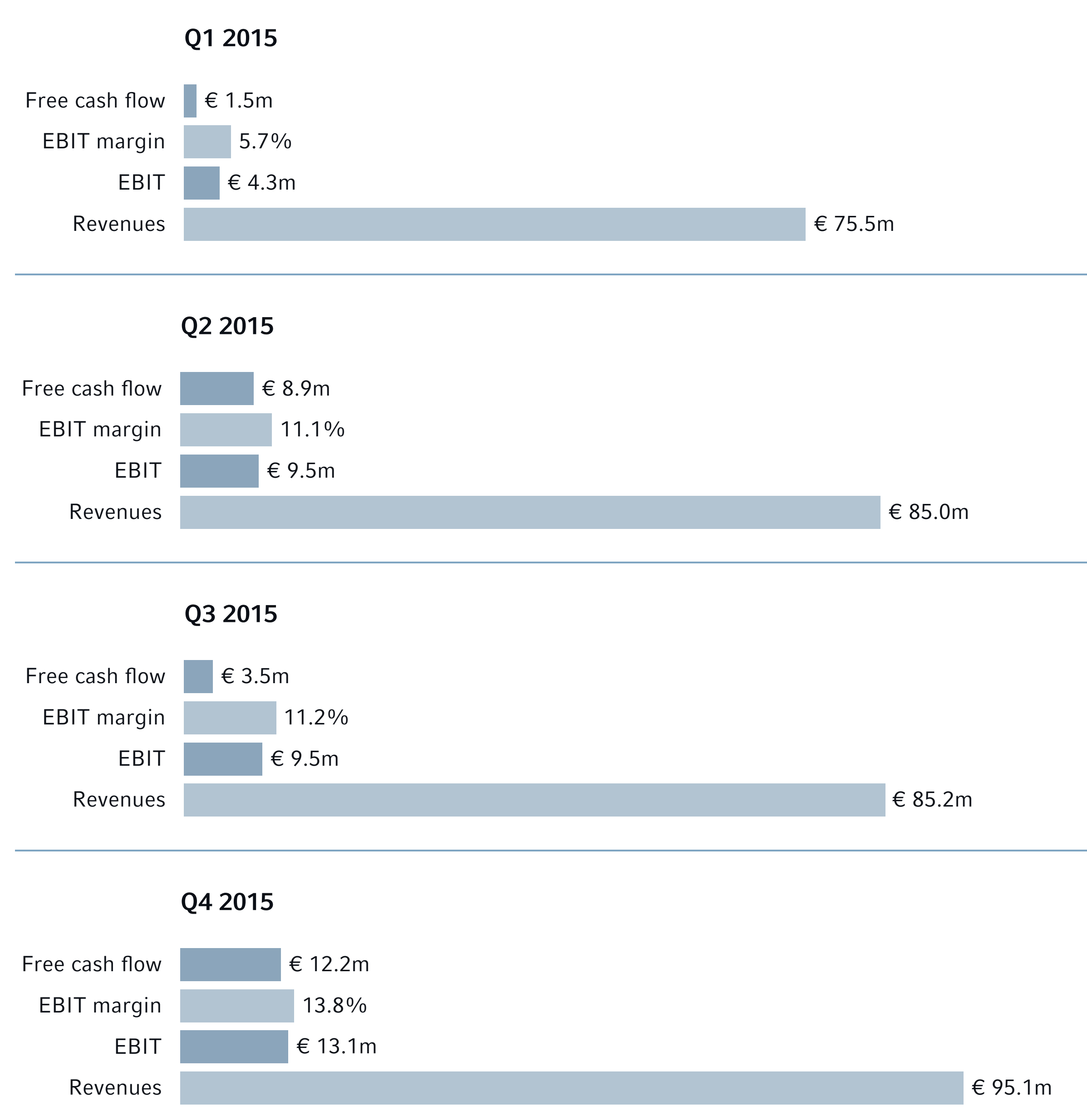
- Significant revenue increase and earnings improvement
- Revenue: € 54.3m; EBIT: € 1.6m

Asia/Pacific

- Significant revenue increase and earnings improvement
- Revenue: € 14.8m; EBIT: € 0.7m

* segment disclosures without consolidation

Revenue, EBIT, EBIT margin, free cash flow



Basic Background of the Group

1

1.1 Business model

WashTec is the leading provider of innovative solutions for car wash worldwide. The WashTec product range comprises all types of vehicle 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 maintenance of the equipment, operator models and brokering the financing for the equipment. The sale of equipment and service are the Company's major revenue drivers.

Only global supplier – with presence in North America, Asia and Europe

Equipment and Service

- Roll over wash equipment
- Self-service wash equipment
- Commercial car wash equipment
- Wash tunnels
- Water reclaim systems
- Full service
- Call-out service
- Spare parts

Chemicals

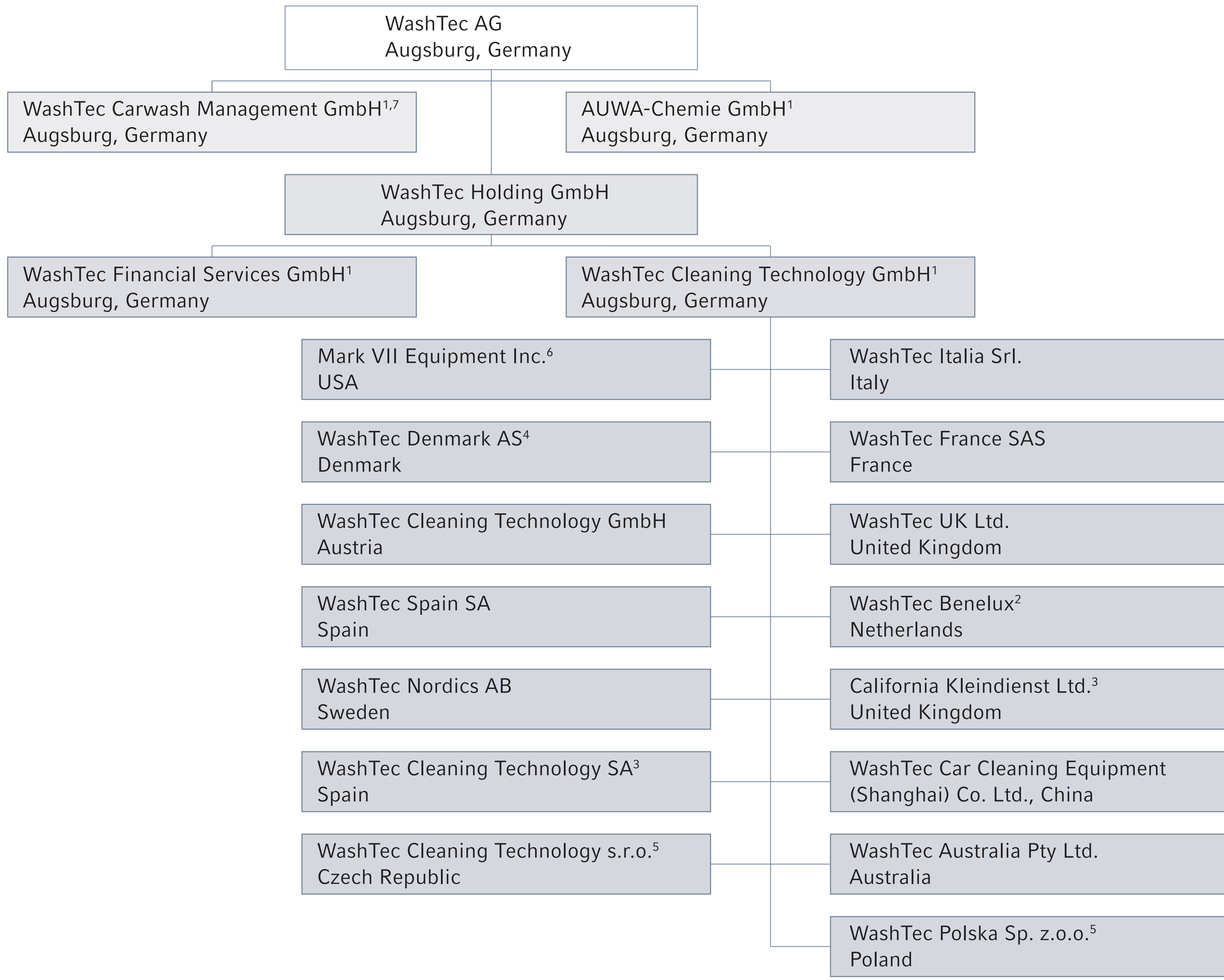
- Detergents
- Care products
- Special products

Operations business and others

- WashTec Carwash Management
- WashTec Financial Services

1.1.1 Group and organizational structure

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



1 Control and profit (loss) pooling agreement

2 Company constitutes a sub-group with Benelux Carwash Management B.V., Zoetermeer, The Netherlands, WashTec Benelux Administrative B.V. Zoetermeer, The Netherlands, and WashTec Benelux N.V., Brussels, Belgium, the profits and losses of which are booked to WashTec Benelux B.V. Zoetermeer, The Netherlands.

3 This company is currently inactive

4 Includes operating sites in Norway

5 WashTec Cleaning Technology GmbH 90%, WashTec Holding GmbH 10%

6 Includes subsidiary WTMVII Cleaning Technologies Canada, Inc. in Canada

7 Formerly WashTec Carwash Operations GmbH

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

WashTec AG

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

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

WashTec Holding GmbH

With the exception of AUWA-Chemie GmbH and WashTec Carwash Management GmbH, the WashTec Group's operational interests are held by WashTec Holding GmbH, based in Augsburg, Germany. The WashTec Holding GmbH has profit and loss pooling agreements with WashTec Financial Services GmbH and WashTec Cleaning Technology GmbH.

WashTec Cleaning Technology GmbH

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

Foreign subsidiaries

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

WashTec Financial Services GmbH

WashTec Financial Services GmbH brokers 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. It has its own distribution organization in Germany and distributes via WashTec subsidiaries and independent distribution partners.

WashTec Carwash Management GmbH

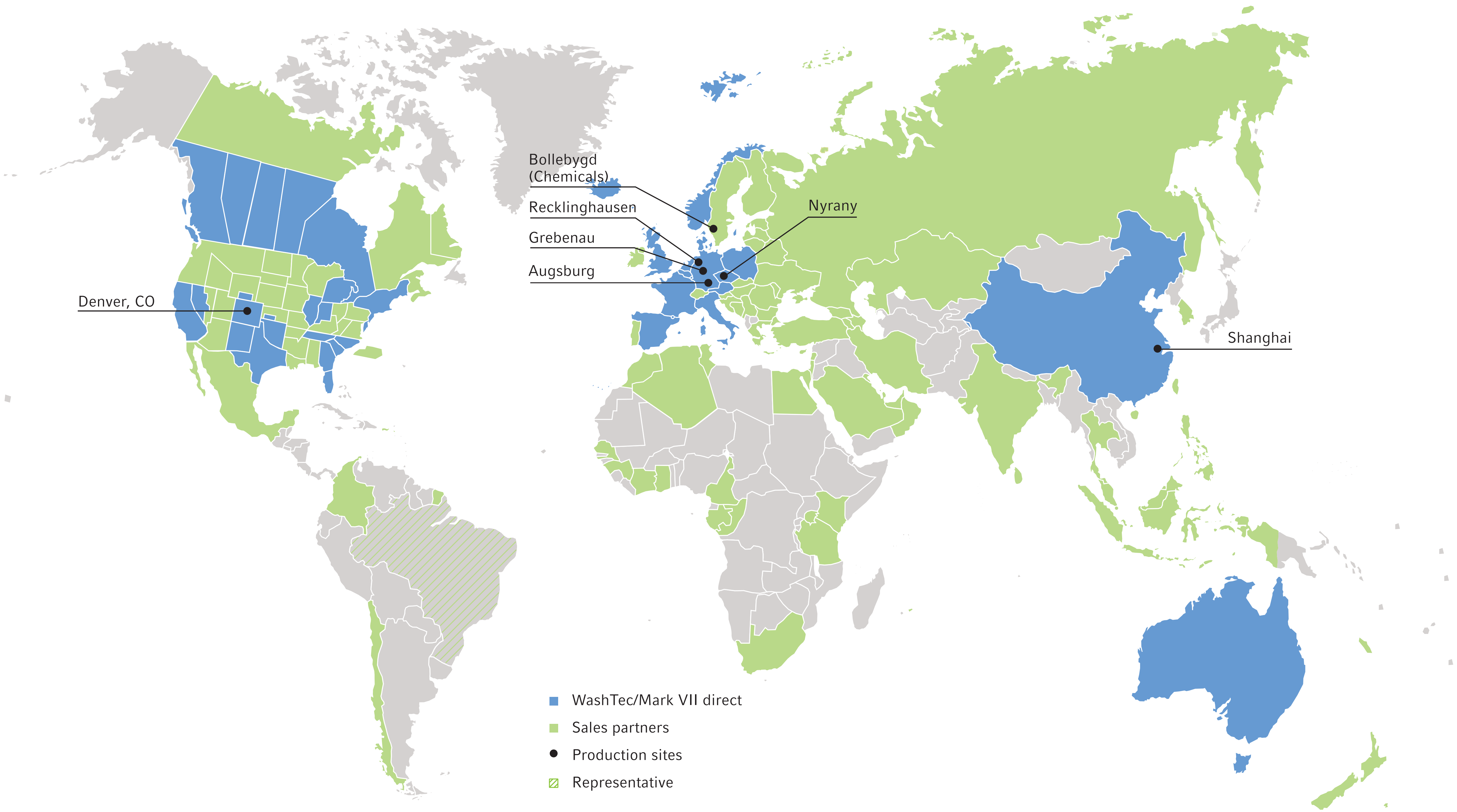
WashTec Carwash Management GmbH (formerly WashTec Carwash Operations GmbH) handles the operation of car wash equipment on behalf of and for the account of its customers. The company also offers numerous other services, such as profitability and site analyses.

1.1.2 Locations

WashTec is represented worldwide

The WashTec Group has a global presence with nearly 1,700 employees worldwide and branches in all major markets including Core Europe, Eastern Europe, North America, and Asia.

WashTec also has a broad network of independent sales partners and thus is represented in about 70 countries throughout the world.



1.1.3 Production, sourcing and logistics

WashTec has a global logistics and production network

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

1.1.4 Reporting by segment

WashTec's global business was broken down into four geographical segments. In the »Core Europe« segment, the activities of the WashTec Group in Western Europe are consolidated. The »Eastern Europe« segment comprises the countries of Eastern Europe including Russia, whereas the segment in »North America« includes the activities in the United States and Canada. The »Asia/Pacific« segment primarily includes the business development of the Australian and Chinese subsidiaries. Due to organizational changes, which involved consolidating the Eastern European segment and the previous export activities into the headquarters, WashTec will not separately report the Eastern European segment beginning in fiscal year 2016. In the future, Eastern Europe will be part of the Core Europe segment. Today's structure for the North America and Asia/Pacific segments will remain the same.

1.1.5 Management and control

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

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

The monitoring is carried out through regular meetings held in all reporting units. These include monthly management board (add-on) meetings with the division directors, regular international management meetings with heads of the operating companies, global sales committee meetings, 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 and monitored separately.

1.1.6 External factors influencing the business

Key market drivers

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

Rising vehicle numbers, growing demands for technology and convenience are propelling the trend in automated car washing

One of the main factors influencing the increasing popularity of automated car wash is not only the country-specific consumer behavior and the average per capita income, but also a large or growing pool of vehicles requiring washes.

Higher wages, a rise in per capita income and the worldwide increase in the number of vehicles has created lasting market potential in many regions. This applies, above all, to regions that are transitioning from handwashing to various forms of automated washing.

Technology/Convenience: Increasing demands for speed, convenience and quality of the washes

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

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

Automated car washing is environmentally friendly: Particularly when used together with water reclaim system, automated car washing requires significantly less water than handwashing.

Additional trends and influences:

- Alternative vehicle drives: Until now, no clear favorite has emerged as to which drive concept will prevail in the future (e.g., hybrid/electric), which means that it remains unclear where »vehicle fueling« 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): Vehicles that are set aside for this arrangement also necessitate frequent washing by suppliers or users.

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

1.2 Goals and Strategies

The starting point of our strategy is a strong focus on the needs of our customers and, related thereto, a very detailed and specific understanding of the carwash process. In this regard, we focus both on the end customer and the operator with the attempt to promote the attractiveness of car washing and improve profitability for the operators.

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

1.3 Management system

1.3.1 Financial quantitative targets and performance indicators

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

Key financial performance indicators

- Revenue
- EBIT

In addition, the following key indicators are used at the Group level:

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

Key non-financial performance indicators

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

- HSE (health, safety, environment) work injuries/million man hours worked

1.3.2 Risk management

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

1.4 Research and development

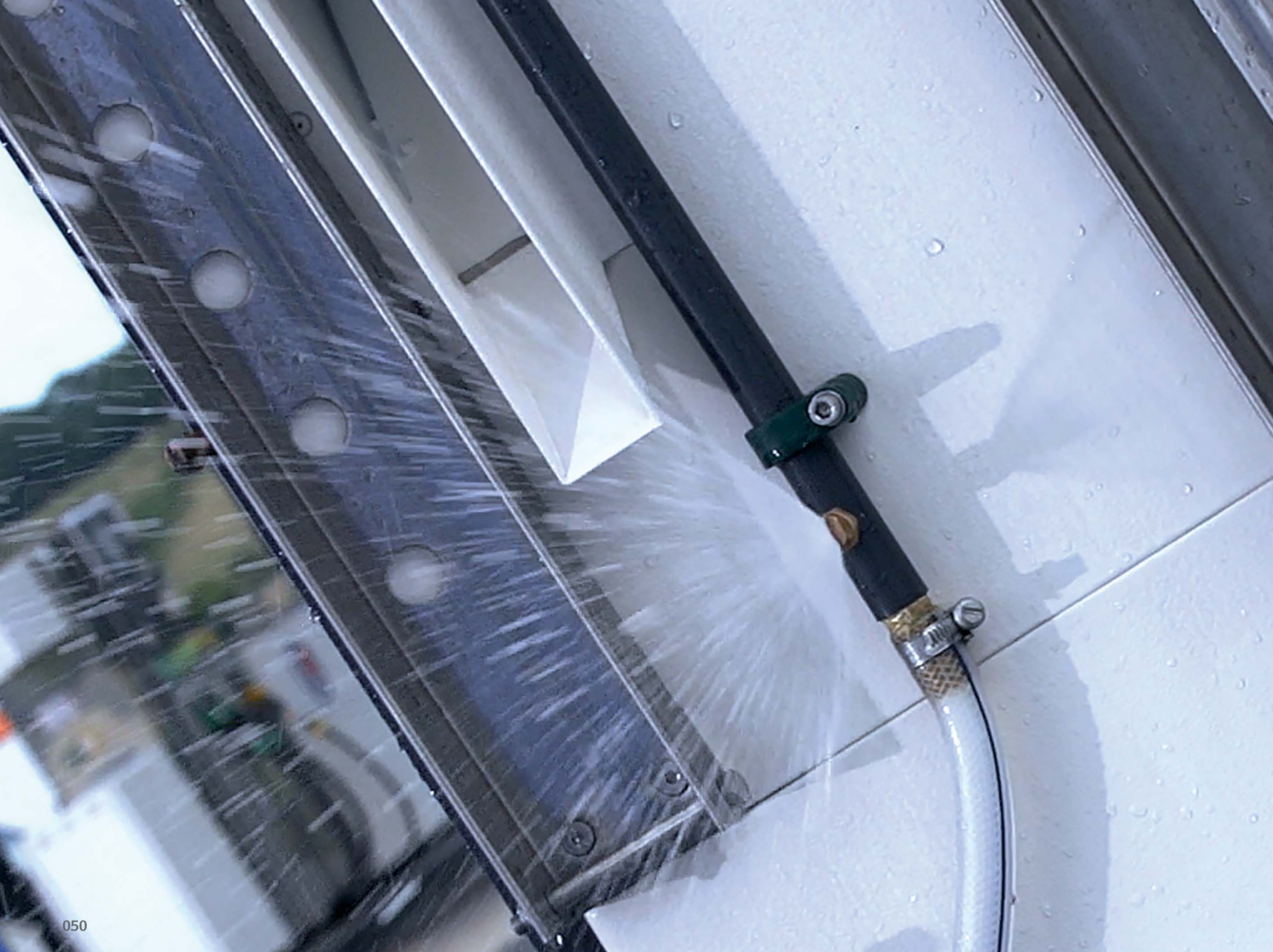
The focus of our research and development work is on enhancing the benefits for our customers. The tasks involve supporting the products throughout the entire life cycle, continually developing the products and expanding and deepening our process and application know-how. In essence, we seek:

- to optimize the washing and drying processes
- to simplify the operability (ease of use), and
- to improve the availability and efficiency of our products

In total, more than 65 employees work at the WashTec head office in Augsburg in the area of research, development and testing. For WashTec, the protection of its innovations through the use of patents is a high priority. The WashTec Group holds more than 700 intellectual property rights.

The total expenditures in the field of research, development and testing increased by 15% to over € 6.5m because of the number of pending projects.

In 2015, the Group's capitalized development cost equaled € 0.4m (prior year: € 0.4m). In addition expenditures in the amount of € 0.5m (prior year: € 0.6m) were not activated.



Report on Economic Position

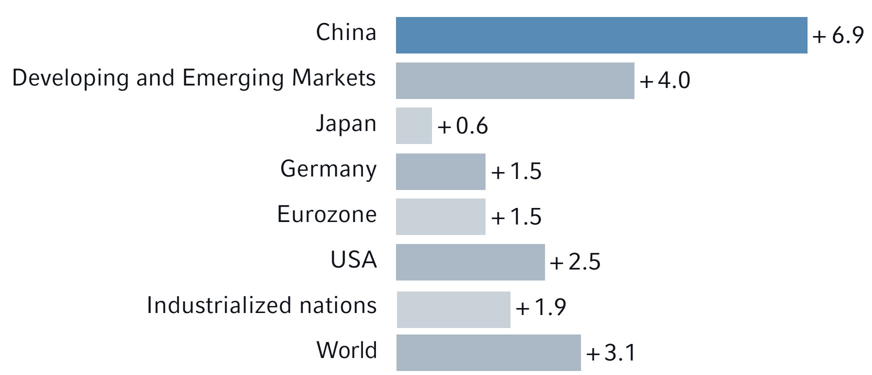
2.1 Overall economic and industry-specific environment and conditions

2.1.1 Overall economic development

Global economic growth in 2015

According to information provided by the International Monetary Fund (IMF), the global economy grew by 3.1% in 2015. This growth rate is slightly lower than last year's growth rate and is also lower than the forecast for 2015. Whereas the German growth rate of 1.5% was better than projected, the growth rate in the USA was 1% lower than forecasted. As a whole, the Eurozone slightly exceeded forecasts.

Economic growth 2015 in %



Source: International Monetary Fund (IMF) World Economic Outlook, Update January 2016

Impact on the operation of car wash equipment

Good industry economic cycle supports WashTec growth in 2015

In the opinion of WashTec, the wash equipment sector 2015 developed better than other segments of the industry. With a typical exchange cycle of seven to ten years for the main product (rollover systems), the high number of equipment sales that were made prior to the outbreak of the financial crisis in 2007 supported this favorable development.

The lower oil prices have not yet led to a weakening of capital expenditures by the impacted major customers. The current lower price level could lead to increased demand for convenience retail segments of customers.

2

2.1.2 Market for car wash equipment

Customer groups

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

Competition

Key competitors in Europe:

- *Otto Christ AG, Deutschland*
- *Istobal S.A., Spain*

In Europe, which is a developed market with very intense competition, WashTec is, according to its own research, the clear market leader with respect to market coverage and market share. The main European competitors are Otto Christ AG (Germany), and Istobal S.A. (Spain). Competitors with smaller market shares such as Alfred Kärcher GmbH & Co. KG (Germany) as well as a host of local producers of self-service wash systems, are attempting to capture greater market share.

The largest competitors in the established North American market, which is more fragmented on the customer and provider sides, are Ryko Solutions Inc., PDQ Manufacturing Inc., Belanger Inc. and Broadway in the car dealership segment.

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

Sales markets

Germany and Core Europe are still the most important sales markets. Based on WashTec's strategy, North America, Eastern Europe and Asia/Pacific will have a higher percentage of the Group's overall sales revenue in the mid-term.

2.2 Business performance

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

Differences possible due to rounding-off		2014	Goals 2015	2015	Change
Revenues	€m	302.6	slight increase	340.9	12.7%
EBIT	€m	18.4	considerable increase	36.4	97.8%
Free cash flow	€m	25.1	slight decrease	26.2	4.4%
HSE (work accidents/ working hours in m)		1.3	0	1.6	–

Good revenue and business development

Revenues in 2015 rose by 12.7% to € 340.9m (prior year: € 302.6m). After adjusting for exchange rate effects, the increase equaled 9.9%. Thus, the goal for revenue growth of 1–3% compared to the prior year was considerably exceeded. The increase in revenue was the result of favorable revenue growth in all segments.

In 2015, EBIT rose to € 36.4m. This figure represents an increase of 97.8% (prior year: € 18.4m). The goal of considerable increase was therefore achieved. The key reason for this development was the very positive business development in the Core Europe segment. However, all other regions also contributed favorably to an improvement in earnings.

Free cash flow [cash inflow from operating activities (net cash flow)] equaled € 26.2m (prior year: € 25.1m). Accordingly, the forecast of slightly lower free cash flow was surpassed. Here again, the reasons were, above all, the very good business development. Compared to the prior year, free cash flow was influenced above all by higher capital expenditures totaling approximately € 3.0m, roughly € 5.0m higher corporate income tax payments and a revenue-triggered € 2.5m increase in working capital.

The number of workplace accidents per one million man hours of labor increased slightly, but remains with 1.6 significantly below in the industry average of 25.3 accidents reported by the employers' liability insurance associations [Berufsgenossenschaften]. The goal of 0.0 accidents was not achieved.

The business performance of the WashTec Group in 2015 exceeded the expectations. One of the hallmarks of 2015 was a number of new or renewed existing major customer contracts. The outcome of these negotiations turned out to be more favorably to the Group than WashTec had expected and communicated in the annual guidance. The management board views the business development and above all the progress on the measures taken to promote the future development of the Group as very favorable.

2.3 Position

Multi-year comparison of key planning and management figures

Differences possible due to rounding-off		2015	2014	2013
Revenue	€m	340.9	302.6	299.7
EBIT	€m	36.4	18.4	17.1
Equity ratio	in %	42.2	48.9	50.4
Free cash flow	€m	26.2	25.1	15.7

Order backlog as of December 2015 once again higher than the prior year

2.3.1 Order backlog

As of December 31, 2015, the Company reported a higher order backlog compared to the end of the prior year, particularly in the North American and Asia / Pacific markets. Since WashTec Group's orders generally cycle-through within six to ten weeks, the order backlog serves as an indicator for the upcoming months, but has only very limited indicative value for how the entire 2016 fiscal year will develop.

2.3.2 Results of operation

2.3.2.1 Income statement

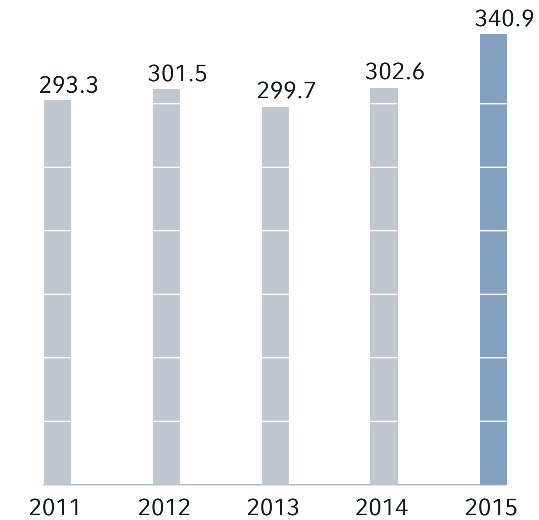
The following table shows the income statement of the WashTec Group:

in €m Differences possible due to rounding-off	2015	2014	Change (absolute)	Change (in %)
Revenues	340.9	302.6	+38.3	+12.7
Cost of materials	−138.8	−120.2	−18.6	+15.5
Other operating income	4.4	4.2	+ 0.2	+4.8
Personnel expenses	−113.2	−111.1	−2.1	+1.8
Other operating expenses (including other taxes)	−50.6	−47.5	−3.1	+6.5
EBITDA	46.1	28.6	+17.5	+61.2
Depreciation and amortization	− 9.6	−10.3	+ 0.7	−6.8
Operating result (EBIT)	36.4	18.4	+18.0	+97.8
EBIT margin	10.7	6.1	+4.6	–
Financial result	−0.5	−0.7	+0.2	−28.6
Earnings before taxes (EBIT)	35.9	17.7	+18.2	+102.8
Taxes	−11.4	−5.0	− 6.4	+128.0
Consolidated net income	24.6	12.7	+11.9	+93.7

2.3.2.2 Revenue development

The WashTec Group's revenues totaled € 340.9 and were therefore significantly higher (€ 38.3m or 12.7%) than the prior year figure of € 302.6. Accordingly, revenue development in the first half of the year was somewhat stronger than in the second half of the year as had been forecasted.

Revenue development in €m



After adjusting for exchange rate effects, revenues for the entire year equaled € 332.5m and were therefore 9.9% above the prior year level (€ 302.6m). A detailed discussion about the development of the individual segments is set forth in the segment reporting under subsection 2.3.3.

Revenues by products

in €m Differences possible due to rounding-off	2015	2014	Change (absolute)	Change (in %)
Equipment and service	290.2	255.7	+34.5	13.5
Chemicals	37.6	34.3	+3.2	9.6
Operations business and others	13.1	12.6	+0.4	4.0
Total	**340.9**	**302.6**	**+38.2**	**12.6**

Significant revenue growth in Equipment and Service

Equipment and Service revenues equaled € 290.2m and were thus significantly higher than the prior year level of € 255.7m. Also the chemicals business once again developed favorably. The revenue grew by € 3.2m to € 37.6m (prior year: € 34.3m). The numbers generated in the chemicals business are particularly positive given the fact that the Group lost a large chemicals client in North America during the course of 2015. Revenues generated by WashTec Carwash Management GmbH and WashTec Financial Services GmbH are reported under the »Operations business and others« division. In the recently completed year, these revenues equaled € 13.1m and were slightly higher than the prior year level.

2.3.2.3 Expense items and results

2.3.2.3.1 Expense items

Cost of materials

The cost of materials includes, above all, purchased raw materials, consumables and supplies. The largest items related to the purchase of, e.g., steel, plastics and other raw materials. Due to higher sales, the cost of materials increased from € 120.2m to € 138.8m.

Based on the increase in revenues, gross margins rose from € 182.6m to € 205.1m. Despite the higher percentage of new equipment business, which has a lower cost of materials margin than the product segment, the margin was 60.2% and was therefore nearly comparable to the prior year level of 60.3%.

Personnel expenses

Personnel expenses rose from € 111.1m to € 113.2m. The higher personnel expenses can be attributed, above all, to scaled wage increases under collective bargaining agreements in Core Europe and to the operational foreign exchange (FX) effects when translating values from entities reporting in a foreign currency. The personnel expense ratio (personnel expense as a percentage of revenue) decreased from 36.7% to 33.2%.

The number of employees at year's end was 1,689 and therefore 25 more than the previous year. This increase is inter alia part of the human resource build-up in the sales-related divisions that had already been budgeted for 2016.

Other operating expenses (including other taxes)

Other operating expenses (including other taxes) rose by € 3.1m from € 47.5m to € 50.6m. The cost increases resulted primarily from the higher costs incurred for contract employees (€ 0.9m) in combination with higher revenues, increased costs for supervisory board remuneration (€ 0.6m) caused by the change in the remuneration model approved at the last annual general meeting of shareholders as well as by the higher losses arising from the foreign currency valuation. The foreign exchange losses included in other operating expenses increased to € 2.5m (prior year: € 1.4m). A positive development were the trends above all in vehicle costs. Initiated improvement measures, combined with lower fuel costs, have led to savings of more than € 1.0m compared to the prior year.

Other operating income (including other capitalized development costs) rose slightly, by € 0.3m, from € 4.6m in the prior year to € 4.9m.

2.3.2.3.2 Foreign exchange effects

The exchange rate development of the US Dollar to the Euro does not generally have a major impact on the operating business because most of value creation and revenue recognition takes place in the respective regions themselves. The reporting date valuation of the balance sheet assets and liabilities held in a foreign currency had a negative impact on earnings of approx. € –0.5m (prior year: € +0.2m).

2.3.2.3.3 EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) equaled € 46.1m and were therefore € 17.5m higher than the prior year (€ 28.6m).

2.3.2.3.4 Depreciation and amortization

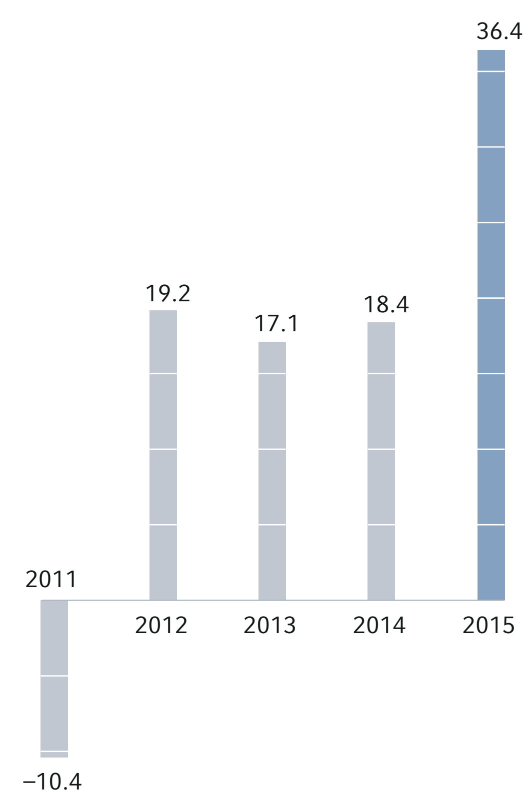
Depreciation and amortization amounted to € 9.6m (prior year: € 10.3m). The lower depreciation is attributable mostly to the special write-downs of buildings taken in the prior year.

2.3.2.3.5 EBIT

Earnings before interest and taxes (EBIT) rose to € 36.4m (prior year: € 18.4m).

EBIT climbed by € 18.1m to € 36.4m; EBIT margin was at 10.7%

EBIT over multiple years (in €m)



EBIT according to segments is reported at subsection 2.3.3 in the segment report.

2.3.2.3.6 EBIT margin

The EBIT margin was 10.7% (prior year: 6.1%).

2.3.2.3.7 Financial result

Net financial result fell from € 0.7m to € 0.5m as a result of lower expenses from finance leasing and lower effects from interest rate swaps.

Net financial expenses slightly decreased to € 0.5m

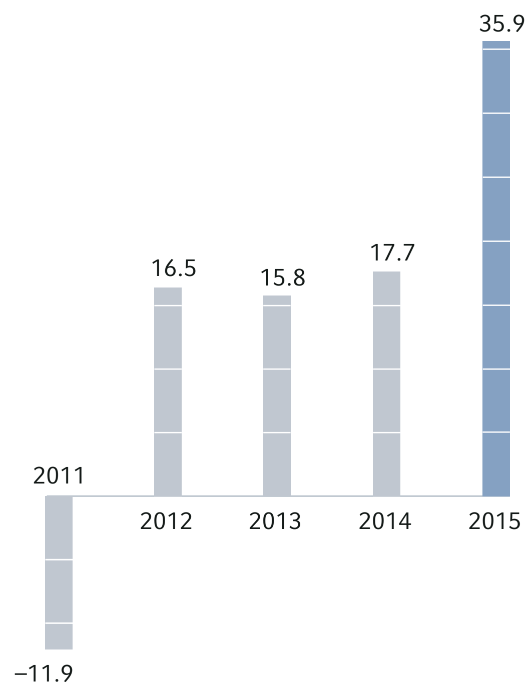
Breakdown of financial result

in €m, differences possible due to rounding-off	2015	2014
Income from the valuation of interest rate swaps	0.5	0.4
Income from bank interest and similar income	0.1	0.1
Financial income	**0.6**	**0.5**
Interest-bearing loans	−0.3	− 0.3
Interest rate swaps	−0.5	−0.5
Expenses from finance leasing	−0.2	− 0.3
Expenses from financing costs and similar expenses	−0.1	−0.1
Financial expense	**−1.1**	**−1.1**
Financial result (net financial expense)	**−0.5**	**− 0.7**

2.3.2.3.8 EBT

Earnings before taxes (EBT) equaled € 35.9m (prior year: € 17.7m) due to the positive business performance and the somewhat reduced financial expense.

EBT over multiple years (in €m)



2.3.2.3.9 Taxes

The tax expenses of € 11.4m (prior year: € 5.0m) consist of the use of deferred tax credits and current tax expenses. The tax rate (relative to EBT) rose to 31.7%. The main cause of this increase was a significant increase in non-deductible expenses due to dividend payments as well as non-recurring effects based on tax audits for prior years.

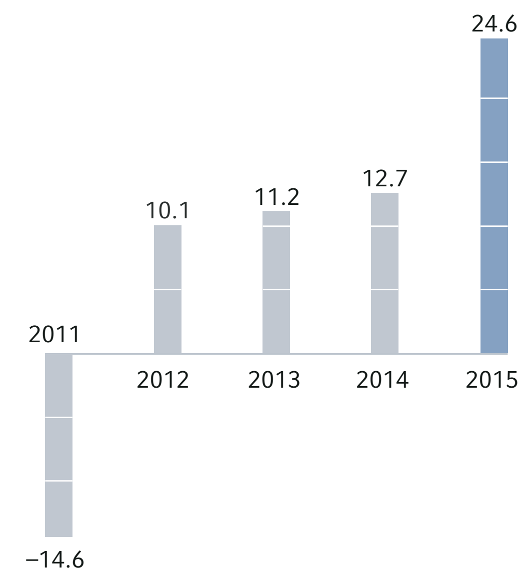
Loss carry-forwards are held mainly by international companies, while the loss carry-forwards in Germany have been completely exhausted.

2.3.2.3.10 Consolidated net income

Consolidated net income rose by € 11.8m to € 24.6m (prior year: € 12.7m). The earnings per share (diluted = undiluted) rose considerably to € 1.78 (prior year: € 0.91) based on an average number of shares of 13,766,278.

Consolidated net income rose by € 11.8m to € 24.6m

Consolidated net income over multiple years (in €m)

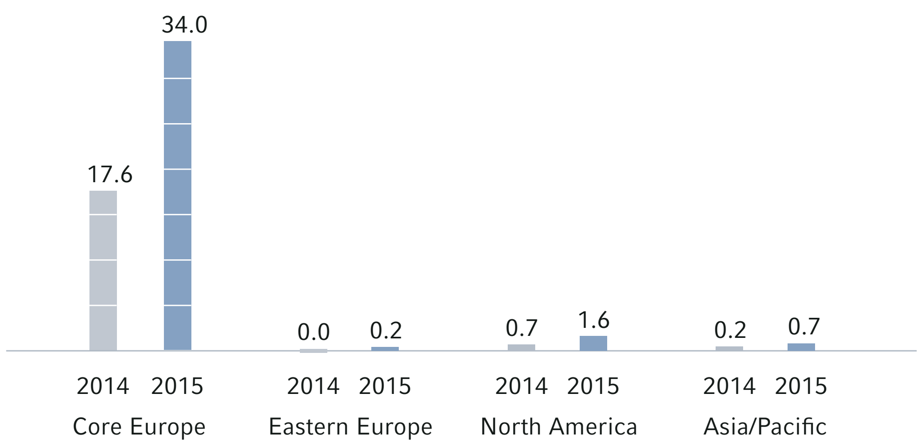


2.3.2.4 Use of funds/dividends

In addition to the continuing investments made to expand market position, WashTec will pursue an attractive dividend policy in the future. Management board and supervisory board are recommending to the annual general meeting of shareholders scheduled for May 11, 2016 that the € 22,983,636.87 unappropriated surplus shown on the balance sheet for fiscal year 2015 should be used as follows: Payment of a dividend in the amount of € 1.70 for each no-par value share that is entitled to a dividend (dividend-entitled share), thereby yielding an aggregate dividend payment of € 22,749,950.80, and a carry forward of the remaining unappropriated surplus in the amount of € 233,686.07 to a new account.

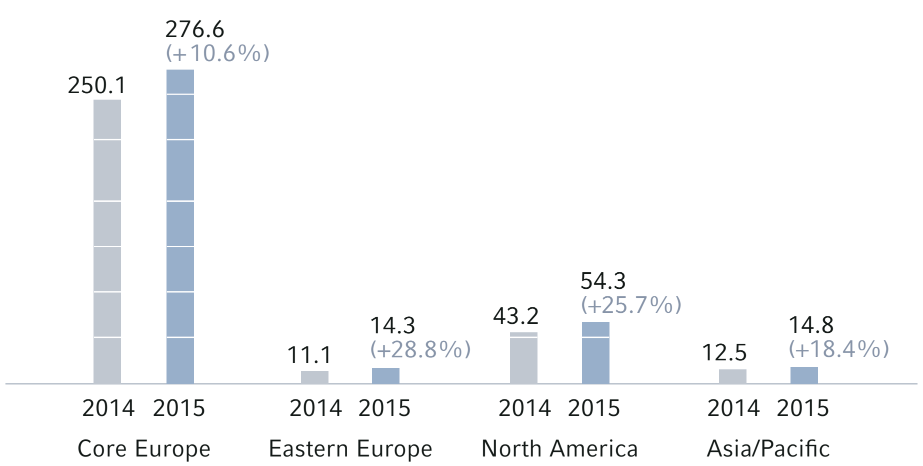
2.3.3 Segment report

EBIT by segments in €m*



* Consolidation effects are disregarded.

Revenues by segments in €m*



*Consolidation effects disregarded.

2.3.3.1 Core Europe

Revenues in Core Europe rose by € 26.5m to € 276.6m

Key figures Core Europe segment

Differences possible due to rounding-off		2015	2014	Change (in %)
Revenues	€m	276.6	250.1	+10.6
EBIT	€m	34.0	17.6	+93.2
EBIT margin	in %	12.3	7.0	–
Employees (as of Dec 31)		1,328	1,316	+0.9

Market environment

Aside from North America, the wash equipment market in Core Europe is by far one of the most developed vehicle wash markets in the world. It has the highest proportion of installed car wash equipment and related supplier services and distribution structures. Major clients are multinational and local oil companies or supra-regional retailers that operate car wash facilities in their petrol (gas) station networks either themselves or through lessee-operators. Other important customers are supermarket chains, individual operators of stand-alone car wash facilities, logistics companies or car dealerships.

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

Core Europe					
Differences possible due to rounding-off		2014	Goals 2015	2015	Change (in %)
Revenues	€m	250.1	stable	276.6	10.6
EBIT	€m	17.6	stable	34.0	93.2

Revenue development

The revenue generated in Core Europe equaled € 276.6m and was therefore significantly higher than the prior year (€ 250.1m). Thus, the targets (or goals) were significantly exceeded. The positive development resulted primarily from revenue growth in the Equipment and Service divisions.

Earnings development

EBIT in Core Europe rose from € 17.6m in the prior year to € 34.0m. The reason for this increase is mostly the very favorable revenue growth. The EBIT margin equaled 12.3% (prior year: 7.0%). Also with respect to earnings development, the goals were therefore exceeded.

2.3.3.2 Eastern Europe

Key figures Eastern Europe segment				
Differences possible due to rounding-off		2015	2014	Change (in %)
Revenues	€m	14.3	11.1	+28.8
EBIT	€m	0.2	0.0	–
EBIT margin	in %	1.5	0.0	–
Employees (as of Dec 31)		13	15	−13.3

Market environment

Despite continued difficult political environment, revenue increased by 28.8%

In the Eastern Europe segment, the ongoing tense relations in the economic cooperation with Russia remain palpable. Nevertheless, this segment was able to perform well in 2015 compared to the somewhat disappointing prior year. Given the lower labor costs, automatic car washes have a small but ever growing market share. The sales and service structure in Eastern Europe is based first and foremost on the development of the market by independent dealers, who are supported by WashTec's sales representatives. WashTec is active in Poland through a subsidiary. The competitor situation in Eastern Europe is largely similar to the structure prevailing in Core Europe. There are also local competitors, particularly in the areas of self-service and commercial vehicles.

Eastern Europe					
Differences possible due to rounding-off		2014	Goals 2015	2015	Change (in %)
Revenues (adjusted for exchange rate effects)	€m	11.1	considerable increase	14.3	28.8
EBIT	€m	0.0	slight increase	0.2	–

Revenue development

Revenues in Eastern Europe rose by € 3.2m to € 14.3m

Total revenues in Eastern Europe equaled € 14.3m compared to € 11.1m in the prior year. This forecast made in the prior year was therefore attained.

Earnings development

In a year-over-year comparison, earnings rose to € 0.2m (prior year: € 0.0m). The forecasted earnings growth was therefore achieved.

2.3.3.3 North America

Key figures North America segment				
Differences possible due to rounding-off		2015	2014	Change (in %)
Revenues	€m	54.3	43.2	+25.7
EBIT	€m	1.6	0.7	+128.6
EBIT margin	in %	3.0	1.6	–
Employees (as of Dec 31)		254	244	+4.1

Market environment

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

Unlike Europe, in North America, key customers are not only major customers but also independent small or medium-size operators of gas stations and individual operators of car wash equipment. After a significant decline as a result of the financial crisis, the market has recovered since 2012 and the market outlook is positive.

North America

Differences possible due to rounding-off		2014	Goals 2015	2015	Change (in %)
Revenues (adjusted for exchange rate effects)	€m	43.2	considerable increase	54.3	25.7
EBIT	€m	0.7	considerable increase	1.6	128.6

Revenue development

Revenues in North America increased from € 43.2m in the prior year to € 54.3m. The revenues in US dollars equaled USD 60.0m (prior year: USD 57.1m). Thus, the forecasted significant increase in revenues was achieved. The revenue development should be viewed against the backdrop that a major customer contract was lost, the adverse effects of which could not be fully compensated.

Earnings development

EBIT of € 1.6m reported from North America

Earnings reported from North America were € 1.6m (prior year: € 0.7m). These earnings already include negative developments related to the Canadian dollar. The operating result of the subsidiaries in North America were € 2.4m after excluding this foreign exchange effect. The main reasons behind this result were positive revenue growth and the professional restructuring of the company in Canada.

2.3.3.4 Asia/Pacific

Key figures Asia/Pacific segment

Differences possible due to rounding-off		2015	2014	Change (in %)
Revenues	€m	14.8	12.5	+18.4
EBIT	€m	0.7	0.2	+250.0
EBIT-margin	%	4.6	1.2	–
Employees (as of Dec 31)		58	51	+13.7

Market environment

China: Strong market growth expected in the mid to long-term; growth potential for WashTec

On the Australian market, the major American and European manufacturers are in direct competition with one another. The Chinese market for car washes is still dominated by hand washes because wages are currently still very low there. Since 2008, WashTec has its own production and procurement site near Shanghai. In mid-2011, the first direct sales structures were established and developed. In addition, by further expanding the global supply chain activities and procurement programs, the Company will exploit the production and procurement advantages from these regions for the entire product portfolio.

Asia/Pacific

Differences possible due to rounding-off		2014	Goals 2015	2015	Change (in %)
Revenues (adjusted for exchange rate effects)	€m	12.5	considerable increase	14.8	18.4
EBIT	€m	0.2	considerable increase	0.7	250.0

Revenue development

Revenues in Asia/Pacific climbed by € 2.3m to € 14.8m

Revenues equaled € 14.8m and were therefore significantly higher than they were in the prior year (€ 12.5m). The revenues increased by 18.4%. The projected significant revenue growth was therefore achieved.

Balance sheet total climbs to € 190.0m due to a higher volume of business

Earnings development

EBIT equaled € 0.7m and was therefore significantly higher than the prior year. The goal set for 2015 of significantly higher EBIT was therefore achieved.

2.3.4 Net assets

2.3.4.1 Asset and capital structure

Condensed consolidated balance sheet

in €m, differences possible due to rounding-off	2015	2014	2013
Non-current assets	79.3	81.2	85.3
Receivables and other assets	58.8	49.4	46.7
Inventories	39.9	35.4	34.3
Deferred tax assets	4.2	4.1	4.3
Cash and cash equivalents	7.8	15.7	3.8
Equity	80.3	90.9	87.8
Provisions (including income taxes)	34.5	31.0	26.3
Liabilities	62.4	52.8	49.3
of which trade payables	7.5	5.9	8.8
Deferred revenues	9.0	8.2	7.7
Deferred tax liabilities	3.8	2.9	3.1
Balance sheet total	**190.0**	**185.8**	**174.2**

The **balance sheet** total of the WashTec Group increased from € 185.8m to € 190.0m.

2.3.4.1.1 Assets

As in the prior year, the WashTec Group's **non-current assets** include goodwill totaling € 42.3m. Management subjects the capitalized goodwill to an annual impairment test. The test is based on a mid-term forecast for the period of three years at the Group level. Non-current assets include the items »real properties and buildings« in the amount of € 13.7m, »technical equipment and machines« and »finance leasing« collectively totaling € 18.0m, and »intangible assets (excluding goodwill)« in the amount of € 5.3m.

Receivables and other assets rose from € 49.4m to € 58.8m mainly due to higher sales in the fourth quarter and to receivables held against the financial and tax authorities that had risen by € 5m. Compared to last year, the term of trade receivables declined slightly from 51 days to 49 days.

Inventories increased from € 35.4m to € 39.9m. This is primarily due to the higher order backlog and the acquisition of the chemicals inventory of a former logistics service provider.

Deferred tax assets totaling € 4.2m resulted above all from timing differences in the valuation of the balance sheet items.

Cash and cash equivalents declined from € 15.7m in the prior year to € 7.8m. This increase can be attributed to the dividend payments made in the previous year and the share buyback totaling € 35.7m.

2.3.4.1.2 Liabilities and equity

Equity ratio at 42.2 %

Due to the dividend payments made and the share buyback, equity declined from €90.9m to € 80.3m. Details regarding the income and expenses recognized directly in **equity** pursuant to IFRS are set forth in the Statement of Changes in Consolidated Equity (p. 97). Despite the aforementioned actions, the equity ratio remained a solid 42.2% (prior year: 48.9%).

Bank liabilities rose compared to December 31, 2014, from € 0.3m to € 5.3m. Here again, the main reasons for this development were the dividend payment and the share buyback.

As of year-end, WashTec held bank deposits totaling € 7.8m. It also had bank liabilities of € 5.3m and liabilities under finance lease contracts totaling € 4.4m. Based on a dividend payment and special dividend payment as well as a share buyback totaling € 35.7m, the Company reported net finance debt (liquid funds minus short-term and long-term financial debt) of € 1.9m (prior year: net finance liquidity of € 9.8m), which represents a change of € 11.7m.

Trade payables rose from € 5.9m to € 7.5m.

Deferred tax liabilities increased slightly to € 3.8m (prior year: € 2.9m).

Provisions (incl. income tax liabilities) consist primarily of provisions made for personnel, phased retirement obligations, warranties and buy-back obligations. As of the reporting date, these provisions equaled € 34.5m (prior year: € 31.0m). The increase can be mostly attributable to the development of income tax liabilities.

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

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

There are no off-balance sheet financial instruments.

2.3.5 Financial position

2.3.5.1 Capital structure

As part of the centralized financial management, the companies of the WashTec Group are financed through WashTec Cleaning Technology GmbH. The Company's main liabilities are denominated in euro. The base interest rate of the loan is variable and linked to EURIBOR. To reduce the risk posed by a general increase in interest rates and to improve planning certainty, WashTec uses the customary instruments like interest rate swaps. For the swaps, interest rates ranging from 2.572% to 2.580% are set. As of December 31, 2015, the Group had a credit line totaling €51.1m. The credit line, which was not utilized but which could be deployed for future operations and for discharging obligations, equaled € 39.1m as of the balance sheet date.

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

2.3.5.2 Capital expenditures and write-downs

The focus of the Company's capital expenditures was on Core Europe (€ 6.7m). The main capital expenditures involved investments in the locations and the purchase of a land parcel in Grebenau. In addition, capital expenditures were made in Eastern Europe (€ 0.1m), North America (€ 0.9m) and Asia Pacific (€ 0.2m).

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

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

2.3.5.3 Cash flow statement

in €m, differences possible due to rounding-off	2015	2014	Change (absol.)	Change (in %)
Earnings before taxes (EBT)	35.9	17.7	+18.2	+102.8
Change in cash from operating activities (net cash flow)	32.9	29.2	+3.7	+12.7
Change in cash from investing activities	−6.7	−4.1	−2.6	+63.4
Free cash flow	26.2	25.1	+1.1	+4.4
Change in cash from investing activities	−38.6	−11.9	−26.7	+224.4
Net change in cash and cash equivalents	−12.4	13.2	−25.6	−193.9
Cash and cash equivalents as of December 31	2.5	15.4	−12.9	−83.8

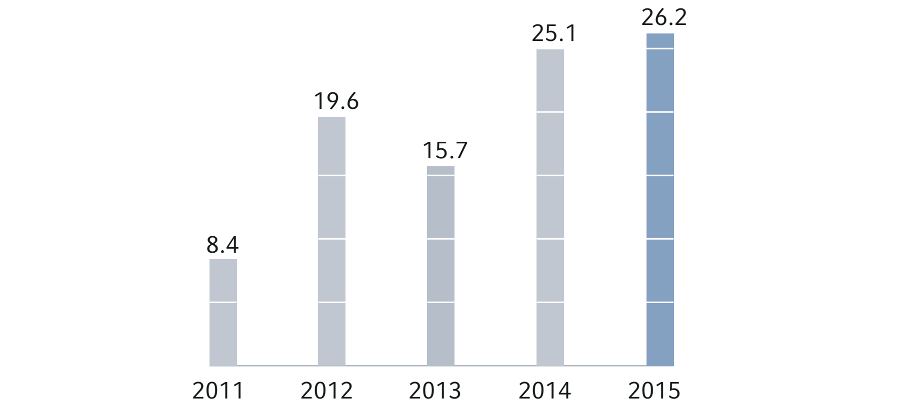
Net cash flow at € 32.9m

Cash **inflow from operating activities (net cash flow)** rose to € 32.9m (prior year: € 29.2m).

The **net current assets** (also referred to as »net working capital«) (current trade receivables + inventories – current trade payables) increased from € 71.2m to € 78.1m due mostly to the growth in receivables and inventories, which was triggered by revenues and order backlog. The ratio of net current assets to revenues declined slightly to 0.23 (prior year: 0.24).

Net cash outflow from investing activities was € 6.7m in fiscal year 2015 (prior year: € 4.1m).

Free cash flow (in €m)



Free cash flow at € 26.2m

Free cash flow (net cash flow less cash outflow from investing activities) increased to € 26.2m (prior year: € 25.1m).

Cash outflow from financing activities equaled € 38.6m (prior year: € 11.9m). The cash outflow in 2015 included interest payments, dividend payments as well as a share buyback and the repayment of liabilities under finance leases.

Cash and cash equivalents, as of the balance sheet date, decreased from € 15.4m to € 2.5m as of December 31, 2015. The Company was, at all times, in a position to meet its payment obligations.

2.4 Non-financial performance indicators

HSE

Differences possible due to rounding-off	2014	Goals 2015	2015	Change
Work accidents/working hours in million	1.3	0	1.6	+0.3

The number of work or work-place accidents based on working hours (in millions) is a non-financial performance indicator for WashTec. In 2015, the figure equaled 1.6 and was therefore significantly lower than the industry average as reported by the employers' liability insurance associations of 25.3 [Berufsgenossenschaften]. The goal set for 2015 (0.0) was therefore not achieved with respect to work-place accidents.

The WashTec Group's goal is to prevent all work-place accidents from occurring through appropriate measures and rules.

2.5 Employees

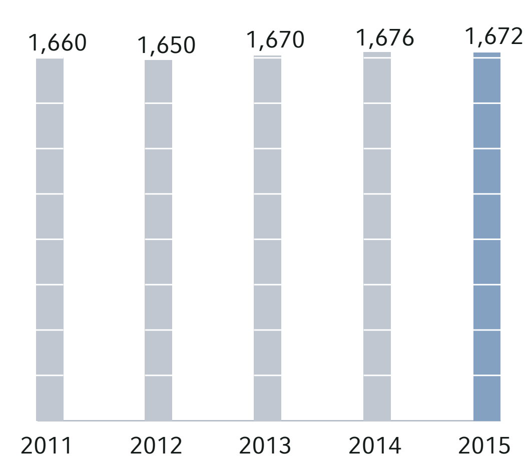
Compared to the employee figures as of December 31, 2014, the number of employees rose by 25 to 1,689 (prior year: 1,664). The average number of employees during the year was 1,672 (prior year: 1,676 employees).

In Germany, the WashTec Group is subject to the collective wage agreements that are in place with the trade union, IG Metall. With respect to AUWA-Chemie GmbH, the IG Chemie collective wage agreements govern.

40% higher investments made in educating and training employees

WashTec's employees are a cornerstone of the Group's commercial success. The expenditures for training and qualifying employees rose by 40% over the prior year.

Average number of employees by year



2.6 WashTec AG

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

The business performance of WashTec AG to a large extent corresponds to that of the WashTec Group, which is more extensively described in the chapter entitled »Business performance«.

2.6.1 Results of operation

Income Statement of WashTec AG (condensed)

in €m, differences possible due to rounding-off	2015	2014	Change (absolute)	Change (in %)
Revenues	3.5	1.3	+2.2	+169.2
Personell expenses	−4.7	−2.4	−2.3	+95.8
Other operating expenses	−2.4	−1.7	−0.7	+41.2
Investment result	36.8	27.0	+9.8	+36.3
Result from ordinary activities	33.6	24.2	+9.4	+38.8
Annual profit	32.7	23.7	+9.0	+38.0
Profit carried forward	24.4	9.7	+14.7	+151.5
Withdrawal from unappropriated surplus and setoff of diefferential arising from stock buyback	−34.2	−8.9	−25.3	+284.3
Unappropriated surplus	**22.0**	**24.4**	**−2.4**	**−9.8**

Revenues (as defined under the HGB) of WashTec AG rose by € 2.2m to € 3.5m (prior year: € 1.3m) and relate to the pass-through of management costs to its subsidiaries. The goal of achieving stable revenue growth was thereby not achieved.

The personnel expenses (as defined under the HGB) of WashTec AG equaled € 4.7m (prior year: € 2.4m) and include management board remuneration as shown on pages 85 through 88 of the remuneration report. It also includes the personnel expenses for the legal and investor relations departments. A provision was set aside for purposes of paying out a premium to employees for the better-than-expected business performance in 2015.

The other operating expenses (as defined under the HGB) increased by € 0.7m to € 2.4m (prior year: € 1.7m).

The annual profit of WashTec AG (as defined under the HGB) rose from € 23.7m to € 32.7m. The goal of stable operating earnings was thereby exceeded.

The investment result of WashTec AG (as defined under the HGB) is yielded from income under control and profit (loss) pooling agreements in the amount of € 4.7m (prior year: € 4.9m). In addition, WashTec Holding GmbH paid a dividend in the amount of € 32.0m (prior year: € 22.0m).

2.6.2 Net assets and financial position

Balance sheet of WashTec AG (condensed)

in €m, differences possible due to rounding-off	2015	2014	Change (absolute)	Change (in %)
Non-current assets	128.1	128.1	0.0	0.0
Receivables, other assets	30.3	32.5	−2.2	−6.8
Cash and cash equivalents	0.0	0.0	0.0	0.0
Equity	152.1	155.1	−3.0	−1.9
Provisions	4.4	3.1	+1.3	+41.9
Liabilities	2.0	2.4	−0.4	−16.7
Balance sheet total	**158.5**	**160.7**	**−2.2**	**−1.7**

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

The receivables as defined under the HGB and totaling € 23.4m (prior year: € 29.4m) resulted primarily from general intercompany setoffs among affiliated enterprises and from profit (loss) pooling agreements.

The equity capital (as defined under the HGB) was € 152.1m (prior year: € 155.1m). This yields an equity ratio of 96.0% (prior year: 96.5%).

The provisions of WashTec AG, as defined under the HGB, equaled € 4.4m (prior year: € 3.1m) and consisted above all of provisions made for employee premiums, legal and consulting expenses, accounting costs, management board remuneration and supervisory board remuneration.

2.6.3 Report on opportunities and risks

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

2.6.4 Miscellaneous

The principles underlying the remuneration system for the management board members and the members of the supervisory board are explained under 8.3 of the remuneration report, which is part of the management report within the meaning of § 315 HGB.

The declaration on corporate management is set forth in the »Compliance« section (page 80) and published on our website, www.washtec.de.

2.6.5 Outlook

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

3

Supplementary Report

Significant events after the balance sheet date

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

Outlook, Opportunities and Risk Report

4

4.1 Outlook

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

4.1.1 Business policy and strategy

In 2016 and subsequent years, WashTec will once again continue to adhere to its strategy of increasing customer benefits and expanding its market and technology leadership in the car wash industry.

4.1.2 Markets and products

WashTec has to date generated a good 80% of its revenues in established markets, above all in Europe.

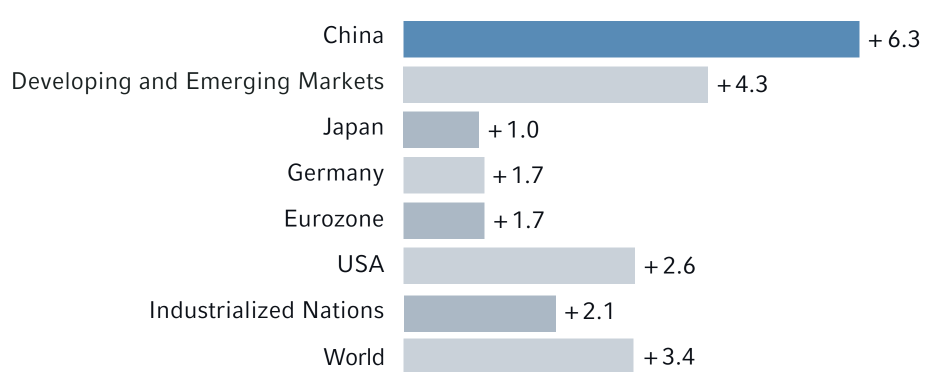
The Group intends to further increase its presence and market share in all sales regions. An additional potential for the WashTec Group exists in North America and Asia due to the low market share or early-stage development in those markets. It may be assumed that the number of vehicles, which has already risen very dynamically in the past years, will continue to increase. In connection with this, it is expected that the popularity of automated vehicle washing will rise gradually.

4.1.3 General economic conditions

Economic forecasts for the 2016 global economy slightly ahead of last year

In their most recent outlook dated January 2016, the experts at the International Monetary Fund (IMF) are projecting a 3.4% growth rate for the global economy in 2016. The growth rate for Germany as well as for the Eurozone as a whole is expected to be 1.7%. This number is therefore slightly higher than it was in the prior year. Some hardly assessable risks are the low oil prices and the tightening monetary policy in the United States. The US economy is projected to grow at 2.6%. A 4.3% growth rate has been projected for emerging and developing countries. For China, the growth rate is expected to weaken from 6.9% in 2015 to 6.3% in 2016. This growth slowdown together with the tightening monetary policy in the United States and the possible escalation in existing geopolitical tensions pose the greatest risk to growth.

IMF growth forecast for 2016 in %



Source: International Monetary Fund (IMF) World Economic Outlook, update January 2016

4.1.4 WashTec business development

An outlook for 2016 is subject to uncertainties, which could have a material effect on the forecasted revenue and earnings development. A deciding factor will be how the business in Core Europe develops and the extent to which success can be achieved in exploiting the growth potential in the other markets. Moreover, it is the management board's goal to continue the corporate strategy and continually improve the operating performance. At the same time, WashTec plans to invest in manufacturing facilities and equipment and to increase expenditures for sales and marketing activities in all regions in 2016.

Overall, the expectation for 2016 is for a slightly increased volume of capital expenditures among various customer segments and regions compared to the prior year.

Eastern Europe and Core Europe

Starting in the 2016 reporting period, the reporting for the Core Europe and Eastern Europe segments will be consolidated. The following table shows the 2015 fiscal year in its new structure as a basis for the Outlook.

Segment reporting 2015 under the new 2016 reporting structure

Rounding-off differences are possible		Core Europe	North America	Asia/ Pacific
Revenues	€m	281.4	54.3	14.8
EBIT	€m	34.0	1.6	0.7

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

Revenue development

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

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

EBIT and free cash flow development

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

For 2016, the Company, as a whole, is projecting the following regional developments:

- **Core Europe:** In the Company's view, the market in Core Europe will not undergo any material change in 2016. The higher volumes experienced in 2015 are also expected for 2016. In Europe, the margins remain under pressure in some countries and customer segments. The capital expenditure behavior in certain sub-regions continues to improve. Based on the foregoing, the Company is assuming that revenues and earnings will improve significantly compared to 2015. For 2016, the Company does not expect an increase in revenues and earnings similar to 2015.

Core Europe	2016 forecast
Revenue	considerable increase
EBIT	considerable increase

- **North America:** WashTec continues to invest in further organic growth in this region and continues to see additional potential based on the lower market share in combination with a very good product. For 2016, WashTec is assuming that revenue and EBIT will increase considerably (after factoring out foreign exchange effects).

North America	2016 forecast
Revenue	considerable increase
EBIT	considerable increase

- **Asia/Pacific:** The region developed strongly in 2015. WashTec is anticipating another increase in business for 2016. For the entire segment, WashTec is expecting a significant increase in revenues and EBIT.

Asia/Pacific	2016 forecast
Revenue	considerable increase
EBIT	considerable increase

- **Group:** In fiscal year 2016, WashTec is seeking considerable revenue growth with a similarly considerable increase in EBIT. Based on the budgeted capital expenditures in personnel and organizational structures (especially for sales) as well as higher expenditures for IT and marketing, the EBIT margin is expected to increase slightly at best.

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

	achieved 2015	2016 forecast
Revenue	€ 340.9m	considerable increase
EBIT	€ 36.4m	considerable increase
Free cash flow	€ 26.2m	considerable increase
HSE (work accidents/working hours in millions)	1.6	0–2

Given the cost sharing arrangements, WashTec AG anticipates stable revenue growth and therefore stable operating results in 2016. Results in the future will also continue to depend on the profit distribution potential of the subsidiaries.

4.2 Opportunities and risk report

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

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

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

4.2.1 Opportunities and risk management

Risk management

Multi-stage system instituted for identifying and monitoring risks

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

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

- Financial effects on the consolidated net income
  1 Insignificant
  2 Not significant, but not negligible
  3 Material/significant
  4 Serious, but not threatening the continued existence of the Group
  5 Existential threat

- The likelihood of occurrence is indicated as follows:

1	Very unlikely	1–15%
2	Unlikely	15–40%
3	Possible	40–60%
4	Likely	60–85%
5	Very likely	85–99%

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

■ Risk matrix

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

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

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

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

4.2.2 Opportunities and Risks

Compared to the prior year, there have been no material changes in the opportunity and risk structure. As of December 31, 2015, the following described opportunities and risks exist which could have a material effect on the continued development of WashTec. Risks classified as »insignificant« will not be discussed in any more detail.

4.2.2.1 Uncertainties in the financial markets and overall economic development risks

Risks
The uncertainties and virtually unpredictable changes in the global economy and the financial markets could adversely affect the investment behavior of individual customer groups. This could impact, for example, oil companies whose earnings fluctuate significantly based on even more extensive changes in the price of oil.

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

Opportunities
The lower cost of fuel will tend to cause an increase in demand and therefore lead to more visits to the gas pump. This could favorably influence wash figures and therefore also investments or revenues for service and chemicals.

Certain regions, which WashTec also views as strategically important growth markets, are currently in a somewhat worse economic condition than they were in the prior year. Unlike the other segments of the German industry, changes in the overall economic development in China play only a subordinate role for WashTec because of the still low revenues generated there. Should negative developments in China impact the development of the global economy, then this could also impact WashTec's growth.

4.2.2.2 Climate and environment

Risks

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

Opportunities

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

4.2.2.3 Customers, 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 in virtually all regions. Since significant major customer agreements were concluded in 2015, this risk has diminished compared to last year.

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

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

As a consequence of the shortage and increasing costs of fossil fuels over the mid-term and the technical advancement and proliferation of electric vehicles, the use of petrol stations in its current form could decline. Nevertheless, it is presently unclear which utility concept for the electrical vehicles will emerge as the prevailing concept (e.g., potentially relevant electrical charging and battery swap at petrol stations or electrical charging at home). In the opinion of our major customers, this development will not, however, have a significant influence on the number and use of petrol stations in the next 5 to 10 years due mostly to the volume of the cars already in circulation. Changes in the wash behavior of customers could have adverse consequences for the sale of the WashTec Group's primary products. The market shares held by WashTec in the various wash types differentiate particularly outside of Europe. A trend towards forms of car washing, which currently still have lower market shares, could hurt revenues.

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

Opportunities

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

If stronger, retail-shop oriented global companies acquire the oil company networks, then such a trend could lead to a further improvement of WashTec's global market position. WashTec's access to capital markets also generally allows WashTec to make its own investments.

By virtue of the strengthened collaboration with our independent sales partners in roughly 65 countries, higher sales could be generated in growth regions.

4.2.2.4 Capital expenditures

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

Risks

This entails the risk that the assumptions or estimates made about future market developments will not materialize as planned and that this will lead to wrong investments. Wrong investments would encumber the net assets, financial position and results of operation of the WashTec Group due to interest owed on any committed capital, non-scheduled write-downs, etc.

In order to reasonably manage such risk, the Company has a detailed policy for approving investments and other expenditures. The policy defines upper thresholds and identifies the groups of persons authorized to make certain expenditures. Larger investments or capital expenditures are summarized in the annual investment plan, submitted to the management board and then approved by the supervisory board. Strategic decisions are taken only after there have been detailed discussions on the management board, within the extended manager group and with the supervisory board.

Opportunities

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

4.2.2.5 Innovations and Patents

Risks

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

Even if patents have a presumption of validity by operation of the law, the granting of patents does not necessarily mean that the patent will be valid or that any patent claims are enforceable. This applies above all to the Asian markets. Insufficient protection or the actual infringement of intellectual property rights could impair the WashTec Group's ability to exploit its technological 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, developments in the car industry and the development of new disruptive innovations in sectors outside of the car wash business could permanently impact the demand for WashTec.

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

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

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

Innovative products could outperform customer expectations, stimulate new demand and win-over new customer groups or lead to shifting market share among existing customer segments.

4.2.2.6 Risks and opportunities for 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. Moreover, WashTec continues to actively develop with its customers the very stringent HSE (Health, Safety, Environment) requirements. Unforeseeable violations or individual misconduct could lead to loss of major contracts or to delays in equipment installation and therefore adversely affect the Company's net assets, financial position and results of operation.

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

4.2.2.7 Supplier risks and opportunities

Risks
With respect to the purchase of raw materials, components or services, there are risks that could arise from delayed deliveries, product unavailability, defective quality risks and volatile purchase prices. A committed supplier and purchasing/procurement management system and the assessment of risk (particularly with regard to strategic suppliers) will limit any risks as far as possible.

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

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

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

The current trends regarding commodity costs could have favorable effects both for equipment production and for operating internal vehicle fleets.

4.2.2.8 Capacity risks

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

When capacities are increased, a delay in the construction project could lead to occasional logistics and supply problems.

4.2.2.9 Takeover risks or changes in the shareholder structure

Risks

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

Such events could change the WashTec Group's existing strategy, the composition of its boards and governing bodies, and previously communicated expectations. Some of the WashTec Group's agreements (e.g., loan agreements) include a change of control clause (change in control).

4.2.2.10 Financial risks

Risks

A banking syndicate has made available – in major parts – loans and other local credit lines amounting to € 51.1m until December 2018. The terms and conditions under the syndicated loans limit the financial and operating flexibility of the WashTec Group. 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 takeover or the loss of a key subsidiary) or a breach of a material contractual obligation (such as a breach of the so-called »financial covenants«), then the agreement may be terminated for good cause.

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

Opportunities

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

4.2.2.11 Exchange rate changes

Risks

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

Opportunities

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

4.2.2.12 Liquidity risks

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

A liquidity risk could arise in that there might not be adequate cash to seasonably discharge the financial obligations as they fall due, for example due to disbursements that were not factored into the cash planning.

4.2.2.13 Credit and default risks

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

4.2.2.14 Tax risks

The WashTec Group recognizes deferred tax assets based mostly on timing differences. Changes in tax legislation that relate to the tax rate could result in expenses arising from the valuation of recognized deferred tax assets and therefore have adverse effects on the consolidated equity and/or earnings per share.

In addition, other risks could arise due to still pending tax audits among various subsidiaries of the Group. Corporate management views this risk as rather low because all of the new calculations had been made in cooperation with local tax advisors. Until the tax audit is completed, such risks cannot be completely dismissed, however. Due to the Company's international structure, risks still exist in relation to the laws on value added tax.

4.2.2.15 Employee risks

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

In countries where WashTec does business through its own subsidiaries, the existing collective pay scale models vary. Agreements between employers and employee representatives, such as pay scale increases, which exceed the expectations of the Group or are generally too high, could undermine the WashTec Group's competitive position internationally.

In addition, labor walkouts in production or service could delay the realization of revenue. WashTec attempts to minimize this risk through active communication with the employee.

A change in the conditions for employing temporary employees or in the social security obligations required of companies could lead to cost increases for the Group.

4.2.3 Overview of corporate risks

The table set forth below describes the aforementioned risks with respect to the likelihood of their occurrence, their possible financial impact and the overall evaluation derived therefrom:

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

4.2.4 Total risk assessment

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

In terms of the overall number of risks that could have a material effect on the WashTec Group, there was a slight decrease, compared to prior year. The risk of losing major customers has diminished compared to prior year due to the large number of agreements that were concluded in 2015. Nevertheless, there has been no fundamental change in the overall risk situation. There do not appear to be any existential risks.

There were no changes between the balance sheet date and the date on which the management report was prepared. In accordance with § 317 (4) HGB, the annual accounts auditor shall perform an audit of the early risk identification system set up in accordance with § 91 (2) AktG during the course of the annual financial statement audit. A risk report will also be supplied to the Supervisory Board.

5 ICS and RMS Related to the Group Accounting Process

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

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

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

6 Risk Reporting with Respect to the Use of Financial Instruments

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

7

Takeover-related Disclosures

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

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

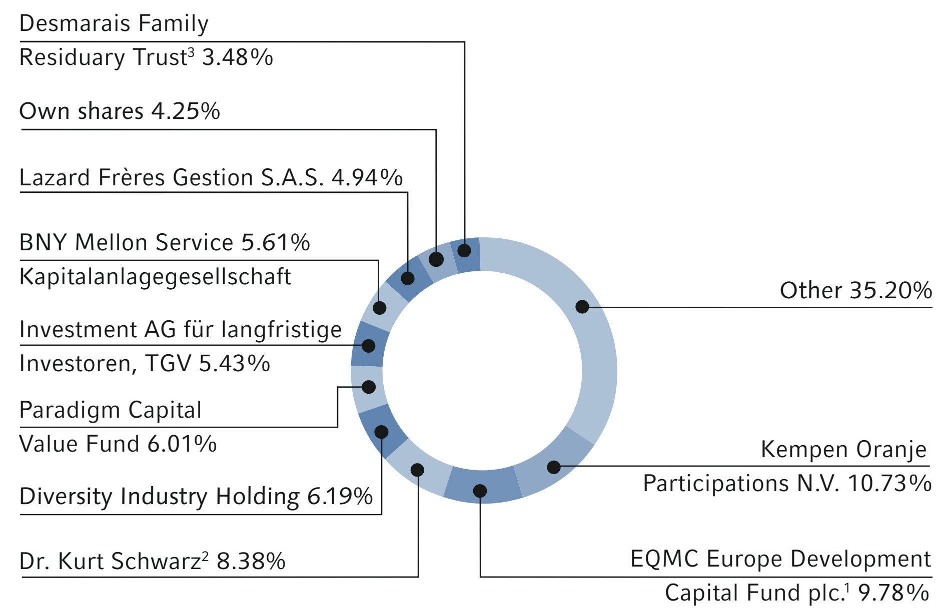
§ 315 (4) no. 1 HGB »Subscribed capital«
The Company's subscribed capital totals € 40,000,000 and is divided into 13,976,970 no-par value bearer shares, with each share granting the same rights, in particular the same voting rights. There are no different classes of shares. The management board is not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

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

§ 315 (4) no. 3 HGB »Direct and indirect capital participations«
To the knowledge of the management board, 35.20% of the Company's shares are held by shareholders whose stakes are below the disclosure (reporting) threshold. in free float. According to the disclosures filed under the German Securities Trading Act (WpHG), persons holding either direct or indirect equity stakes exceeding 10% of the voting rights are Kempen Oranje Participaties N.V., Amsterdam, The Netherlands (10.73%)

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

Shareholder structure as December 31, 2015



[1] Nmás1 Dinamia, S.A.
[2] Leifina GmbH & Co. KG et al
[3] Setanta Asset Management

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

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

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

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

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

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

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

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

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

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

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

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

Share buy-back
Pursuant to a resolution adopted by the annual general meeting of shareholders on May 15, 2013, the management board was authorized to acquire, on or before May 14, 2016, the Company's own shares for purposes other than to deal in treasury shares, up to a total of 10% of the Company's current € 40,000,000 of registered share capital. The total treasury shares, which are acquired under this authorization and the other treasury shares, which are held by the Company or attributable to the Company in accordance with §§ 71a et seq. of the German Stock Corporation Act (AktG), may at no time exceed 10% of the respective registered share capital. The management board can opt to acquire these shares on the stock exchange, by means of a public purchase offer to all shareholders or by means of a public invitation directed at all shareholders to submit sales offers. The exact terms and conditions for the purchase are set forth in the invitation to WashTec AG's ordinary annual general meeting of the shareholders in 2013. The Company exercised this authority in the 2015 reporting year. On August 14, 2015, the management board, with the consent of the supervisory board, resolved, as part of a discretionary public stock buyback offer, to purchase up to 550,000 of its own outstanding shares in exchange for a cash payment totaling € 23.20 per no-par value share. This number represents 3.94% of the Company's registered share capital. By the expiration of the acceptance deadline on September 9, 2015, 5,871,173 shares had been tendered. Factoring in the preferential acceptance of shareholders who had submitted up to a maximum of 100 shares and the allotment ratio of 9.2220%, WashTec AG thereupon acquired 549,988 shares (rounded to the nearest whole number in accordance with common commercial practices). This represents approximately 3.93% of the Company's registered share capital. After implementing the share buyback offer and factoring in the previously held shares, WashTec AG now holds a total of 594,646 of its own shares representing approximately 4.25% of its registered share capital.

§ 315 IV nos. 8 + 9 HGB »Material contracts that 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 takeover (change of control). In that case, the management staff itself could change in the event of a takeover.

8 Declaration on Corporate Management (§ 289a HGB)

(including corporate governance-report)

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

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

WashTec AG is fully implementing the recommendations of the Code

WashTec AG's management and supervisory boards regularly direct their attention to satisfying the requirements of the Code. The recommendations and suggestions of the Code, as amended on May 5, 2015, have been fully implemented. Thus, no deviations needed to be disclosed in the declaration of conformity issued by the management and supervisory board on December 15, 2015.

8.1 Corporate and managerial structure

Supervisory board

Supervisory board has six members and several committees

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

The composition of the supervisory board is based on the Company's corporate purpose, the size of the Company, the composition of the staff and on the international business activity of WashTec. In accordance with its recommendation under sec. 5.4.1 of the Code, the supervisory board resolved to set specific objectives with respect to its composition. During the fiscal year, the supervisory board also addressed the issue of female participation on the supervisory board and management board and defined a target quota for such board participation. The exact target is described in more detail on page 83.

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

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

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

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

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

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

Management board

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

During the reporting period, the management board consisted of four members: Dr. Zimmermann (as management board chairman), Ms. Kalb, Mr. Weber and Mr. Springs. Dr. Zimmermann is responsible for the areas of Supply Chain, Development, Service, Quality and Purchasing. Ms. Kalb is responsible for the areas of Human Resources, Compliance, Investor Relations and Special Projects. Mr. Weber is responsible for Sales, Marketing and Product Management. Mr. Springs is responsible for Finance and IT.

Reported securities transactions (»Directors' Dealings«)

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

Date of the Transaction in €k, differences possible due to rounding-off	First name and last name	Position/ status	Type and location of the transaction	Financial instrument and ISIN	Unit number	Rate/price	Total volume price
May 13, 2015	Dr. Hans-Friedrich Liebler	Member of the supervisory board	Purchase via Xetra	Washtec share DE0007507501	5,000	21.00	105,000.00
May 18, 2015	VVG Familie Roland Lacher (KG)	For a person with management tasks	Purchase via Xetra	Washtec share DE0007507501	5,000	19.97	99,850.00
May 29, 2015	Dr. Sören Hein	Member of the supervisory board	Purchase via Frankfurt	Washtec share DE0007507501	5,000	20.19	100,950.00
Sep 25, 2015	Dr. Volker Zimmermann	Member of the management board	Purchase over-the-counter	Washtec share DE0007507501	12,500	22.00	275,000.00
Nov 19, 2015	Stephan Weber	Member of the management board	Purchase over-the-counter	Washtec share DE0007507501	3,000	28.90	86,700.00
Dec 10, 2015	Rainer Springs	Member of the management board	Purchase via Xetra	Washtec share DE0007507501	4,000	29.136	116,545.00
Dec 21, 2015	Karoline Kalb	Member of the management board	Purchase via Xetra	Washtec share DE0007507501	811	29.495	23,920.46
Dec 23, 2015	Karoline Kalb	Member of the management board	Purchase via Xetra	Washtec share DE0007507501	2,236	29.50	65,962.00
Dec 29, 2015	Karoline Kalb	Member of the management board	Purchase via Xetra	Washtec share DE0007507501	253	29.50	7,463.50

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

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

As of December 31, 2015, Dr. Günter Blaschke, as the Supervisory Board Chairman, held 50,000 shares of WashTec AG and Mr. Ulrich Bellgardt, as Supervisory Board Deputy Chairman, held 25,000 shares of WashTec AG. The members of the supervisory board, Dr. Hans-Friedrich Liebler and Dr. Sören Hein, each held 5,000 shares of WashTec AG. The VVG Family Roland Lacher KG, represented by Mr. Roland Lacher, member of the supervisory board of WashTec AG, likewise held 5,000 shares as of December 31, 2015.

As of December 31, 2015, Dr. Volker Zimmermann, as management board chairman, held 12,500 shares of WashTec AG. As a member of the management board, Mr. Stephan Weber held 3,000 shares of WashTec AG, Mr. Rainer Springs held 4,000 shares of WashTec AG, and Ms. Karoline Kalb held 3,300 shares of WashTec AG.

Shareholders and the annual general meeting

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

The annual general meeting of shareholders of WashTec AG takes place in the first half of a given fiscal year, usually in May. The annual general meeting adopts resolutions regarding, inter alia, the appropriation of distributable profit, the ratification of the acts taken by the management and supervisory boards, and the selection of the Company's auditors. Amendments to the Company's articles of association and the granting of authority to engage in measures effecting changes to the Company's capital are resolved exclusively by the annual general meeting of shareholders and are implemented by the management board.

WashTec AG offers its shareholders, prior to the annual general meeting, the option of authorizing a proxy, who is appointed by the Company but bound by the instructions issued by the shareholder in question.

In 2015, as in years past, WashTec AG placed all of the documents, which were relevant to its annual general meeting, on the Internet in German and in English. This means that WashTec AG's homepage offers a comprehensive platform of information for both national and international investors with respect to its annual general meeting. WashTec AG does not broadcast its annual general meeting on the Internet and does not electronically transmit notices of such meetings.

All documents relevant for the annual general meeting of the shareholders can be downloaded from the Internet

Female quota

Pursuant to the Act for the Equal Participation of Women and Men in Management Positions in Private Enterprise and Public Service (May, 2015) [Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst vom Mai 2015], certain companies in Germany are obligated to initially set target quotas for the number of women (as a percentage of all members) who should sit on the supervisory board, sit on the management board and hold the management positions in the two management levels immediately below those bodies and to establish the date by which such a female quota should be attained.

On September 17, 2015, the supervisory board resolved to establish a target of at least 25% as a female quota for the management board.

Likewise, on September 17, 2015, the supervisory board resolved to set a target of at least 0% as a female quota for the supervisory board. This decision is intended to create the greatest possible flexibility for constituting the board on the basis of qualification.

The management board also established a target for constituting the two management levels beneath the management board. In light of the Company's corporate purpose, the size of the Company and the composition of its staff as well as the international business activities of WashTec, the management board is seeking with respect to the composition of the management levels beneath it that the first management level should have a female quota of at least 5.26% and that the second management level should have a female quota of at least 9.52%. Taking into account the specific circumstances and conditions at WashTec, the management board believes this quota (percentage) is reasonable because it will provide flexibility in terms of filling these positions on the basis of qualification.

8.2 Compliance

Compliance-Organization is constantly refined

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

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

All executives and officers have committed themselves by their signature to the WashTec Code of Ethics

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

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

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

The text below shows the wording of the declaration of conformity, which is required under § 161 of the German Stock Corporation Act (AktG), as such wording was adopted by the management board and supervisory board on December 15, 2015 and published in the Investor Relations section of the Company's website at www.washtec.de.

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

The management board and supervisory board declare that WashTec AG has complied with the recommendations in the German Corporate Governance Code of the »Government Commission of the German Corporate Governance Code« (version dated May 5, 2015) from the date on which these bodies issued their last Declaration of Conformity on December 11, 2014 and that they will comply therewith in the future. No exceptions herefrom have applied and will apply.

Augsburg, December 15, 2015

WashTec AG

Management Board and Supervisory Board«

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

8.3 Remuneration report

Remuneration of the management board

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

In this regard, the supervisory board takes into account, even over time, the management board remuneration relative to the compensation of senior management and of the staff members as whole.

The remuneration of the members of the management board comports with the statutory requirements of the German Stock Corporation Act and with the recommendations and suggestions contained in the Code. The remuneration system was last discussed by the supervisory board at its meeting of December 15, 2015 and adopted by resolution, including the major elements of remuneration (sec. 4.2.2 para. 1 of the Code). The overall remuneration of the members of the management board is made up of monetary and non-monetary as well as fixed and variable components, and in general, is directly tied to the sustained development of the Company. All of the components of remuneration are structured in such a way that each of them is reasonable both by itself and in the aggregate, and that they do not encourage the taking of unreasonable risks.

Fixed salary

The four acting members of the management board were paid a fixed non-performance related salary totaling € 1,013,678 (prior year: [two acting members of the management board]: € 611,955) for the year 2015. The fixed remuneration also includes benefits in-kind consisting, in particular, of the provision of company cars and insurance coverage. The fixed elements of remuneration ensure that the management board members receive basic compensation permitting them, as they go about discharging their duties, to act both in accordance with the well-understood best interests of the Company and with the due diligence of a prudent business person [ordentliche Kaufmann], without becoming dependent on purely short-term objectives for success.

Short-term variable remuneration – performance related components

The existing management board contracts provide for a management board remuneration that fully accords with the recommendations of the Code. The variable remuneration components here include short-term components linked to the achievement of various targets to be determined by the supervisory board. They should create an incentive for the management board to promote WashTec AG's business success. The short-term, variable annual remuneration tracks the strategic, operational and financial targets that are set each year by the supervisory board.

Components providing long-term incentive

The current management board contracts provide for management board remuneration that fully satisfies the recommendations of the Code. The long-term variable remuneration is based on a strategic, financial and operational targets that are independently set by the supervisory board and have a multi-year assessment foundation. The remuneration is divided into two components that are based on identical objectives and chronological parameters. In this respect, the long-term components (a), the amount of which will double the respective short-term variable remuneration to the extent that the respective management board member invests the relevant amount in shares of the Company (b). The incentive phase runs from January 1, 2015 through December 31, 2017. Payments due at the of the incentive phase are dependent on the achievement of the agreed targets and the share price at the respective date.

Ms. Kalb will receive long-term variable remuneration for fiscal years 2015 and 2016, if the service agreement with her is not renewed.

By setting challenging targets, management board members were and are being granted a variable component of remuneration that takes into account both favorable and unfavorable developments (sec. 4.2.3, para. 2 of the Code). Under the Long Term Incentive Program (LTIP), the ROCE and Total Shareholder Return were established as target benchmarks.

A detailed breakdown of the management board remuneration can be found in the table set forth under note 37 (pp. 128 et seq.)

Benefits following termination of employment

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

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

Miscellaneous

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

Supervisory board remuneration

The remuneration of the supervisory board is specified in sec. 8.16 of the articles of association of WashTec AG. It comprises fixed and variable remuneration components. Pursuant to the shareholder resolution dated May 13, 2015, the supervisory board remuneration was reconfigured starting in fiscal year 2015. The basic fixed remuneration for an ordinary member of the supervisory board is € 35,000 for a full fiscal year of membership on the supervisory board. The deputy chairman receives fixed remuneration of € 70,000 for each full fiscal year, and the chairman receives € 100,000 for each full fiscal year of his membership on the supervisory board. In addition, every supervisory board member will receive a fee of € 1,500 for each meeting of the supervisory board and its committees that they attend. Every supervisory board member will also 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.

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

The fixed and performance-based total remuneration as well as the meeting attendance fee are limited a maximum total of € 75,000 for each regular supervisory board member, while the remuneration for the chairman of the audit committee will be limited to a maximum total of € 100,000. The remuneration for the deputy chairman of the supervisory board will be limited to a maximum total of € 150,000, and the remuneration for the chairman of the supervisory board will be limited to a maximum total of € 200,000.

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

The Company has not paid any remuneration or granted any benefits to the members of the supervisory board during the 2015 fiscal year for services rendered personally by them (sec. 5.4.6 of the Code).

Pursuant to § 8.16 of the articles of association, the annual general meeting of the shareholders also approved a Long Term Incentive Program (LTIP) for the supervisory board, which provided for a personal investment in WashTec shares on or before June 30, 2015 as a precondition for participating in the program (Chairman maximum 25,000 shares, all others maximum 5,000 shares). The stipulated target benchmarks were an EBIT target, an ROCE target and EPS target. The basis for fulfilment are the key performance indicators for fiscal year 2014. Depending on whether one, several or all of the targets are fulfilled, a different multiplier will be used for calculating the bonus payment which results from the sum of the reference rate, number of shares and multiplier. The bonus payment is due and payable in fiscal year 2019. The right to that payment will exist only if, at that point in date, the supervisory board member is still on the supervisory board and still holds shares in the Company. The supervisory board members, Dr. Blaschke, Mr. Bellgardt, Dr. Hein, Mr. Lacher and Dr. Liebler are participating in the LTIP with the maximum number of shares.

2015 in €k, differences possible due to rounding-off	Fixed	Variable	Meeting attendance fee	Total	Cap[1]	Payout amount	Multi-year variable compensation (long-term components[2]
Dr. Günter Blaschke	100	87	47.5	234.5	200	200	485
Ulrich Bellgardt	70	43.5	31	144.5	150	144.5	97
Jens Große-Allermann	35	43.5	22	100.5	75	75	97
Dr. Sören Hein	35	43.5	20	98.5	75	75	97
Roland Lacher	35	43.5	13	91.5	75	75	97
Dr. Hans Liebler	35	43.5	26	104.5	100	100	97
Total	**310**	**304.5**	**159.5**	**774**	**675**	**669.5**	**970**

[1] Payments limited by cap (according to membership/function)
[2] Fair value of the LTIP at the time of granting

2014 in €k, differences possible due to rounding-off	Fixed	Variable	Meeting attendance fee	Total	Cap[5]	Payout amount	Multi-year variable compensation (long-term components[6]
Dr. Günter Blaschke[1]	29	6	39	74	58	58	0
Ulrich Bellgardt[2]	13	3	18	34	29	29	0
Jens Große-Allermann	30	6	17	52	50	50	0
Dr. Sören Hein	23	6	18	46	50	46	0
Roland Lacher	23	6	20	48	50	48	0
Dr. Hans Liebler	33	6	17	55	75	55	0
Michael Busch[3]	22	5	15	41	42	41	0
Massimo Pedrazzini[4]	10	2	5	16	21	16	0
Total	**183**	**40**	**149**	**366**	**375**	**343**	**0**

[1] Chairman as of June 4, 2014
[2] Deputy Chairman as of June 4, 2014
[3] Chairman through June 4, 2014
[4] Deputy Chairman through June 4, 2014
[5] Limitation of the payout through the Cap (according to membership/position)
[6] Fair value of the LTIP at the time of granting

Augsburg, March 23, 2016

Dr. Volker Zimmermann
Management Board Chairman

Karoline Kalb
Management Board Member

Rainer Springs
Management Board Member

Stephan Weber
Management Board Member

Consolidated Financial Statements of WashTec

Consolidated Income Statement

See notes for further explanations to the Consolidated Income Statement.

The consolidated notes are an integral component of the consolidated financial statements.

Rounding differences may occur.

in €	Note	Jan 1 to Dec 31, 2015	Jan 1 to Dec 31, 2014
Revenue	7	340,861,525	302,646,851
Other operating income	8	4,431,484	4,187,847
Capitalized development costs		447,272	426,428
Change in inventory		3,022,804	135,972
Total		**348,763,085**	**307,397,098**
Cost of materials			
Cost of raw materials, consumables and supplies and of purchased material		111,289,430	96,410,787
Cost of purchased services		27,498,703	23,772,149
		138,788,133	**120,182,936**
Personnel expenses	9	**113,241,631**	**111,105,127**
Amortization, deprecation and impairment of tangible and intangible assets		9,649,215	10,253,039
Other operating expenses	10	49,671,580	46,602,520
Other taxes		962,564	891,583
Total operating expenses		**312,313,123**	**289,035,205**
EBIT		**36,449,962**	**18,361,893**
Financial income		550,798	455,057
Financial expenses		1,052,664	1,125,066
Financial result	11	**−501,866**	**−670,009**
EBT		**35,948,096**	**17,691,884**
Income taxes	12	−11,392,373	−4,971,619
Consolidated net income		**24,555,723**	**12,720,265**
Weighted average number of outstanding shares		**13,766,278**	**13,932,312**
Earnings per share (basic = diluted)	13	1.78	**0.91**

Statement of Comprehensive Income

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

The consolidated notes are an integral component of the consolidated financial statements.

Rounding differences may occur.

in €k	Jan 1 to Dec 31, 2015	Jan 1 to Dec 31, 2014
Consolidated net income	**24,556**	12,720
Actuarial gains/losses from defined benefit obligations and similar obligations	−39	–1,651
Deferred taxes	6	405
Items that will not be reclassified to profit or loss	**−33**	–1,246
Changes in the fair value of financial instruments used for hedging purposes recognized under equity	0	0
Adjustment item for the currency translation of foreign subsidiaries	1,330	630
Exchange differences on net investments in subsidiaries	−637	–81
Deferred taxes	−117	–14
Items that may be subsequently reclassified to profit or loss	**576**	535
Other comprehensive income	**543**	–711
Total comprehensive income	**25,099**	12,009

Consolidated Balance Sheet – Assets

See notes for further explanations to the Consolidated Balance Sheet.

The consolidated notes are an integral component of the consolidated financial statements.

Rounding differences may occur.

in €	Note	Dec 31, 2015	Dec 31, 2014
Non-current assets			
Property, plant and equipment	15	31,686,043	32,689,697
Goodwill	15	42,312,251	42,312,286
Intangible assets	15	5,315,400	6,193,695
Trade receivables	19	2,000,980	1,363,492
Tax receivables	18	49,939	90,367
Other assets	20	138,573	422,421
Deferred tax assets	16	4,247,587	4,075,514
Total non-current assets		**85,750,773**	**87,147,472**
Current assets			
Inventories	17	39,882,471	35,437,207
Trade receivables	19	45,770,028	41,712,070
Tax receivables	18	7,464,788	2,955,793
Other assets	20	3,380,592	2,895,573
Cash and cash equivalents	21	7,781,106	15,674,189
Total current assets		**104,278,985**	**98,674,832**
Total assets		**190,029,758**	**185,822,304**

Consolidated Balance Sheet – Equity and Liabilities

See notes for further explanations to the Consolidated Balance Sheet.

The consolidated notes are an integral component of the consolidated financial statements.

Rounding differences may occur.

in €	Note	Dec 31, 2015	Dec 31, 2014
Equity			
Subscribed capital	22	40,000,000	40,000,000
Contingent capital	22	*8,000,000*	*8,000,000*
Capital reserves	23	36,463,441	36,463,441
Treasury shares	24	–13,176,788	–417,067
Other reserves and currency translation effects	25	–2,862,447	–3,405,442
Profit carried forward		–4,711,829	5,556,220
Consolidated net income (for the period)		24,555,723	12,720,265
		80,268,100	**90,917,417**
Non-current liabilities			
Finance leasing liabilities	29	2,827,417	3,761,876
Provisions for pensions	26	9,739,511	9,893,416
Other non-current provisions	27	3,524,250	3,470,468
Other non-current liabilities	30	1,346,065	2,032,933
Deferred income	31	1,175,038	957,627
Deferred tax liabilities	16	3,751,367	2,878,579
Total non-current liabilities		**22,363,648**	**22,994,899**
Current liabilities			
Interest-bearing loans	28	5,269,040	252,130
Finance leasing liabilities	29	1,553,671	1,902,614
Prepayments on orders	30	6,797,767	4,607,920
Trade payables	30	7,542,187	5,949,828
Taxes and levies	30	4,744,575	5,771,858
Liabilities for social security	30	1,177,977	950,926
Tax provisions		8,337,697	2,791,402
Other current liabilities	30	31,199,342	27,545,418
Other current provisions	27	12,953,850	14,856,710
Deferred income	31	7,821,904	7,281,182
Total current liabilities		**87,398,010**	**71,909,988**
Total equity and liabilities		**190,029,758**	**185,822,304**

Consolidated Cash Flow Statement

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

The consolidated notes are an integral component of the consolidated financial statements.

Rounding differences may occur.

in €k	Note	2015	2014
EBT		**35,948**	**17,692**
Adjustments to reconcile EBT to net cash flows from operating activities:			
Amortization, depreciation and impairment of non-current assets		9,649	10,253
Gain/loss from disposals of non-current assets		−60	34
Other gains/losses		839	1,287
Financial income		−551	–455
Financial expenses		1,053	1,125
Movements in provisions		−2,037	1,411
Changes in net working capital:			
Increase/decrease in trade receivables		−4,758	–1,525
Increase/decrease in inventories		−3,607	–77
Increase/decrease in trade payables		1,573	–2,958
Changes in other net working capital		4,583	8,161
Income tax paid		−9,705	–5,746
Net cash flows from operating activities		**32,927**	**29,202**
Purchase of property, plant and equipment (without finance leasing)		−7,224	–4,314
Proceeds from sale of property, plant and equipment		509	244
Net cash flows from investing activities		**−6,715**	**–4,070**
Dividend payout		−22,988	–8,917
Share buy-back		−12,760	0
Interest received		69	79
Interest paid		−978	–1,012
Repayment of non-current liabilities from finance leases		−1,949	–2,068
Net cash flows used in financing activities		**−38,606**	**–11,918**
Net increase/decrease in cash and cash equivalents		**−12,395**	**13,214**
Net foreign exchange difference		**−515**	**–535**
Cash and cash equivalents at January 1		**15,422**	**2,743**
Cash and cash equivalents at December 31	21	**2,512**	**15,422**
Composition of cash and cash equivalents for cash flow purposes:			
Cash and cash equivalents		**7,781**	**15,674**
Interest-bearing loans		**−5,269**	**–252**
Cash and cash equivalents at December 31		**2,512**	**15,422**

Statement of Changes in Consolidated Equity

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

The consolidated notes are an integral component of the consolidated financial statements.

Rounding differences may occur.

in €k	Number of shares (in units)	Subscribed Capital	Capital reserve	Treasury shares	Other reserves	Currency translation effects	Profit carried forward	Total
As of January 1, 2014	**13,932,312**	**40,000**	**36,464**	**−417**	**−2,876**	**182**	**14,474**	**87,825**
Income and expenses recognized directly in equity					−1,732	630		−1,102
Taxes on transactions recognized directly in equity					391			391
Dividend							−8,917	−8,917
Consolidated net income for the period							12,720	12,720
As of December 31, 2014	**13,932,312**	**40,000**	**36,464**	**−417**	**−4,217**	**812**	**18,277**	**90,917**
As of January 1, 2015	**13,932,312**	**40,000**	**36,464**	**−417**	**−4,217**	**812**	**18,277**	**90,917**
Income and expenses recognized directly in equity					−677	1,330		653
Taxes on transactions recognized directly in equity					−110			−110
Acquisition of own shares	−549,988			−12,760				−12,760
Dividend							−22,988	−22,988
Consolidated net income for the period							24,556	24,556
As of December 31, 2015	**13,382,324**	**40,000**	**36,464**	**−13,177**	**−5,004**	**2,142**	**19,845**	**80,268**

Notes to the Consolidated Financial Statements of WashTec AG (IFRS) for Fiscal Year 2015

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, 2015 were prepared on March 23, 2016 and made available to the supervisory board for review. They are expected to be approved at the supervisory board meeting on March 23, 2016 and thereafter released for publication by the management board. The consolidated financial statements and Group management report may be accessed through the Bundesanzeiger [German Federal Gazette] and the company register and may be downloaded from our website, www.washtec.de.

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

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

The Company's shares are in free float and are publicly traded.

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

2. Accounting principles underlying the consolidated financial statements

The consolidated financial statements of WashTec AG have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) in force as of the balance sheet date and with the applicable interpretations (IFRIC). They comply with the accounting standards applicable in the European Union for fiscal year 2015 and are also supplemented by additional information required by section (§) 315a HGB [»Handelsgesetzbuch« or German Commercial Code] and the Group management report.

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

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

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 direct or indirect possibility of determining the business and financial policy of the entity in which the investment was made, of participating in the variable yields paid out by such entity and of influencing the return. Subsidiaries will no longer be consolidated once the parent company 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, 2015:

Consolidated entities	Share in capital in %	Holding company	Business activity	Equity at Dec 31, 2015 in €k	Profit/loss for 2015 in €k
German entities					
WashTec Cleaning Technology GmbH, Augsburg [1]	100	A	I	29,846	0
WashTec Holding GmbH, Augsburg	100	B	II	72,991	22,278
WashTec Carwash Management GmbH, Augsburg [2]	100	B	III	51	0
WashTec Financial Services GmbH, Augsburg [1]	100	A	IV	62	0
AUWA-Chemie GmbH, Augsburg [2]	100	B	V	537	0
Foreign entities					
WashTec France S.A.S., St. Jean de Braye, France	100	C	VI	1,814	751
Mark VII Equipment Inc., Arvada, USA	100	C	I	9,358	1,206
WashTec S.r.l., Casale, Italy	100	C	VI	1,749	−47
WashTec UK Ltd., Great Dunmow, United Kingdom	100	C	VI	2,974	250
California Kleindienst Limited, Wokingham, United Kingdom [5]	100	A		0	0
WashTec A/S, Hedehusene, Denmark [4]	100	C	VI	2,662	926
WashTec Cleaning Technology GmbH, Vienna, Austria	100	C	VI	1,262	68
WashTec Spain S.A., Madrid, Spain	100	C	VI	518	8
WashTec Car Cleaning Equipment (Shanghai) Co. Ltd., Shanghai, China	100	C	VII	702	−197
WashTec Cleaning Technology s.r.o., Nyrany, Czech Republic	100	D	VIII	2,357	302
WTMVII Cleaning Technologies Canada Inc., Grimsby, Ontario, Canada [6]	100	E	VI	−5,750	157
WashTec Australia Pty Ltd., Sydney, Australia	100	C	VI	1,489	644
WashTec Cleaning Technology España S.A., Bilbao, Spain [5]	100	C		1	0
WashTec Benelux B.V., Zoetermeer, The Netherlands [3]	100	C	VI	3,475	447
WashTec Nordics AB, Bollebygd, Sweden	100	C	VI	635	497
WashTec Polska Sp. z o.o., Warsaw, Poland	100	D	VI	−10	14

1) Profit/loss assumption by WashTec Holding GmbH
2) Profit/loss assumption by WashTec AG
3) Subgroup with Benelux Carwash Management B.V., Zoetermeer, NL, WashTec Benelux Administratie B.V., Zoetermeer, NL und WashTec Benelux N.V., Brussels, Belgium, 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

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

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

4. Effects of the new accounting standards

In fiscal year 2015, the Group applied the following new and revised IFRS Standards and Interpretations.

Standard/ Interpretation	Title	Mandatory application	Endorsement by the EU	Material effects on WashTec
IFRS	Annual Improvements to IFRSs (2011–2013 cycle)	Jan 1, 2015	Dec 18, 2014	none

Moreover, the IASB and the IFRS Interpretations Committee have enacted additional Standards, Interpretations and Amendments listed below, but these did not yet have to be applied in fiscal year 2015 or have not yet been endorsed by the European Union.

As of December 31, 2015, the WashTec Group had not adopted or applied these Standards earlier than required. The first-time adoption of the Standards is planned for the date on which they are recognized and endorsed by the EU.

Standard/ Interpretation	Title	Mandatory application	Endorsement by the EU	Material effects on WashTec
IAS 1	Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative	Jan 1, 2016	Dec 18, 2015	none
IAS 7	Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative	Jan 1, 2017	expected in Q4 2016	none
IAS 12	Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	Jan 1, 2017	expected in Q4 2016	none
IAS 16 and IAS 38	Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization	Jan 1, 2016	Dec 2, 2015	none
IAS 16 and IAS 41	Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants	Jan 1, 2016	Nov 23, 2015	none
IAS 19	Amendments to IAS 19 Employee Benefits – Employee Contributions	Feb 1, 2015	Dec 17, 2014	none
IAS 27	Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements	Jan 1, 2016	Dec 18, 2015	none
IFRS 9	Financial Instruments	Jan 1, 2018	expected in H1 2016	currently reviewed
IFRS 10 and IAS 28	Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	postponed		none

Standard/ Interpretation	Title	Mandatory application	Endorsement by the EU	Material effects on WashTec
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS 10 Consolidated Financial Statements , IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures – Applying the Consolidation Exception	01-Jan-2016	expected in Q2 2016	none
IFRS 11	Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	01-Jan-2016	24-Nov-2015	none
IFRS 14	Regulatory Deferral Accounts	01-Jan-2016	Postponement of the endorsement process until the publication of the final standard	none
IFRS 15	Revenue from Contracts with Customers	01-Jan-2018	expected in Q2 2016	currently reviewed
IFRS 16	Leases	01-Jan-2019	to be determined	currently reviewed
IFRS	Annual Improvements to IFRSs (2012–2014 cycle)	01-Jan-2016	15-Dec-2015	none

5. Accounting policies

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

Foreign currency translation

The consolidated financial statements are presented in euro, which is the Group's functional and reporting currency.

The conversion of the subsidiaries' annual financial statements that were prepared in a foreign currency will be done in accordance with the concept of the functional currency. The functional currency of foreign companies is generally the respective national currency. The items included in the separate financial statements of each entity are measured using such functional currency.

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency on each balance sheet date based on the exchange rate on that date. All differences arising from the currency translation are recognized in the income statement. Excepted therefrom are currency translation effects from net investments in a foreign operation and from related foreign currency loans. These are recognized 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 tax charges and credits attributable to exchange differences on these borrowings are also recorded 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 therefrom are recognized as assets and liabilities of the foreign operation and translated as of the rate on the balance sheet date.

The assets and liabilities of subsidiaries that do not report in euro are translated into euro at the rate of exchange applicable on the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. The exchange differences from the currency translation are recognized 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 the Group's owned manufactured equipment will include not only directly attributable costs but also prorated costs of materials and overhead as well as depreciation (IAS 16). 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 plant, property and equipment will generally be depreciated on the basis of the useful lives for those assets as 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 are determined according to the fair value of the consideration that is provided in return; i.e., the sum 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. The measurement is based on the excess of the acquisition costs of the business combination over the acquiring entity's share in the fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities. After first-time recognition, goodwill is measured as the acquisition costs less any accumulated impairment losses. It is not subject to scheduled amortization, but is instead tested for possible impairment at least once each year. 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.

Intangible assets

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

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

Intangible assets	Useful Life
Acquired patents and technologies	8 years
Licences and software	3 to 8 years
Capitalized 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 and are carried at in subsequent periods less any accumulated amortization and 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 amortization method are reviewed at the end of each fiscal year and adjusted accordingly if expectations have changed.

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 all directly attributable costs (mostly personnel expenses) as well as a share of the overhead costs. Under IAS 38, these costs are capitalized as an intangible asset only if the asset can be identified, a future economic benefit is expected to be received and the production costs can be reliably calculated during the development process. In addition, development costs will be capitalized only if the completion of development and the follow-up use or sale are ensured and intended on both the technical and the financial side.

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

With respect to assets with a finite useful life, the Group assesses on each balance sheet date whether there is any indication that such assets could be impaired. If any such clues exist, then the Group shall estimate the asset's recoverable amount. An asset's recoverable value is either the fair value less costs to sell or the value in use, whichever is higher. To determine the value in use, a reasonable valuation method is applied. To this end, the estimated future cash flows are discounted before tax to their present value using a discount rate that reflects the market expectations that exist at the time in terms of interest effect and the risks specific to the asset. The recoverable value of each individual asset or – if such calculation is not possible – for each cash generating unit that is attributable to that asset, shall be defined. If the carrying value of the asset exceeds its recoverable value, then the asset is impaired and must be written down to its recoverable amount. An impairment expense recognized in earlier reporting periods will be reversed and recognized in the income statement, if there has been a change in the assessment used in determining the recoverable value. The cap on an impairment reversal in this regard is the book (carrying) value plus any scheduled amortization that would have been applied had there been no impairment in the past. Any such reversal shall be recognized in profit or loss.

Intangible assets with an indefinite useful life and goodwill shall be subject to an impairment test at least once each year. A review will also be carried out if events or circumstances arise that suggest a possible impairment.

Impairment is regularly 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 operating segments defined pursuant to IFRS 8. They are divided between the regions of »Core Europe«, »Eastern Europe«, »North America« and »Asia/Pacific«.

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

Financial instruments and hedging

A financial instrument is a contract that leads to the creation of a financial asset for a company and, at the same time, leads to the creation of a financial liability or an equity instrument for another company.

Financial assets

In general, financial assets within the meaning of IAS 39 are classified as »financial assets at fair value through profit or loss« (FVthP/L), as »loans and receivables« (LaR), as »held-to-maturity investments« (HtM), or as »available-for-sale financial assets« (AfS). When financial assets are recognized initially, they are classified and measured at fair value. With regard to financial assets that are not measured at fair value through profit or loss, the initial valuation is carried out including transaction costs that are directly attributable to the acquisition of the asset.

The financial assets consist primarily of cash and cash equivalents, trade receivables, derivatives with a positive fair value and other assets.

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 require delivery of assets within the period generally established by regulation or convention in the marketplace.

Assets at fair value through profit or loss: All financial instruments held for trading purposes as well as derivatives that are not reported in hedged accounting shall be classified under this category. They are generally reported at fair value. All market value changes are recognized in profit and loss. Fair value will be deemed the price to which willing and independent contracting parties are able to agree in a commercial transaction under current market conditions. If there is no active market, then such value shall be calculated using valuation methods.

Held-to-maturity assets: Financial investments are classified in this category if there is the intent to hold the instrument until final maturity. These instruments are recognized at their carrying costs upon applying the effective interest rate method. In this regard, any impairments as well as any discounts and premiums will be taken into account. In computing the effective interest rate, transaction costs and fees will constitute an integral part.

Loans and receivables: This category includes 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. Non-current receivables are discounted at current market rates if the effect is material. Gains and losses from the derecognition or impairment of loans and receivables are recognized in profit and loss in the relevant period in which the gains or losses arose.

Available-for-sale assets: This category includes all non-derivative assets that were determined to be available for sale or that cannot be attributed to any other category. They will generally be recognized at their fair value. The gains and losses resulting therefrom will be recognized in equity. If a fair value cannot be calculated, then the cost method will be applied.

Cash and cash equivalents: This category includes the cash on hand and bank credits that have an original term of less than three months and are reported at face value.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, and also include any utilized bank overdrafts.

Impairment of financial assets: The Group assesses as of each balance sheet date whether a financial asset or group of financial assets, which must be recognized at fair value in equity, is impaired. Indications of an impairment include, among other things, the high likelihood of an insolvency proceeding, significant financial difficulties of a debtor or the disappearance of an active market.

Any impairment loss is recognized in profit and loss using an impairment account. The amount represents the difference between the asset's carrying value and the present value of the estimated future cash flows discounted by the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be attributed objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss shall be reversed and recognized in profit and loss, to the extent that the new carrying value of the asset does not exceed its amortized cost as of the reversal date.

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

Financial liabilities
Financial liabilities regularly establish a duty of return [Rückgabeverpflichtung] either in cash or in another financial asset. This category includes, above all, liabilities owed to financial institutions, trade payables, derivatives with a negative fair value as well as other liabilities.

They are initially recognized on the balance sheet at their fair value after deducting transaction costs. In the periods thereafter, they are mainly »measured at the amortized costs« (FLAC) using the effective interest rate method. Financial liabilities that are held for trading purposes include derivatives and are also measured »at fair value through profit or loss« (FVthP/L) in subsequent periods.

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

Derecognition of financial liabilities: A financial liability will be derecognized, if the contractual obligation underlying that liability is discharged, is terminated or expires.

Derivative financial instruments and hedging
In the prior year, the Group used derivative financial instruments, such as interest rate swaps, to hedge its risks associated with interest rate fluctuations. The derivative financial instruments are booked at fair value during their initial recognition and also in connection with subsequent valuations and, depending on market value, are reported as either a financial asset or a financial liability. The recognized values are derived from the market or calculated using recognized valuation methods. For the recognition of any change in the fair value, the key issue is whether the derivative financial instrument is tied to an effective hedge pursuant to IAS 39. If an effective hedge exists, then the change will be reported in equity without any impact in profit and loss. Otherwise, it will be reported as profit or loss in the income statement.

Hedges are classified according to the nature of the underlying transaction:

- as fair value hedges, when hedging the exposure to changes in the fair value of a recognized asset, liability or an unrecognized firm commitment;
- as cash flow hedges, when hedging the exposure to cash flow volatility that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction and that could have an impact on the result for the period; or
- hedges of a net investment in a foreign operation.

At the inception of the hedge, both the relationship between the financial instrument used as a hedging instrument and the underlying transaction and the goal and the strategy of the Group for executing the hedge are formally memorialized and documented. This information includes the nature of the hedged risk, an assessment of the degree of effectiveness of the deployed hedging instrument and the calculation thereof. The effectiveness of the existing hedge instruments is continually assessed during the entire reporting period.

As of the financial statements date, there are hedges in place that are classified as a »cash flow hedge« and as a »net investment hedge«. An assessment is carried out on each balance sheet date.

Cash flow Hedge: If a cash flow hedge is in place, then any changes in the fair value on a hedge classified as effective will be booked in equity after taking into account the deferred taxes accrued thereon. If the change in the fair value is attributable to the hedging instrument, then such change will be recognized in profit and loss. The amounts booked in equity are reclassified in the income statement during the period in which the hedged underlying transaction was recognized in profit and loss. If the hedge expires, is sold or is exercised without substitution or rollover into another hedge instrument or if the criteria for reporting the hedge instrument on the balance sheet are no longer satisfied, then the amount heretofore recognized will remain in equity. It will be reclassified in the income statement only when the originally hedged future transaction occurs or is no longer expected.

Net Investment Hedge: This hedge is treated like a cash flow hedge. Any gains or losses from the hedge, which are attributable to the effective portion of the hedge instrument, will be recorded in equity and not in profit and loss. If the gains or losses must be attributed to the ineffective portion of the hedge, then they will be recorded 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 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.

The costs of acquiring raw materials, consumables and supplies are calculated on the basis of the weighted average cost method. The production costs of finished goods and work in progress contain the directly attributable individual costs as well as a reasonable portion of the costs of material and production on the basis of normal capacity. Borrowing costs are not taken into account.

Treasury shares

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

Provisions

Other provisions

Other provisions for all legal or de facto obligations owed to third parties are recognized on the balance sheet date, where such obligations are based on prior events that are likely to lead to an outflow of assets and the amount of such obligations can be reliably estimated. If the Group anticipates at least some level of refund for the provision (such as, e.g., for an insurance contract), then such a refund shall be capitalized as a separate asset as soon as its realization is as good as certain. Long-term provisions will be discounted based on market interest rates before taxes, if the effect is material. The interest effect will be reported under financial result. The release of the provisions are generally recognized on the income statement in the same line item in which it was 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. The actuarial gains and losses are immediately and fully recognized in equity. The service expense and interest are reported under operating result. For further details, please see Note 26.

Provisions for pre-retirement agreements

Pre-retirement agreements [Altersteilzeitvereinbarungen] are based primarily on the so-called »block model«. Under these arrangements, there are two types of obligations which, using actuarial principles, are measured at their cash value and then recognized separately from one another: the first type of obligation relates to the accumulated outstanding performance amount, which is recognized pro rata temporis over the term of any active/work phase. The accumulated outstanding performance amount is based on the difference between the compensation earned by the employee prior to the pre-retirement agreement (including the employer's share of the social security contributions) and the compensation for the part-time employment (including the employer's share of the social security contributions, but not including the top-up contributions)). The second type of obligation relates to the employer's obligation to pay the top-up contributions plus an additional amount towards the statutory pension insurance. In accordance with IAS 19 (revised), this is set aside as a provision in installments during the work phase.

Share-based remuneration

Under IFRS 2 (Share-based Payment), in connection with share-based remuneration a distinction is made between transactions settled in cash and transactions settled in equity instruments. The members of the management board and supervisory board of WashTec

AG receive share-based remuneration in the form of cash as consideration for work they performed. With respect to transactions settled in cash, the liability created from the work performed by the claimant will be recognized at fair value in profit or loss at the time the claimant performed the work. This value is calculated using a suitable option price model. The valuation must take into account not only the conditions (if they exist) that are tied to the WashTec share price (»market conditions«), but also the performance-based conditions for exercising the option. Until the liability has been settled, the fair value must be re-measured as of each balance sheet date. Any changes resulting therefrom will be recognized in profit or loss. For more details, see Note 37.

Leases

Leases encompass all contracts that grant the right to use a certain asset for a certain period of time in exchange for compensation. Depending on the beneficial ownership or on who bears the primary risks and rewards (opportunities) relating to the leased property, the lease may be classified as either a finance lease or an operating lease.

A **finance lease** is deemed to exist if the material risks and opportunities in connection with an asset are transferred to the lessee. If the WashTec Group is the finance lessee, then the leased property will be capitalized at the inception of the lease. This leased property is recognized at fair value or at the lower present cash value of the minimum lease payments and then amortized over the estimated useful life or the shorter contract term. At the same time, a lease liability is recognized for the same amount and is repaid and carried on the books in the subsequent periods under the effective interest rate method. The lease payments are divided into financial expenses and the repayment amount of the residual debt such that the remaining lease liability will accrue interest on a constant basis over the term of the lease. Finance expenses are recognized in profit or loss.

Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Income tax

In accordance with the relevant tax jurisdiction, the actual and deferred taxes are measured in the consolidated financial statements in the amount that is expected to be set by the tax authorities. For recognized uncertain income tax items, the preliminary anticipated tax payment serves as the basis for the best estimate. Deferred tax assets and liabilities are measured using the tax rates that would presumably apply in the period in which an asset is realized or a liability is discharged. Actual and deferred taxes are generally recognized in profit or loss with the exception of those that relate to facts which were accounted for in equity.

Using the liability method, deferred taxes are recognized on the basis of temporary differences as of on the balance sheet date between the recognized tax-based and accounting based valuations of the assets and liabilities and on the basis of tax loss carry forwards and tax credits.

Moreover, deferred tax assets are recognized on the balance sheet as future asset advantages arising from tax loss carry forwards and unused tax credits, if their use appears to be largely certain. In order to recognize deferred tax assets, it must be generally likely that in the future, there will be a taxable profit or gain against which the deductible temporary differences, loss carry forwards and tax credits could be applied.

Deferred taxes are recognized for taxable temporary differences arising from investments in subsidiaries, unless the parent company can control the reversal of the temporary differences and the temporary differences will likely not reverse in the foreseeable future.

In deviation thereof, no deferred taxes will be recognized on temporary differences if the temporary differences arise from the first time recognition of assets or liabilities, and this relates neither to the IFRS result (before income tax) nor to the taxable results and there is no business combination involved. In addition, no deferred tax liabilities will be recognized on the basis of temporary differences that relate to the first-time recognition of goodwill on the balance sheet.

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.

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. The amount is based on the fair value of the consideration received less any value added tax, income reductions (rebates, cash discounts), and other charges. In addition, the following recognition criteria must be 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.
- The deferred income item serves to ensure that income from servicing agreements and guaranty extensions is recognized in the proper accounting period. Revenues from servicing agreements are recognized once the performance has been rendered.

- Revenues from the rent business [Rentgeschäft] are not recognized until the respective car wash is performed, even if the wash system was first sold to an external leasing company, inasmuch as this sale is treated as a »sale and leaseback transaction« in accordance with IAS 17.

Interest income is recognized in profit or loss using the effective interest method.

Earnings per share

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

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

In calculating diluted earnings per share, the weighted average number of ordinary shares outstanding will be adjusted to account for the number of all potential diluted shares.

Segment reporting

According to IFRS 8 »Operating Segments«, 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«. Where the aggregation criteria are met, operating segments will be aggregated into reportable segments.

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

6. Significant accounting judgements, estimates and discretionary decisions

In preparing the consolidated financial statements, there is a need to make judgements, estimates and discretionary decisions that – to a certain extent – could affect the presentation of the net assets, financial position and results of operation. They relate primarily to the definition of economic useful lives, the measurement of provisions, the realizability of deferred tax assets and the assumptions about future cash flows and discount rates. All discretionary decisions are continually reassessed and are based in each case on historical experience and on current knowledge with regard to future events. The actual values and figures could vary from the judgments and estimates made in any given case. Changes will be taken into account once better knowledge is gleaned and could lead in future periods to significant adjustments to the book value of the impacted assets or liabilities.

Impairment of non-financial assets
In connection with the impairment test for goodwill, intangible assets with indefinite useful lives and other non-financial assets, estimates about the future cash flow of the asset or the cash generating unit will be necessary in order to determine the applicable value in use. Moreover, a reasonable discount rate must be ascertained in order to calculate the present cash value of such cash flow. In order to estimate the future cash flow, long-term income forecasts must be made in light of general economic conditions and the performance of the industry. For further details, please see Note 5.

The scheduled depreciation of plant, property and equipment and amortization of intangible assets require estimates and judgements when defining – on a standard group-wide basis – the economic useful lives and the amortization/depreciation method of the assets.

Deferred tax assets
Deferred tax assets are recognized to the extent it is probable that there will be adequate taxable income against which such assets can be used. Management judgment is required to determine the amount of the taxable income and the anticipated timing of its receipt. For further details, please see Note 16.

Pension and other post-employment benefits as well as pre-retirement benefits
The costs under the pension and pre-retirement commitments are determined using actuarial calculations. The actuarial valuation involves making assumptions about discount rates, future wage and salary hikes, annuity increases and life expectancy. Due to the long-term nature of these plans, such estimates are subject to considerable uncertainty. Further details are provided in Notes 26 and 27.

Share-based Remuneration
The costs arising from share-based remuneration settled in cash are recognized at the fair value of the equity instrument at the time it is granted. In order to estimate the fair value of shared-based remuneration, a determination must be made about the most suitable valuation method, which is dependent on the terms and conditions of granting. In addition, the determination of suitable input parameters for use in this valuation method – including the anticipated option term, volatility, dividend yields as well as relevant assumptions – will be required. The assumptions and methods used are shown in Note 37.

Provisions
Restructuring provisions and guarantee reserves are specifically created on the basis of expectations, judgments about the likelihood of occurrence and planned measures. The judgment about the amount of possible payment obligations is based on an ad hoc assessment of each given situation.

Development costs
The following development costs are capitalized in accordance with the accounting policies described in Note 5. The first-time capitalization of these costs is based on management's judgment that the technological and economic feasibility has been proven. This is usually the case when a product development project has reached a defined milestone under an established project management model.

Buy-back obligations (Buy-back contracts)
The WashTec Group 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 terms for a residual purchase price. In order to calculate a relevant provision, an estimate is made about the likelihood of whether the system will need to be repurchased at the end of the lease term. WashTec Group realizes income when the sale is closed with the leasing company because the economic use and the applicable risks and rewards pass to the purchaser at that time.

7. Notes on segment reporting

Under the »management approach«, the segmenting at the WashTec Group is carried out according to sales territories. The sales territories are defined as »Core Europe«, »Eastern Europe«, »North America« and »Asia/Pacific«. 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 net income (after consolidation). 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. The valuation principles for segment reporting are based on the IFRS principles used in the consolidated financial statements.

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

By segment 2015 in €k	Core Europe	Eastern Europe	North America	Asia/Pacific	Consolidation	Group
Revenues	**276,606**	**14,256**	**54,267**	**14,841**	**−19,108**	**340,862**
with third parties	257,944	14,219	54,009	14,839	−149	340,862
with other divisions	18,662	36	258	3	−18,960	0
EBIT	**34,050**	**219**	**1,593**	**685**	**−96**	**36,450**
Financial income						551
Financial expenses						−1,053
EBT						**35,948**
Income taxes						−11,392
Consolidated net income						**24,556**
Investments in property, plant and equipment	6,697	75	923	205	0	7,900
Scheduled amortization, depreciation and impairment losses	−8,366	−457	−545	−281	0	−9,649

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

The consolidated revenues were generated in the following products:

in €k	2015	2014	Change
Equipment and service	290,202	255,671	34,531
Chemicals	37,596	34,347	3,249
Operations business and others	13,064	12,629	435
Total	**340,862**	**302,647**	**38,215**

WashTec generates over 80% of its external sales in European countries. Germany and France make up the largest share of total revenues. After consolidation, Germany is apportioned € 118,314k, which is attributable to Equipment and service, Chemicals, Operations business and others. Slightly more than 10% of the Group's revenues are attributable to France. External sales outside of Europe are generated primarily in North America and are attributable primarily to the United States. Revenues generated with a certain large customer represented minimally more than 10% of the total income yielded.

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.

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

2015 in €k	Germany	Rest of Core Europe	Eastern Europe	North America	Asia/ Pacific	Group
Carrying value of property, plant and equipment	22,961	5,141	1,776	1,435	373	31,686
Investments in property, plant and equipment	*3,400*	*2,219*	*75*	*923*	*202*	*6,819*
Carrying value of intangible assets	42,985	4,451	0	0	192	47,628
Investments in intangible assets	*1,025*	*54*	*0*	*0*	*2*	*1,081*

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

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 totaling € 4,431k (prior year: € 4,188k) consists primarily of income arising from exchange rate differences in the amount of € 2,056k (prior year: € 1,580k), income based on operator models in the amount of € 1,023k (prior year: € 1,200k), income from the sale of scrap in the amount of € 517k (prior year: € 555k) and income from the sale of acquired vehicles and from the sale of other property, plant and equipment totaling € 221k (prior year: € 110k).

9. Personnel

Personnel expenses consist of the following:

in €k	2015	2014
Wages and salaries	96,424	94,521
Social security contributions	8,467	8,454
Pensions and pre-retirement costs	1,575	1,529
Expenses for employer share of statutory and voluntary pension insurance (contribution-oriented)	6,776	6,602
Total	**113,242**	**111,105**

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

Average number of employees	2015	2014	Change
Sales, marketing and servicing	1,029	1,047	–18
Production, technology and development	511	490	21
Finance and administration	132	139	–7
Total	**1,672**	**1,676**	**–4**

The change in the division of sales, marketing and servicing can primarily be attributed to the reduction in servicing.

10. Other operating expenses

Other operating expenses may be itemized as follows:

in €k	2015	2014
Vehicle costs	10,482	11,510
Travel expenses (including hospitality)	5,946	5,991
IT and communication expenses	4,130	4,793
Rent/operating leases excluding vehicles	3,884	3,728
Maintenance/repairs	3,838	3,651
Advertising, trade fair and PR expenses	3,479	3,037
Temporary workers	2,696	1,832
Exchange rate effects	2,521	1,373
Legal and consulting fees	2,341	2,119
Insurance (including product liability)	1,583	1,400
Training/continuing education costs	1,327	1,138
Fees, licences and research costs	872	945
Office supplies	849	774
Bank charges and contributions	629	655
Allocations to bad debt allowances on receivables	540	598
Miscellaneous administrative expenses/other expenses	4,555	3,059
Total	**49,672**	**46,603**

11. Financial result

in €k	2015	2014
Earnings from revaluation of interest rate swaps	482	376
Other interest and similar income	69	79
Financial Income	**551**	**455**
Interest-bearing loans	266	296
Interest rate swaps	491	453
Expenses from finance leases	214	254
Expenses from borrowing costs and similar expenses	81	122
Financial expenses	**1,053**	**1,125**
Financial result	**–502**	**–670**

Of the interest income and interest expense, a total of € –279k (prior year: € –339k) must be apportioned to the IAS 39 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 31.7% (prior year: 28.1%).

in €k	2015	2014
Expected Income tax expense	11,038	5,431
Tax differences due to different foreign tax rates	–149	–223
Non-deductible expenses	537	162
Effects of the non-recognition of deferred tax assets	10	391
Effects of use of loss carryforwards from non-recognition of deferred tax assets	–432	–696
Tax expense of prior periods	424	103
Other	–36	–196
Actual income tax expenses	**11,392**	**4,972**

Tax expenses consist of the following:

in €k	2015	2014
Deferred tax expense	614	355
Actual tax expense	10,778	4,617
Total income taxes	**11,392**	**4,972**

13. Earnings per share

Calculation of undiluted earnings per share for 2015 and 2014:

in €k or units	2015	2014
Consolidated net income	24,556	12,720
Weighted average outstanding number of shares	13,766,278	13,932,312
Earnings per share (undiluted = diluted)	**1.78**	**0.91**

Management board and supervisory board intend to recommend to the annual general meeting of shareholders, which is scheduled for May 11, 2016, to appropriate the distributable profit of € 22,983,636.87 reported for fiscal year 2015 as follows: payment of a dividend in the amount of € 1.70 for each no-par value share that is entitled to dividend payments (dividend-entitled share), thereby yielding an aggregate dividend payment of € 22,749,950.80 and a carry forward of the remaining distributable profit in the amount of € 233,686.07 to a new account. 56.1% of the distribution will be made from the so-called »capital contribution account for tax purposes« [steuerlichen Einlagenkonto].

14. Non-recurring effects

In the reporting year, no non-recurring effects took place. In the prior year, € 1.6m in non-recurring charges were booked to personnel expenses on the accounts. These expenses related to the initiated restructuring and efficiency program, of which € 1.5m was attributable to the »Core Europe« segment and € 0.1m to the »Asia/Pacific« segment.

Notes to the Consolidated Balance Sheet

15. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets developed as follows:

in €k	Acquisition and production costs					
	January 1, 2015	Additions	Disposals	Reclassifications	Currency translation effects	December 31, 2015
Land, land rights and buildings	**41,755**	773	1	0	205	**42,731**
Technical equipment and machines	**31,535**	2,946	856	1,052	278	**34,955**
Other equipment, fittings and fixtures	**17,538**	2,243	1,244	15	270	**18,823**
Finance Leasing	**15,919**	676	167	−910	−1	**15,519**
Prepayments and construction in progress	**156**	180	0	−161	0	**176**
Property, Plant and Equipment	**106,903**	**6,819**	**2,268**	**−3**	**753**	**112,203**
Development costs internally generated	**15,485**	88	0	0	409	**15,981**
Licences and software acquired	**11,259**	628	279	184	11	**11,802**
Patents, technologies and other intangible assets	**6,241**	0	0	0	231	**6,472**
Goodwill	**82,458**	0	0	0	1,932	**84,390**
Other, prepayments and construction in progress	**627**	366	0	−181	0	**813**
Intangible Assets	**116,071**	**1,081**	**279**	**3**	**2,582**	**119,459**
Total Fixed Assets	**222,974**	**7,900**	**2,547**	**0**	**3,335**	**231,662**

in €k	Acquisition and production costs					
	January 1, 2014	Additions	Disposals	Reclassifications	Currency translation effects	December 31, 2014
Land, land rights and buildings	**41,354**	231	35	0	205	**41,755**
Technical equipment and machines	**30,949**	914	1,543	1,010	205	**31,535**
Other equipment, fittings and fixtures	**17,861**	1,954	2,568	7	284	**17,538**
Finance Leasing	**15,874**	2,176	1,224	−909	2	**15,919**
Prepayments and construction in progress	**127**	141	5	−108	1	**156**
Property, Plant and Equipment	**106,165**	**5,416**	**5,375**	**0**	**697**	**106,903**
Development costs internally generated	**15,056**	74	0	0	355	**15,485**
Licences and software acquired	**10,816**	385	5	49	14	**11,259**
Patents, technologies and other intangible assets	**6,122**	0	41	0	160	**6,241**
Goodwill	**80,448**	0	0	0	2,010	**82,458**
Other, prepayments and construction in progress	**399**	615	338	−49	0	**627**
Intangible Assets	**112,841**	**1,074**	**384**	**0**	**2,539**	**116,071**
Total Fixed Assets	**219,006**	**6,490**	**5,759**	**0**	**3,236**	**222,974**

Depreciation/Amortization and impairment losses						Carrying value		in €k
January 1, 2015	Additions	Disposals	Reclassifications	Currency translation effects	December 31, 2015	January 1, 2015	December 31, 2015	
27,452	1,452	1	0	164	**29,066**	14,303	13,664	Land, land rights and buildings
23,835	2,544	760	806	237	**26,662**	7,700	8,294	Technical equipment and machines
13,140	1,705	891	−3	36	**13,987**	4,398	4,835	Other equipment, fittings and fixtures
9,786	1,975	156	−803	−1	**10,801**	6,133	4,717	Finance Leasing
0	0	0	0	0	**0**	156	176	Prepayments and construction in progress
74,213	**7,676**	**1,809**	**0**	**436**	**80,517**	**32,690**	**31,686**	**Property, Plant and Equipment**
11,738	906	0	0	405	**13,049**	3,747	2,932	Development costs internally generated
9,980	815	279	0	5	**10,521**	1,279	1,282	Licences and software acquired
5,702	252	0	0	230	**6,184**	539	288	Patents, technologies and other intangible assets
40,146	0	0	0	1,932	**42,078**	42,312	42,312	Goodwill
0	0	0	0	0	**0**	627	813	Other, prepayments and construction in progress
67,565	**1,973**	**279**	**0**	**2,572**	**71,831**	**48,506**	**47,628**	**Intangible Assets**
141,778	**9,649**	**2,088**	**0**	**3,008**	**152,348**	**81,196**	**79,314**	**Total Fixed Assets**

Depreciation/Amortization and impairment losses						Carrying value		in €k
January 1, 2014	Additions	Disposals	Reclassifications	Currency translation effects	December 31, 2014	January 1, 2014	December 31, 2014	
25,755	1,519	20	0	198	**27,452**	15,599	14,303	Land, land rights and buildings
21,780	2,619	1,507	733	210	**23,835**	9,169	7,700	Technical equipment and machines
13,788	1,503	2,372	0	221	**13,140**	4,073	4,398	Other equipment, fittings and fixtures
9,630	2,035	1,148	−733	2	**9,786**	6,244	6,133	Finance Leasing
0	0	0	0	0	**0**	127	156	Prepayments and construction in progress
70,954	**7,676**	**5,048**	**0**	**631**	**74,213**	**35,211**	**32,690**	**Property, Plant and Equipment**
10,346	1,016	0	0	376	**11,738**	4,710	3,747	Development costs internally generated
9,198	782	4	0	4	**9,980**	1,618	1,279	Licences and software acquired
5,103	467	41	0	172	**5,702**	1,019	539	Patents, technologies and other intangible assets
38,136	0	0	0	2,009	**40,146**	42,312	42,312	Goodwill
0	312	312	0	0	**0**	399	627	Other, prepayments and construction in progress
62,783	**2,577**	**357**	**0**	**2,561**	**67,565**	**50,058**	**48,506**	**Intangible Assets**
133,737	**10,253**	**5,405**	**0**	**3,192**	**141,778**	**85,269**	**81,196**	**Total Fixed Assets**

Finance leases

Carrying value in €k	2015	2014
Washing bay sale and leaseback	4,512	5,765
Washing bay hire-purchase	205	369
Total	**4,717**	**6,134**

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

Intangible assets

The addition of prepayments and construction in progress was mostly the result of capitalized development costs. These developments are currently not yet completed and were therefore subjected to impairment testing as of the end of the year, which did not necessitate the creation of an impairment allowance.

Also incurred were research and development costs of € 528k (prior year: € 629k) that were not capitalized since the criteria for the capitalization under IAS 38 were not met.

Goodwill

Total goodwill, which has a carrying value of € 42,312k (prior year: € 42,312k) will be attributed to the operating units defined under IFRS 8: »Core Europe« in the amount of € 41,601k (prior year: € 41,601k), »Eastern Europe« in the amount of € 705k (prior year: € 705k), »North America« in the amount of € 0k (prior year: € 0k) and »Asia/Pacific« in the amount of € 6k (prior year: € 6k).

The impairment test for goodwill is routinely carried out for the operating segments on the basis of the value in use calculation.

According to the approach described under section 5, the impairment test for goodwill is based on the Group's medium-term forecast for 2016 through 2020.

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

- increase in revenues averaging approx. 3% per annum in the Core Europe segment, and between 6% and 12% in the other regions
- cost increases of 2–3%
- wage and salary cost increases of approx. 2–4% per annum

For discounting purposes, an interest rate of 6.4% (prior year: 8.7%) and a long-term growth rate under a perpetual annuity of 1–1.5% (prior year: 1–1.5%) were used as a basis.

The discount rate calculation is derived from a weighted borrowing rate of 2.35% (prior year: 4.2%) and the weighted equity yield rate. The equity yield rate is based on a risk-free rate of return averaging 1.5% (prior year: 2.5%) as well as a beta factor of 1.02 (prior year: 1.2).

None of the WashTec's Group's goodwill will require a write-off in the reporting year. There is also no need for a write-down where the discount rate is 10 percentage points higher and the gross margin is 5 percentage points lower (after deducting direct selling costs).

16. Deferred taxes

The Group is reporting deferred tax assets in the amount of € 4,248k (prior year: € 4,076k) as well as deferred tax liabilities in the amount of € 3,751k (prior year: € 2,879k). These items result from deferred tax claims on expected recoverable tax loss carry-forwards and from timing differences.

Deferred taxes for so-called »outside basis differences« are not recognized because the Company that is holding the equity interest can determine the reversal of the differences and such a reversal is unlikely in the foreseeable future. The tax basis of the unrecognized deferred tax liability equals € 1,110k (prior year: € 1,057k).

The loss carry-forwards and the temporary differences were recognized as deferred tax assets, to the extent that the recoverability of the loss carry forwards or the temporary differences could be assured with sufficient certainty on the basis of the internal mid-term planning (2016 through 2020).

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. Thus, loss carry forwards totaling € 21,713k (prior year: € 20,681k) as well temporary differences totaling € 18,973k (prior year: € 18,242k) were not deferred in the reporting year. This corresponds to non-recognized deferred tax assets for loss carry-forwards in the amount of € 7,437k (prior year: € 7,067k) and non-recognized deferred tax assets for temporary differences in the amount € 6,683k (prior year: € 6,270k).

Some of the loss carry forwards have no time restrictions with regard to their utilization. Only € 19,296k in loss carry-forwards are restricted. Of this amount, € 1,235k will lapse between 2016 through 2025 and € 18,061k will lapse between 2026 through 2034, if they cannot be utilized.

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

in €k	Deferred tax receivables		Deferred tax liabilities	
	2015	2014	2015	2014
Tax loss carryforwards	129	429	0	0
Property, plant and equipment	200	232	−3,182	−3,760
Intangible assets	69	66	−1,514	−1,550
Inventories	1,268	1,086	−554	−451
Trade receivables	40	49	−1,197	−599
Provisions	2,377	2,535	0	−7
Other liabilities	648	502	−19	−7
Finance lease liabilities	1,396	1,782	0	0
Deferred income	964	974	0	0
Miscellaneous	3	49	−131	−133
Total	**7,094**	**7,704**	**−6,597**	**−6,507**
of which non-current	*4,092*	*4,349*	*−4,484*	*−3,789*
of which current	*3,001*	*3,355*	*−2,113*	*−2,718*

Deferred tax receivables and tax liabilities totaling € 2,846k (prior year: € 3,628k) were set-off against one another in accordance with the netting rules of IAS 12.

During the reporting year, € 111k (prior year: € 391k) in deferred taxes were booked in equity. Thus, the net balance of the deferred taxes recorded under equity equals € 1,345k (prior year: € 1,455k).

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

in €k	2015			2014		
	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	1,330	0	1,330	631	0	631
Exchange differences on net investments in subsidiaries	−638	−117	−755	−81	−121	−202
Changes of actuarial gains and losses	−40	6	−34	−1,651	512	−1,140
Changes in value recorded directly under equity	**652**	**−111**	**541**	**−1,101**	**391**	**−711**

17. Inventories

in €k	2015	2014
Raw materials, consumables and supplies, including merchandise	25,066	22,291
Work in progress	5,676	5,206
Finished goods	8,884	7,755
Prepayments	256	185
Total	**39,882**	**35,437**

During the reporting year, the appropriation of the inventory allowances (valuation adjustments) equaled € 352k (prior year: € 33k).

18. Tax receivables

in €k	2015	2014
Non-current tax receivables	50	90
Current tax receivables	7,465	2,956
Total	**7,515**	**3,046**

The tax receivables are primarily claims against the tax authorities based on corporate income tax credits and off-settable investment withholding tax.

19. Trade receivables

in €k	2015	2014
Non-current trade receivables	2,001	1,363
Current trade receivables	45,770	41,712
Total	**47,771**	**43,075**

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, 2015, bad debt allowances were charged on trade receivables in the nominal amount of € 4,661k (prior year: € 4,557k). The bad debt allowance account developed as follows:

in €k	2015	2014
As of January 1	4,557	4,933
Allocations recognized as expense	1,085	207
Utilization	−306	−348
Release	−576	−180
Currency translation effects	−99	−55
As of December 31	**4,661**	**4,557**

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

in €k	2015	2014
Receivables, neither overdue nor written down	35,074	34,969
Overdue receivables, not written down, of which		
less than 30 days	6,432	5,088
30–120 days	3,500	2,158
120–365 days	1,498	704
more than 365 days	1,745	284
Total	13,175	8,234
Receivables written down	4,625	4,331

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

The change in the account aging structure from the prior year was caused mostly by a changed approach in payment plans.

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

20. Other assets

in €k	2015	2014
Non-current other assets	139	422
Current other assets	3,381	2,896
Total	**3,519**	**3,318**
of which prepaid expenses	*1,680*	*1,372*

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

21. Cash and cash equivalents

in €k	2015	2014
Cash and cash equivalents	**7,781**	**15,674**

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 € 7,781k (prior year: € 15,674k).

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 reporting 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 comprise the following as of the end of the year:

in €k	2015	2014
Bank balances and cash on hand	7,781	15,674
Overdraft accounts/current interest-bearing loans	−5,269	−252
Cash and cash equivalents	**2,512**	**15,422**

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

Equity

22. Subscribed capital

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

	2015	2014
Ordinary shares in units k	13,977	13,977
Nominal value of ordinary shares in €	2.86	2.86

As of December 31, 2015, the average weighted number of issued and outstanding shares was 13,766,278 (prior year: 13,934,113 shares).

The annual general meeting of shareholders of WashTec AG, which was held on May 13, 2015, resolved to appropriate the distributable profit of € 24,415,905.24 shown on the balance sheet for fiscal year 2014 as follows: payment of a dividend in the amount of € 1.65 for each no-par value share that is entitled to dividend payments (dividend-entitled share), thereby yielding an aggregate dividend payment of € 22,988,314.80 and a carry-forward of the remaining distributable profit in the amount of € 1,427,590.44 to a new account. Included in the dividend of € 1.65 per dividend-entitled share was a dividend in the amount of € 0.70 per dividend-entitled share and a special dividend in the amount of € 0.95 per dividend-entitled share.

Authorized capital
Pursuant to the resolution adopted at the annual general meeting of shareholders on May 15, 2013, the management board was authorized, with the consent of the supervisory board, to increase on one or more occasions the Company's registered share capital by up to a total of € 8,000,000 (authorized capital) on or before May 14, 2016 by issuing new no-par value bearer shares in exchange for cash and/or non-cash capital contributions, although credited against the aforementioned authorized amount at the time the new shares are issued will be the pro rata amount of the registered share capital that is attributable to those no par-value bearer shares, on which the conversion rights or duties or the option rights or duties exist, which were granted on the basis of the shareholder resolution adopted on May 15, 2013. If the aforementioned conversion rights or duties or option rights or duties no longer exist because they had been exercised by the time the new shares were issued, then the shares issued under those rights must be taken into account.

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

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

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

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

Pursuant to a shareholder resolution dated May 15, 2013, contingent capital was created as follows:

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

23. Capital reserves

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

24. Treasury shares

	Shares in units	Value shares in €k
As of January 1, 2015	44,658	417
Additions 2015	549,988	12,760
As of December 31, 2015	594,646	13,177
As of January 1, 2014	44,658	417
Additions 2014	–	–
As of December 31, 2014	44,658	417

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

On the basis of this resolution and with the consent of the Company's supervisory board, the WashTec AG management board resolved to purchase up to 550,000 of its own shares (representing a 3.94% share of the registered share capital) in connection with a voluntary share buy-back offer. The offer period began on August 19, 2015 and ended on September 9, 2015.

Until September 16, 2015, the Company purchased 549,988 shares at a value of €12,760k in the current fiscal year. The number of outstanding shares thereby declined to 13,382,324 shares.

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

25. Other reserves and currency translation effects

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

in €k	2015	2014
Recorded changes in the fair value of financial instruments used for hedging purposes	−722	−722
Exchange rate differences from net investments in subsidiaries	−1,769	−1,131
Actuarial gains/losses from defined benefit pensions commitments and similar obligations	−3,859	−3,819
Deferred taxes on value changes recognized directly in equity	1,345	1,455
Other reserves	**−5,005**	**−4,217**
Currency translation effects	2,143	812
Total	**−2,862**	**−3,405**

The change in the currency differences from net investments in subsidiaries (€ −637k) as well as the actuarial gains and losses (€ 40k) together represent a total change of € 677k and reflect the change in the expenses directly recognized in equity (and shown under the »other reserves« item in equity). The change in deferred taxes (€ −110k) reported under other reserves consists of the following: deferred taxes for actuarial gains and losses (€ 6k), deferred taxes for net investments in subsidiaries (€ −116k). The currency translation effects increased by € 1,330k.

26. Provisions for pensions

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.

The amount of the provision was computed using actuarial methods at a discount rate of 1.90% (prior year: 1.75%). As in the previous year, the annual cost-of-living increases continue to be measured at a rate of 1.5%. The anticipated return from reimbursement claims due to the existing liability insurance policies amounts to 1.90% (prior year: 1.75%). 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 and were taken from standard tables.

The number of pension beneficiaries as of December 31, 2015 equaled 241 employees (prior year: 237 employees), and the total number of all persons holding a pension commitment is 381 employees (prior year: 388 employees). The new valuations include the effects of empirically-based adjustments in the amount of € –131k (prior year: € –50k).

All actuarial gains and losses were off-set against equity. In the recently completed fiscal year, the actuarial gains and losses equaled € 39k (prior year: € 1,651k). Actuarial gains and losses booked directly against equity as of December 31, 2014 totaled € –3,858k (prior year: € –3,819k).

In fiscal years 2014 and 2015, the cash value of the pension obligations developed as follows:

in €k	2015	2014
As of January 1	9,893	8,328
Currency differences	1	2
Pensions paid	–498	–500
Service cost in the reporting period	155	147
Interest expense	150	265
Actuarial gains and losses	39	1,651
As of December 31	**9,740**	**9,893**

Details about changes in the actuarial gains and losses:

in €k Actuarial gains and losses	Provisions for pensions Present value	Reimbursement Rights Fair value	Total
Gains and losses from change in financial assumptions	–46	0	–46
Experience gains and losses	85	0	85
Total	**39**	**0**	**39**

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

In order to hedge or secure obligations arising from pensions, only reinsurance policies will be executed. No investments are made in real estate, stocks or similar assets. The development of the so-called »reimbursement rights« in 2014 and 2015 can be shown in the following table:

in €k	2015	2014
Fair value of reimbursement claims as of January 1	414	400
Expected return	12	14
Actuarial gains and losses	0	0
Fair value of reimbursement claims as of December 31	**426**	**414**

Sensitivities pursuant to IAS 19 for pension obligations:

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

The following table shows the sensitivities (the calculations are based on the project unit method) based on current assumptions regarding the possible change in the discount rates, cost-of-living increases and the life expectancy. All other variables are kept constant.

		Impact on defined benefit obligations (DBO)	
Assumptions	**Change**	**2015**	**2014**
Life expectancy	Increase by 1 year	6.0%	5.3%
Cost-of-living adjustment	Increase by 0.25%	2.0%	1.8%
Interest rate	Increase by 0.25%	–2.6%	–2.7%
Interest rate	Decrease by 0.25%	2.7%	2.8%

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

The following table shows the expected payments for pension benefits:

in €k	< 1 year	1–5 years	> 5 years	Total
Pension benefits	**469**	**2,146**	**7,651**	**10,266**

27. Other provisions

in €k		As of January 1, 2015	Addition	Utilization	Release	Reclassification	Currency translation effects	As of December, 31	current	non-current	Provisions in 2014 current	Provisions in 2014 non-currenct
Pre-retirement		2,523	378	−557	0	0	0	**2,343**	1,199	1,145	1,526	997
Warranty		10,045	4,763	−4,939	−1,347	0	12	**8,534**	8,512	22	10,015	30
Repurchase obligations		2,867	614	−290	0	0	0	**3,191**	854	2,338	443	2,424
Restructuring		868	652	−648	−63	0	0	**809**	809	0	868	0
Other		2,024	280	−494	−188	0	−22	**1,600**	1,580	20	2,004	20
Total	**2015**	**18,327**	**6,687**	**−6,928**	**−1,598**	**0**	**−10**	**16,478**	**12,954**	**3,524**	**–**	–
	2014	**16,679**	**9,458**	**−7,022**	**−905**	**0**	**117**	**18,327**	**–**	**–**	**14,856**	3,471

The provision for pre-retirement was calculated in accordance with IAS 19 »Employee Benefits«. The calculation was based on an interest rate of 0.25% (prior year: 0.5%) and an annual salary increase of 1.5% (prior year: 1.5%).

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

The provision for restructuring measures totaled € 809k (prior year: € 868k) and included mostly provisions for planned personnel measures.

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

The other provisions totaling € 1,600k (prior year: € 2,024k) relate, above all, to provisions for legal and consulting costs in the amount of € 846k (prior year: € 1,018k) as well as provisions for onerous contracts in North America in the prior year in the amount of € 0k (prior year: € 336k).

From the WashTec Group's perspective, as of the balance sheet date, contingent liabilities consisted primarily of contractual performance obligations and potential expenses in connection with repurchasing equipment in the amount of € 1,088k (prior year: € 894k), with the likelihood that such liabilities would arise estimated at less than 50%.

28. Interest-bearing loans

in €k	2015	2014
Current interest-bearing loans	5,269	252
Total interest-bearing loans	**5,269**	**252**

The WashTec Group has credit lines totaling € 51.1m. They consist primarily of a revolving credit facility with a term ending December 30, 2018. The principal borrower is WashTec Cleaning Technology GmbH; it has access to a € 50.0m credit line consisting of a working capital credit facility in the amount of € 44.0m, which can be drawn upon up to an amount of € 8.0m in the form of a bilateral line as overdraft credit line or an aval credit line, and an additional aval guarantee facility of € 6.0m.

As of December 31, 2015, € 6.7m (prior year: € 5.7m) of the aval guarantee facility as well as a short-term loan in the amount of € 5.3m which (as in the prior year) consisted entirely of overdraft account liabilities, had been utilized. The non-utilized portion of the credit facility, which could be drawn upon for future operations and for fulfilling obligations, is € 39.1m (prior year: € 45.3m) as of the balance sheet date.

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

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

The costs for extended aval guarantees are based on the interest margin, less a discount of 0.40% plus a fronting fee in the amount of 0.125%. The overdraft facility bears interest according to the applicable conditions of the relevant banks at the time it is utilized. In the reporting year, the interest rates range between 0.90% and 2.25%.

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

29. Lease liabilities

Finance leases

Equipment manufactured by WashTec is sold to a leasing company and then leased back by the WashTec Group which, in turn, makes the machines available to its customers (specifically to larger operator groups or oil companies) under an operator model in exchange for a compensation based on the number of washes. 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 and rewards incidental to ownership.

As a rule, the 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-leaseback contracts that are related to 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 may not be made.

The Group has concluded sale-and-leaseback contracts and lease-purchase agreements primarily for wash systems under the operator model.

The minimum lease payments for these finance lease liabilities are as follow:

Lease payment due in €k	< 1 year	1–5 years	> 5 years	Total
Minimum lease payment 2015	1,699	2,948	34	4,681
Interest expense for lease liability existing on the respective balance sheet date	145	154	0	299
Cash value of minimum lease payment 2015	1,554	2,794	33	4,381

Lease payment due in €k	< 1 year	1–5 years	> 5 years	Total
Minimum lease payment 2014	2,101	3,890	93	6,084
Interest expense for lease liability existing on the respective balance sheet date	198	218	3	419
Cash value of minimum lease payment 2014	1,903	3,672	90	5,665

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
2015	9,815	12,487	251	22,553
2014	9,842	13,151	106	23,099

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

30. Liabilities

in €k	2015	2014
Trade payables	7,542	5,950
Prepayments received on orders	6,798	4,608
Taxes and levies	4,745	5,772
Liabilities for social security	1,178	951
Other liabilities	32,545	29,578
Total	**52,808**	**46,859**
of which non-current (due >1 year)	*1,346*	*2,033*
of which current (due <1 year)	*51,462*	*44,826*

Liabilities arising from trade payables, taxes and levies and for social security are generally due within 90 days.

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

Other liabilities due within one year include debtor accounts with credit balances in the amount of € 1,104k (prior year: € 846k), liabilities to employees for such benefits as vacation, overtime work, travel expenses, etc. in the amount of € 15,345k (prior year: € 14,550k), and accruals for miscellaneous debts totaling € 10,303k (prior year: € 9,017k), which resulted from missing invoices on services already performed, as well as for credits to be granted in the service division.

31. Deferred income

Deferred income totaling € 8,997k (prior year: € 8,239k) related primarily to the recognition of revenues in the periods to which they relate.

32. Financial risk management objectives and methods

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

It is the Company's policy to avoid or mitigate these risks as far as possible. All hedging measures are largely coordinated and implemented centrally. For example, on a regular basis, WashTec identifies all items that 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. The current and future liquidity situation is managed in a timely manner using a monthly rolling consolidated liquidity plan on an annual basis. In order to hedge against interest risks that result from the Group's business activities and from its financing resources, the Company has derivative financial instruments at its disposal.

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

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

Interest rate risk

In the WashTec Group, interest rate risks are primarily connected with interest-bearing loans. During the prior year, derivative financial instruments were held in the form of interest rate swaps.

The fair value of the interest rate swaps as of December 31, 2015 is € 0k (prior year: € −482k) and had been reported in the prior year under other current liabilities.

Cash flow hedge

The base interest rate under the loan agreement is variable and tracks the EURIBOR 1-month rate. As of December 31, 2014, there were a total of two interest rate swaps with terms each ending December 31, 2015 and a nominal volume of € 12,267k and € 6,133k, respectively, which served to hedge exposure to fluctuations under the loan's variable, EURIBOR-linked interest rates. Under the swap contracts, the entity paid fixed interest on the loan amount and in return received a floating-rate interest on the same principal. The interest rate swaps served to hedge the underlying obligation. For these two swaps, the interest rates were set at 2.580% and 2.572%, respectively. The cash flow from the interest rate swaps was expected to be distributed throughout the term of the agreement.

As of December 31, 2014, the interest rate swaps were designated as a hedge. This hedge was classified as ineffective. For this reason, an amount totaling € −492k (prior year: € −453k) was recognized in the income statement (financial result) in the fiscal year. The assessment of the financial instruments for interest rate hedges resulted in income in the amount of € 482k in the reporting year (prior year: € 376k).

The following table shows for fiscal year 2015 the sensitivity of the consolidated net income before taxes based on a change, which is considered reasonably conceivable, in the interest rate of the variable interest loan. All other variables remain constant. Significant effects on the consolidated equity do not exist. As of December 31, 2014, no bank liabilities were projected for the upcoming year, which meant that a change in the EURIBOR had no impact on the consolidated net income.

2015 EURIBOR				
Increase/decrease in basis points	10	15	–10	–15
Effects on profit/loss before taxes in €k	10	16	–10	–16

2014 EURIBOR				
Increase/decrease in basis points	10	15	–10	–15
Effects on profit/loss before taxes in €k	0	0	0	0

Currency risk

Fluctuations in the USD/EUR exchange rate could have a material effect on the consolidated net income because a large share of the business is conducted by the subsidiary in the United States. To avoid these currency risks, foreign exchange forwards are used that were concluded in June of 2011 and that have different maturities, in some cases with a six-month term option. The last maturity date is June 30, 2016. The changes in the fair value of the hedging instrument and the underlying transaction are recognized as profit or loss in the income statement.

Net investments in foreign operations

The Group holds non-current loan receivables against its subsidiary, Mark VII. As of December 31, 2015, net investments equaled USD 4.0m. The American subsidiary has long-term CAD-denominated loan receivables against the Canadian subsidiary. As of December 31, 2015, this account remained unchanged at CAD 7.8m. Accordingly, the currency translation effects of these loans are recognized in equity.

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

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

2015	Rate trend USD	–5%	5%
	Effects on net income before tax in €k	–133	133
	Effects on equity in €k	184	–184

2014	Rate trend USD	–5%	5%
	Effects on net income before tax in €k	–197	197
	Effects on equity in €k	165	–165

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, potential bottlenecks are rendered transparent in a timely manner and appropriate steps are initiated. Non-utilized credit lines ensure the supply of liquidity. The working capital facilities were granted by the syndicate banks of the WashTec Group subject to the joint and several liability of WashTec Cleaning Technology GmbH, as the borrower, and the joint liability of other Group companies. For additional details, please see Note 28 (»Interest-bearing loans«). The WashTec Group is financed primarily via the WashTec Cleaning Technology GmbH, which also has the largest funding requirements as the Group's most important operating company.

The following table shows for the upcoming fiscal years all the contractually stipulated, non-discounted payments used for the repayment of interest, principal and other items arising financial liabilities recognized on the balance sheet as of December 31, 2015.

The table includes all instruments, which were on the books as of December 31, 2015 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.

in €k	Carrying value in 2015	Cash flows		
		2016	2017–2019	2020 ff.
Interest-bearing loans	5,269	5,269	0	0
Finance leasing liabilities	4,381	1,699	2,948	34
Trade payables	7,542	7,542	0	0
Other financial liabilities	17,031	17,031	0	0
Derivative financial liabilities	312	312	0	0

in €k	Carrying value in 2014	Cash flows		
		2015	2016–2018	2019 ff.
Interest-bearing loans	252	252	0	0
Finance leasing liabilities	5,665	2,101	3,890	93
Trade payables	5,950	5,950	0	0
Other financial liabilities	14,935	14,935	0	0
Derivative financial liabilities	913	645	268	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 constraints. For new regional customers, the Company requests evidence of credit standing or proof of 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. Revenues generated with a certain large customer accounted for minimally more than 10% of the total revenues. However, there is no increased credit risk.

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 ratios like 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 and was 0.04 for 2015 (prior year: –0.34). Net financial liabilities comprise interest-bearing loans and liabilities for finance leases, less cash and cash equivalents. At the close of 2015, the net financial liabilities amounted to € 1,869k (prior year: € –9,758k). In addition, WashTec's equity must be at least 35% of the balance sheet total (which includes the treasury shares) as of the end of each quarter. The equity ratio according to the loan agreement was 45.99% (prior year: 49.04%).

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

33. Financial instruments – additional information

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

Carrying values, valuation approaches and fair value measurement categories:

in €k	Measurement category under IAS 39	Carrying value Dec 31, 2015	Balance sheet valuation under IAS 39			Balance sheet valuation under IAS 17	Fair Value Dec 31, 2015	IFRS 13 Level
			Amortized cost	Fair Value in equity	Fair Value through profit or loss			
Assets								
Cash and cash equivalents	LaR	7,781	7,781	–	–	–	7,781	
Trade receivables	LaR	47,771	47,771	–	–	–	47,771	
Other financial assets	LaR	809	809	–	–	–	809	
Liabilities								
Trade payables	FLAC	7,542	7,542	–	–	–	7,542	
Interest-bearing loans	FLAC	5,269	5,269	–	–	–	5,269	
Other financial liabilities	FLAC	17,031	17,031	–	–	–	17,031	
Finance leasing liabilities	n.a.	4,381	–	–	–	4,381	4,381	
Derivative financial liabilities	FVthP/L	312	–	–	312	–	312	2
Aggregated presentation per IAS 39 measurement categories								
Loans and Receivables (LaR)		56,361	56,361	–	–			
Financial Liabilities Measured at Amortized Cost (FLAC)		29,842	29,842	–	–			
Fair Value Through Profit/Loss (FVthP/L)		312	–	–	312			

in €k	Measurement category under IAS 39	Carrying value Dec 31, 2014	Balance sheet valuation under IAS 39			Balance sheet valuation under IAS 17	Fair Value Dec 31, 2014	IFRS 13 Level
			Amortized cost	Fair Value in equity	Fair Value through profit or loss			
Assets								
Cash and cash equivalents	LaR	15,674	15,674	–	–	–	15,674	
Trade receivables	LaR	43,076	43,076	–	–	–	43,076	
Other financial assets	LaR	982	982	–	–	–	982	
Liabilities								
Trade payables	FLAC	5,950	5,950	–	–	–	5,950	
Interest-bearing loans	FLAC	252	252	–	–	–	252	
Other financial liabilities	FLAC	14,935	14,935	–	–	–	14,935	
Finance leasing liabilities	n.a.	5,664	–	–	–	5,664	5,664	
Derivative financial liabilities	FVthP/L	913	–	–	913	–	913	2
Aggregated presentation per IAS 39 measurement categories								
Loans and Receivables (LaR)		59,732	59,732	–	–			
Financial Liabilities Measured at Amortized Cost (FLAC)		21,137	21,137	–	–			
Fair Value Through Profit/Loss (FVthP/L)		913	–	–	913			

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

Foreign exchange forwards are measured at fair value using the anticipated exchange rates that are quoted on a regulated market. Interest rate swaps are measured at fair value using the anticipated interest rates under recognizable yield curves.

The fair value of the financial instruments is classified according to maturities as follows:

in €k	Dec 31, 2015	Dec 31, 2014
Non-current	0	164
Current	312	749
Total	**312**	**913**

Net results according to measurement categories

The following table shows the net profits and losses from financial instruments based on the categories set forth in IAS 39:

in €k	2015	2014
Loans and receivables	178	–10
Financial liabilities measured at amortized cost	–1,176	–278

The net result in the category »Loans and receivables« is attributable primarily to foreign currency valuation and allowances, and the net result in the category »Financial liabilities valued at amortized costs« is attributable primarily to interest expenses and foreign currency valuation.

Other notes

34. Compliance statement pursuant to §161 AktG

WashTec AG has issued the statement required under § 161 AktG for fiscal year 2015 and has made the statement available to its shareholders at www.washtec.de.

The management board approved the consolidated financial statements on March 23, 2016 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 23, 2016.

35. Auditor's fees

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

in €k	2015	2014
Annual accounts auditing	280	227
Other confirmations	35	31
Other services	0	2
Total	**315**	**260**

36. Information about the Company's governing bodies

Management board

Name	Profession, residence	Management departments
Dr. Volker Zimmermann (since February 1, 2015)	Mechanical Engineer, Munich	Supply Chain, Development, Service Support, Quality, Purchasing
Karoline Kalb	Attorney-at-law, Augsburg	Human Resources, Compliance, Investor Relations, Special Projects
Rainer Springs (since February 1, 2015)	Diplom-Kaufmann [»Dipl-Kfm.«] (Business Graduate), Augsburg	Finance and IT
Stephan Weber (since January 1, 2015)	Diplom-Ingenieur [»Dipl-Ing.«] (Engineering Graduate), Werther	Sales and Service, Product Management, Marketing
Dr. Jürgen Rautert (through January 30, 2015)	Doktor-Ingenieur [»Dr.-Ing.«] (Engineering Doctorate), Heidelberg	Supply Chain, Product Management, Development, Quality, Human Resources, Finance and IT

Supervisory board

Name	Profession, residence	Memberships on other supervisory boards mandated by law	Memberships on similar foreign and domestic governing bodies of business enterprises
Dr. Günter Blaschke	Businessman [Kaufmann], Buchloe	none	none
Ulrich Bellgardt	Business consultant ubc GmbH, Solothurn, Schweiz	none	none
Jens Große-Allermann	Member of the Management board of »Investmentaktiengesellschaft für langfristige Investoren« TGV	FPM Deutsche Investmentgesellschaft mit Teilgesellschaftsvermögen, Frankfurt	none
Dr. Sören Hein	Managing director of Compound Risk Drives GmbH, Munich	none	none
Roland Lacher	Independent businessman, Gelnhausen-Meerholz	CBJ Cosmetic Holding AG, München (chairman of the supervisory board until Nov 4, 2015)	none
Dr. Hans Liebler	Investment Manager, Gräfelfing	■ AUGUSTA Technologie AG, Munich (Member of the supervisory board/deputy chairman until Jan 19, 2015) ■ Grammer AG, Amberg (member of the supervisory board) ■ SKW Stahl AG, Munich (member of the supervisory board until Nov 30, 2015)	autowerkstattgroup N.V., Amsterdam, The Netherlands (member of the supervisory board)

37. Information about related-party transactions

In fiscal year 2015, the WashTec Group was impacted by the disclosure obligation under IAS 24 solely as it pertains 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.

Management board

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

The remuneration of the members of the management board comports with the statutory requirements of the German Stock Corporation Act and with the recommendations and suggestions contained in the Code. The remuneration system was last discussed by the supervisory board at its meeting of December 15, 2015 and adopted by resolution, including the major elements of remuneration (sec. 4.2.2 para. 1 of the Code). The overall remuneration of the members of the management board is made up of monetary and non-monetary as well as fixed and variable components, and in general, is directly tied to the sustained development of the Company. All of the components of remuneration are structured in such a way that each of them is reasonable both by itself and in the aggregate, and that they do not encourage the taking of unreasonable risks.

Fixed salary
The four acting members of the management board were paid a fixed non-performance related salary totaling € 1,013,678 (prior year: [two acting members of the management board]: € 611,955) for the year 2015. The fixed remuneration also includes benefits in-kind consisting, in particular, of the provision of company cars and insurance coverage. The fixed elements of remuneration ensure that the management board members receive basic compensation permitting them, as they go about discharging their duties, to act both in accordance with the well-understood best interests of the Company and with the due diligence of a prudent business person [ordentliche Kaufmann], without becoming dependent on purely short-term objectives for success.

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

Components providing long-term incentive
The current management board contracts provide for management board remuneration that fully satisfies the recommendations of the Code. The long-term variable remuneration is based on a strategic and/or financial and/or operating targets that are independently set by the supervisory board and have a multi-year assessment foundation. The remuneration is divided into two components that are based on identical objectives and chronological parameters. In this respect, the long-term components (a), the amount of which matches the respective short-term variable remuneration, can be doubled to the extent that the respective management board member invests the relevant amount in shares of the Company (b). The incentive phase runs from January 1, 2015 through December 31, 2017. Payments due at the of the incentive phase are dependent on the achievement of the agreed targets and the share price at the respective date.

Ms. Kalb will receive long-term variable remuneration for fiscal years 2015 and 2016, if the employment contract with her is not renewed.

By setting challenging targets, management board members were and are being granted a variable component of remuneration that takes into account both favorable and unfavorable developments (sec. 4.2.3, para. 2 of the Code). Under the Long Term Incentive Plans (LTIP), the ROCE and Total Shareholder Return were established as target benchmarks.

Recommendations of the German Corporate Governance Code

In accordance with section 4.2.5 para. 3 of the German Corporate Governance Code, the remuneration granted to each individual member of the management board, the received income and the pension expense are set forth individually in the tables below. The information about the grant and received income is separated according to fixed and variable compensation components and supplemented by information regarding the pension expense.

The fixed compensation components include the non-performance-related fixed salaries and incidental benefits. The variable performance-related compensation components are divided between the one-year variable compensation and the multi-year components of variable compensation.

As »granted remuneration«, the multi-year variable compensation is shown at the commitment value at the time the grant was made. For the Long Term Incentive Plan (LTIP), the »granted remuneration« equals the fair market value at the time the grant was made. Information about the individually achieved minimum and maximum remuneration is added to the compensation components.

The »received income« (»Zufluss«) shown for the reporting year includes the fixed and variable compensation components that were actually paid out in the reporting year.

Granted remuneration in €	**Dr. Volker Zimmermann** Management Board Chairman as of Feb 1, 2015			
	2015	2015 Min	2015 Max	
Fixed salary	302,500	302,500	302,500	
Incidental benefits	14,051	14,051	14,051	
Total	**316,551**	**316,551**	**316,551**	
One-year variable compensation[1]	155,833	155,833	155,833	
Multi-year variable compensation (long-term components)	728,097	0	1,020,000	
Total	**1,200,481**	**472,384**	**1,492,384**	
Pension expense	0	0	0	
Total remuneration	**1,200,481**	**472,384**	**1,492,384**	

[1] Guaranteed annual bonus

Granted remuneration in €	**Karoline Kalb** Management Board Member as of Nov 1, 2013			
	2015	2015 Min	2015 Max	2014
Fixed salary	210,000	210,000	210,000	180,000
Incidental benefits	11,769	11,769	11,769	16,326
Total	**221,769**	**221,769**	**221,769**	**196,326**
One-year variable compensation[1]	90,000	30,000	135,000	100,000
Multi-year variable compensation (long-term components)	321,203	0	404,640	0
Special premium (one-time)	20,000	20,000	20,000	0
Total	**652,972**	**271,769**	**781,409**	**296,326**
Pension expense	0	0	0	0
Total remuneration	**652,972**	**271,769**	**781,409**	**296,326**

[1] Based on achieving 100 % of the goals; for fiscal year 2015, a goal achievement of 200% is possible so that the maximum total could be € 135,000.

Granted remuneration in €	Rainer Springs Management Board Member as of Feb 1, 2015		
	2015	2015 Min	2015 Max
Fixed salary	192,500	192,500	192,500
Incidental benefits	10,802	10,802	10,802
Total	**203,302**	**203,302**	**203,302**
One-year variable compensation[1]	90,000	0	135,000
Multi-year variable compensation (long-term components)	321,203	0	433,200
Total	**614,505**	**203,302**	**771,502**
Pension expense	0	0	0
Total remuneration	**614,505**	**203,302**	**771,502**

[1] Based on achieving 100 % of the goals; for fiscal year 2015, a goal achievement of 200% is possible so that the maximum total could be € 135,000.

Granted remuneration in €	Stephan Weber Management Board Member as of Jan 1, 2015		
	2015	2015 Min	2015 Max
Fixed salary	260,000	260,000	260,000
Incidental benefits	12,056	12,056	12,056
Total	**272,056**	**272,056**	**272,056**
One-year variable compensation[1]	140,000	140,000	140,000
Multi-year variable compensation (long-term components)	452,965	0	542,400
Total	**865,021**	**412,056**	**954,456**
Pension expense	0	0	0
Total remuneration	**865,021**	**412,056**	**954,456**

[1] Guaranteed annual bonus

Proceeds/Payouts in €	Dr. Volker Zimmermann Management Board Chairman as of Feb 1, 2015	Karoline Kalb Management Board Member as of Nov 1, 2013		Rainer Springs Management Board Member as of Feb 1, 2015	Stephan Weber Management Board Member as of Jan 1, 2015
	2015	2015	2014	2015	2015
Fixed salary	302,500	210,000	180,000	192,500	260,000
Incidental benefits	14,050	11,769	16,326	10,802	12,056
Total	**316,550**	**221,769**	**196,326**	**203,302**	**272,056**
One-year variable compensation (performance-related components)	0	100,000[1]	0	0	0
Special premium	0	20,000	0	0	0
Total	**316,550**	**341,769**	**196,326**	**203,302**	**272,056**
Pension expense	0	0	0	0	0
Total remuneration	**316,550**	**341,769**	**196,326**	**203,302**	**272,056**

[1] Payout of the one-time variable remuneration from the prior year

Information under the German Corporate Governance Code for a member of the management board who resigned in 2015.

Granted remuneration in €	**Dr. Jürgen Rautert** Management Board Chairman through Jan 30, 2015	
	2015	2014
Fixed salary	33,333	400,000
Incidental benefits	1,162	15,629
Total	**34,496**	**415,629**
One-year variable compensation (performance-related components)	15,278[1]	150,000[2]
Multi-year variable compensation (long-term components)	15,278[1]	150,000[2]
Total	**65,052**	**715,629**
Pension expense	0	0
Total remuneration	**65,052**	**715,629**

[1] Based on achieving 100 % of the goals, pro rated for one month, discharged with a flat severance payment in the amount of € 660,000 upon leaving the Company.

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

Proceeds/Payouts in €	**Dr. Jürgen Rautert** Management Board Chairman through Jan 30, 2015	
	2015	2014
Fixed salary	33,333	400,000
Incidental benefits	1,162	15,620
Total	**34,495**	**415,629**
One-year variable compensation (performance-related components)	0[1]	0[1]
Special premium	0	0
Total	**34,495**	**415,629**
Pension expense	0	0
Total remuneration	**34,495**	**415,629**

[1] Discharge with a fixed severance payment in the amount of € 660,000 upon leaving the Company.

Total remuneration of the management board in 2015

The following table includes the total remuneration (or emoluments) that was granted to individual members of the management board for discharging their duties in the fiscal year and is divided according to fixed and variable remuneration.

The fixed remuneration includes the performance-related fixed salaries and incidental benefits. These items were paid out to management board members in fiscal year 2015.

The variable remuneration components include one-year variable and multi-year variable remuneration and special premiums (bonuses).

The one-year variable remuneration of fiscal year 2015 had been recognized in profit or loss in 2015, but not yet paid out to the management board members.

The multi-year variable compensation (Long-Term Incentive Plan) is reported in each case at the fair market value at the time it was granted. The multi-year variable compensation is not paid out until the end of the incentive phase, which runs from January 1, 2015 through December 31, 2017. The amount of the payout at the end of the incentive phase is also dependent on whether the agreed targets and share price goals have been met at that point in time.

The expense recognized in fiscal year 2015 for the multi-year variable compensation is shown separately at the end of the tables.

The special premium (bonus) totaling € 20,000 was recognized in profit or loss and paid out.

Total remuneration in 2015 in €	**Dr. Volker Zimmermann** Management Board Chairman as of Feb 1, 2015	**Karoline Kalb** Management Board Member as of Nov 1, 2013	**Rainer Springs** Management Board Member as of Feb 1, 2015	**Stephan Weber** Management Board Member as of Jan 1, 2015	**Total**
Fixed salary	302,500	210,000	192,500	260,000	965,000
Incidental benefits	14,051	11,769	10,802	12,056	48,678
Total (fixed)	**316,551**	**221,769**	**203,302**	**272,056**	**1,013,678**
One-year variable compensation	155,833	135,000	135,000	140,000	565,833
Fair Value of the multi-year variable compensation at the time of granting	728,097	321,203	321,203	452,965	1,823,468
Special premium (one-time)	0	20,000	0	0	20,000
Total (variable)	**883,930**	**476,203**	**456,203**	**592,965**	**2,409,301**
Total remuneration	**1,200,481**	**697,972**	**659,505**	**865,021**	**3,422,979**
Multi-year variable remuneration (expense of the period)	**324,890**	**128,886**	**137,983**	**172,765**	**764,523**

The total remuneration of the former Management Board Chairman Dr. Jürgen Rautert, who resigned with effect from January 30, 2015, amounted to € 694,495 in 2015 (thereof a fixed remuneration in the amount of € 34,495 and a flat severance payment of € 660,000).

The remuneration of the management board members who worked in 2014 were as follows:

Remuneration claim for fiscal year 2014 in €	Fixed	Variable
Dr. Jürgen Rautert	415,629	300,000
Karoline Kalb	196,326	100,000
Total	**611,955**	**400,000**

Benefits following termination of employment

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

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

Miscellaneous

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

Shares held by the management board members developed as follows:

Shares held by members of the management board (units)	2015	2014
Dr. Volker Zimmermann (since February 1, 2015)	12,500	0
Karoline Kalb	3,300	0
Stephan Weber (since January 1, 2015)	3,000	0
Rainer Springs (since February 1, 2015)	4,000	0
Dr. Jürgen Rautert (through January 30, 2015)	0	0

Supervisory board

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 13, 2015, the supervisory board remuneration was reconfigured starting in fiscal year 2015. The basic fixed remuneration for an ordinary member of the supervisory board is € 35,000 for a full fiscal year of membership on the supervisory board. The deputy chairman receives fixed remuneration of € 70,000 for each full fiscal year, and the chairman receives € 100,000 for each full fiscal year of his membership on the supervisory board. In addition, every supervisory board member will receive a fee of € 1,500 for each meeting of the supervisory board and its committees that they attend. Every supervisory board member will also 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.

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

The fixed and performance-based total remuneration as well as the meeting attendance fee are limited to a maximum total of € 75,000 for each regular supervisory board member, while the remuneration for the chairman of the audit committee will be limited to maximum total of € 100,000, the remuneration for the deputy chairman of the supervisory board will be limited to a maximum total of € 150,000, and the remuneration for the chairman of the supervisory board will be limited to a maximum total of € 200,000.

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

The Company has not paid any remuneration or granted any benefits to the members of the supervisory board during the 2015 fiscal year for services rendered personally by them (sec. 5.4.6 of the Code).

Pursuant to § 8.16 of the articles of association, the annual general meeting of the shareholders also approved a Long Term Incentive Program (LTIP) for the supervisory board, which provided for a personal investment in WashTec shares on or before June 30, 2015 as a precondition for participating in the program (Chairman maximum 25,000 shares, all others maximum 5,000 shares). The stipulated performance targets (benchmarks) were an EBIT target, an ROCE target and EPS target. The bases for the determination of targets were the key performance indicators for fiscal year 2014. Depending on whether one, several or all of the targets are fulfilled, a different multiplier will be used for calculating the bonus payment which results from the sum of the reference rate, number of shares and multiplier. The bonus payment is due and payable in fiscal year 2019. The right to that payment will exist only if, at that point in time, the supervisory board member is still on the supervisory board and still holds shares in the Company. The supervisory board members, Dr. Blaschke, Mr. Bellgardt, Dr. Hein, Mr. Lacher and Dr. Liebler are participating in the LTIP with the maximum number of shares.

The total remuneration of the supervisory board members in 2015 amounted to € 1,639k (prior year: € 343k). The fair value of the LTIP in the period of granting was € 970k (prior year: € 0k).

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

Shares held by members of the supervisory board (units)	2015	2014
Dr. Günter Blaschke	50,000	50,000
Ulrich Bellgardt	25,000	25,000
Jens Große-Allermann*	0	0
Dr. Sören Hein	5,000	0
Roland Lacher	5,000	0
Dr. Hans Liebler	5,000	0

* Mr. Große-Allermann sits on the management board of the investment company, Investmentaktiengesellschaft für langfristige Investoren TGV, which – according to the notification dated July 31, 2009 – held 758,358 voting shares (5.43%) of WashTec AG.

Share-based remuneration through cash settlement

There are contracts in place with members of the management board and supervisory board that provide for share-based remuneration. The fair value of the LTIP as of December 31, 2015 was calculated on the basis of a valuation model recognized under IFRS 2 and can be shown as follows:

In €k	2015	2014
Obligation arising from LTIP	1,104	0
Total	**1,104**	0

The obligation is recognized on the balance sheet under non-current liabilities.

The personnel expense recognized under the Long Term Incentive program (LTIP) can be shown as follows:

In €k	2015	2014
LTIP expenses	1,104	0
Total	**1,104**	0

Former members of the management board

There were also pension obligations owed to a former management board member and to survivors of a former management board member in the amount of € 245k (prior year: € 252k), which are covered by a relief fund [Unterstützungskasse].

38. Notes after the balance sheet date

No significant events occurred after the balance sheet date.

Augsburg, March 23, 2016

WashTec AG

Dr. Volker Zimmermann Spokesman of the Management Board	Karoline Kalb Member of the Management Board	Rainer Springs Member of the Management Board	Stephan Weber 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 presents a fair view of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the Group.«

Augsburg, March 23, 2016

Dr. Volker Zimmermann Spokesman of the Management Board	Karoline Kalb Member of the Management Board	Rainer Springs Member of the Management Board	Stephan Weber Member of the Management Board

Further Information

Auditor’s Report

We have audited the consolidated financial statements prepared by the WashTec AG, comprising the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and the notes to the consolidated financial statements, together with the group management report of WashTec AG, which is combined with the management report of the company for the business year from January 1 to December 31, 2015. 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 § 315a para. 1 HGB (»Handelsgesetzbuch«: German Commercial Code) is the responsibility of the parent Company’s Management Board. 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 (combined) management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company’s Management Board, 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 para. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Munich, March 23, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Andreas Eigel	per procura Sebastian Stroner
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial Statements of WashTec AG – Balance Sheet (HGB)

Assets	Dec 31, 2015	Dec 31, 2014
	€	€
A. Non-current assets		
I. Property, plant and equipment		
Fixture and fittings	34,003	16,912
II. Financial Assets		
Shares in associated companies	128,048,510	128,048,510
	128,082,513	**128,065,422**
B. Current assets		
I. Receivables and other assets		
1. Receivables from associated companies	23,369,313	29,416,551
2. Other assets	6,973,033	3,132,856
thereof more than one year € 49,809.52		
(prior year € 97,247.16)		
	30,342,346	**32,549,407**
II. Cash	2,397	3,094
	2,397	**3,094**
C. Prepaid expenses	**55,056**	**36,504**
Total assets	**158,482,312**	**160,654,427**

Equity and Liabilities	Dec 31, 2015	Dec 31, 2014
	€	€
A. Equity		
I. Subscribed capital	**40,000,000**	**40,000,000**
Contingent capital	*8,000,000*	*8,000,000*
Treasury shares	–1,701,788	–127,995
	38,298,212	**39,872,005**
II. Capital reserve	**90,844,959**	**90,844,959**
III. Retained Earnings	**22,983,637**	**24,415,905**
	152,126,808	**155,132,869**
B. Provisions		
1. Provisions for taxes	56,162	600,395
2. Other provisions	4,295,565	2,544,381
	4,351,726	**3,144,776**
C. Liabilities		
1. Trade liabilities	63,207	4,936
2. Liabilities to affiliated companies	815,379	737,602
3. Other liabilities	1,125,192	1,634,244
thereof from taxes € 1,112,203 (prior year € 1,622,010)		
thereof for social security € 9,648 (prior year € 11,255)	**2,003,779**	**2,376,783**
Total equity and liabilities	**158,482,312**	**160,654,427**

Financial Statements of WashTec AG – Income Statement (HGB)

	Dec 31, 2015	Dec 31, 2014
	€	€
Revenues	3,478,163	1,316,222
Other operating income	487,325	5,949
thereof from exchange rate effects € 61.03 (prior year € 9.36)		
	3,965,489	**1,322,171**
Personal expenses		
a) Wages and salaries	−4,649,685	−2,332,275
b) Social security, pension and other benefit costs	−59,456	−41,731
thereof for old-age pensions € −27,922 (prior year € −10,264)		
	−4,709,141	**−2,374,006**
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	−9,665	−6,426
Other operating expenses	−2,443,957	−1,691,555
thereof from exchange rate effects € −24,527 (prior year € −1,650)		
	−7,162,763	**−4,071,987**
	−3,197,275	**−2,749,816**
Income from profit and loss pooling agreement	4,875,848	4,884,253
Expenses from profit and loss pooling agreement	−161,025	0
Earnings from participations held	32,000,000	22,000,000
Financial income	93,795	88,777
thereof from affiliated companies € 86,645 (prior year € 79,403) thereof from discounting € 7,138 (prior year € 9,289)		
Financial expenses	−6,581	−556
thereof from affiliated companies € −6,547 (prior year € −480)		
	36,802,036	**26,972,473**
EBIT	33,604,762	24,222,658
Income taxes	−862,787	−572,199
Net income for the period	32,741,975	23,650,458
Net income carried forward	24,415,905	9,682,127
Withdrawal from retained earnings	−22,988,315	−8,916,680
Allocation for difference of share repurchase	−11,185,929	0.00
Retained Earnings	**22,983,637**	**24,415,905**

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

Financial Calendar

Mar 31, 2016	Annual Report 2015
	Annual Press Conference Augsburg
Apr 29, 2016	Q1 Report 2016
May 11, 2016	Annual General Meeting Augsburg
Aug 04, 2016	Q2 Report 2016
Oct 28, 2016	Q3 Report 2016
Nov 21–23, 2016	Equity Forum, Frankfurt

Publishing Information

Publisher	WashTec AG
	Argonstraße 7
	86153 Augsburg
Design/layout	Büro Benseler
Text	WashTec AG
Photo	altro – die Fotoagentur, WashTec AG

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