





EQUITY AND LIABILITIES	Note	31.12.2004 in € 1000's	31.12.2003 in € 1000's
Share capital		17,833.5	17,833.5
Capital reserves		17,095.8	17,095.8
Retained earnings		103,114.9	90,431.2
Difference from currency translation		-548.1	-1,056.6
<b>Equity</b>	<b>(16)</b>	<b>137,496.1</b>	<b>124,303.9</b>
<b>Minority interests</b>	<b>(16)</b>	<b>1,274.9</b>	<b>860.4</b>
Provisions for social overhead capital	(17)	25,306.5	23,515.1
Deferred accrued taxes	(15)	4,915.6	5,464.5
Current accrued taxes		2,948.2	3,215.7
Other accruals	(18)	36,164.9	35,101.7
<b>Accruals</b>		<b>69,335.2</b>	<b>67,297.0</b>
Loans	(19, 20)	17,000.0	17,000.0
Interest-bearing financial liabilities	(20, 25)	78,726.1	77,606.5
Trade liabilities	(20)	35,181.7	34,413.8
Other liabilities	(20)	34,484.9	27,628.7
<b>Liabilities</b>	<b>(20, 25)</b>	<b>165,392.7</b>	<b>156,649.0</b>
Deferred income	(21)	1,525.3	2,957.7
<b>TOTAL LIABILITIES</b>		<b>375,024.2</b>	<b>352,068.0</b>

## II. BWT Group: Consolidated profit and loss account for the 2004 financial year

	Note	2004 in € 1000's	2003 in € 1000's
<b>SALES</b>	(1)	488,103.9	415,966.5
Other operating income	(2)	7,213.2	4,883.9
Change in inventory of finished and unfinished products		1,497.2	202.8
Other capitalised labour, overheads and material		920.5	639.6
Materials and purchased services	(10)	-242,140.7	-192,107.5
Personnel costs	(3)	-142,172.8	-130,131.5
Depreciation	(4)	-13,173.4	-14,400.4
Other operating expenses	(5)	-75,638.5	-71,432.1
<b>RESULT FROM OPERATING ACTIVITIES</b>		<b>24,609.4</b>	<b>13,621.3</b>
Financial result	(6)	-2,744.0	-2,971.8
Income from group companies		728.0	743.4
<b>EARNINGS BEFORE TAX</b>		<b>22,593.4</b>	<b>11,392.9</b>
Taxes on income	(7, 15)	-5,578.2	-3,495.2
<b>EARNINGS AFTER TAX</b>		<b>17,015.2</b>	<b>7,897.7</b>
Income from minority shareholders	(16)	-172.1	-213.9
<b>RESULT FROM ORDINARY BUSINESS ACTIVITIES</b>		<b>16,843.1</b>	<b>7,683.8</b>
<b>CONSOLIDATED EARNINGS</b>		<b>16,843.1</b>	<b>7,683.8</b>
Earnings per share (in €):	(26)		
Undiluted		0.94	0.43
Diluted		n/a	n/a
Number of shares issued		17,833,500	17,833,500

### III. BWT Group: Cash flow statement for the 2004 financial year

	Note	2004 in € 1000's	2003 in € 1000's
+ Profit for the accounting period		16,843.1	7,683.8
- Profit/loss from the sale of fixed assets		-1,300.5	-200.5
+ Depreciation on/additions to tangible assets		7,675.5	7,784.1
+ Depreciation on/additions to intangible assets		5,494.8	6,616.3
+ Depreciation on/additions to financial assets		3.2	95.4
+ Allocation/write-back of long-term accruals		1,318.1	-764.1
<b>CASH FLOW from result</b>		<b>30,034.2</b>	<b>21,215.0</b>
- Increase/reduction in inventories, including advance payments		-1,027.4	-1,242.4
- Increase/reduction in trade receivables, deferred taxes and prepaid expenses		-800.8	20,569.6
+ Increase/reduction in advance payments received and deferred income		3,975.3	-475.5
+ Increase/reduction in trade payables, bills payable, Group and other liabilities		960.6	-12,833.1
+ Increase/reduction in short-term accruals (including allocation of deferred taxes)		601.5	1,499.9
<b>CASH FLOW from operating activities</b>	(23)	<b>33,743.4</b>	<b>28,733.5</b>
- Investments in intangible and tangible assets		-10,324.4	-6,313.9
- Investments in financial assets		-349.1	-143.1
+ Disposals of assets and other financial investments		5,809.8	1,024.8
- Additions of fully consolidated companies		-4,913.2	-2,082.0
<b>CASH FLOW from investment activities</b>	(24)	<b>-9,776.9</b>	<b>-7,514.2</b>
- Dividends paid out		-4,280.0	-4,280.0
+ Change in minorities		535.2	42.6
+ Change in notes payable		244.9	174.4
+ Change in long-term financial liabilities		-6,235.3	-3,201.7
+ Change in short-term liabilities		-8,694.5	-16,849.9
<b>CASH FLOW from financing activities</b>		<b>-18,429.7</b>	<b>-24,114.6</b>
+ Cash flow from operating activities		33,743.4	28,733.5
+ Cash flow from investment activities		-9,776.9	-7,514.2
+ Cash flow from financing activities		-18,429.7	-24,114.6
<b>Change in liquid funds</b>		<b>5,536.8</b>	<b>-2,895.3</b>
+ Initial inventory of liquid funds		16,327.7	19,506.5
+ Impact of exchange rate differences		-882.0	-283.5
<b>Final inventory of liquid funds</b>		<b>20,982.5</b>	<b>16,327.7</b>
<b>Breakdown of liquid funds</b>			
Cash, checks, deposits with banks		20,972.2	15,888.5
Securities included in current assets		10.3	439.2
		<b>20,982.5</b>	<b>16,327.7</b>

## IV. BWT Group: Changes in shareholders' equity

	Share capital in € 1000's	Capital reserves in € 1000's	Retained earnings in € 1000's	Currency translation differences in € 1000's	Total in € 1000's
As at January 1, 2003	17,833.5	17,095.8	87,040.1	1,427.2	123,396.6
Consolidated earnings	0.0	0.0	7,683.8	0.0	7,683.8
Dividend payment	0.0	0.0	-4,280.1	0.0	-4,280.1
Currency translation	0.0	0.0	0.0	-2,483.8	-2,483.8
Receivables from minority interests	0.0	0.0	-12.6	0.0	-12.6
As at December 31, 2003	17,833.5	17,095.8	90,431.2	-1,056.6	124,303.9
Consolidated earnings	0.0	0.0	16,843.1	0.0	16,843.1
Dividend payment	0.0	0.0	-4,280.1	0.0	-4,280.1
Currency translation	0.0	0.0	0.0	508.5	508.5
Receivables from minority interests	0.0	0.0	120.7	0.0	120.7
As at December 31, 2004	17,833.5	17,095.8	103,114.9	-548.1	137,496.1

NOTES TO THE BWT GROUP  
CONSOLIDATED FINANCIAL STATEMENTS



BWT GROUP  
2004

## V. Notes 2004

These annual financial statements of BWT AG, located in Mondsee, Austria, were prepared in line with the principles of the International Accounting Standards Board (IASB) effective at the balance sheet date. The consolidated financial statements comply with the terms of Para. 245a Austrian Commercial Code which states that where a parent company prepares consolidated financial statements and a group management report according to internationally recognised principles, it is exempted from its obligation to prepare financial statements on the basis of the national regulations of the Commercial Code.

The consolidated financial statements are in line with the directives of the European Union regarding consolidated financial statements (Directive 83/349/EEC).

In interpreting the IAS, the interpretations of the International Financial Reporting Committee (IFRIC) were taken into account.

The entire financial statements for the 2004 financial year are prepared in € 1000 (rounded in line with commercial rounding methods). When adding rounded amounts and percentages, the use of automated calculation aids may result in differences due to rounding.

### Differences between IFRS and Austrian accounting principles

As Austrian accounting legislation stresses the protection of creditors, the principle of commercial caution has been accorded a significant role. Equally, the appropriateness of the company's commercial financial statements for tax purposes leads to corresponding influences on financial statements compiled in line with the Austrian Commercial Code.

In contrast, the primary aim of accounting according to IFRS is the provision of information relevant for the decisions taken by shareholders and investors. As a result, in IFRS, the comparability of financial statements – over a period of time, as well as among companies – is given a higher priority than in the Austrian Commercial Code.

### Goodwill arising from consolidation

In IAS 22, goodwill arising from capital consolidation is capitalised and written off over its useful life, while the Austrian Commercial Code also allows goodwill to be offset against reserves. IFRS 3 had been applied to corporate mergers since March 31, 2004. Pursuant to this standard, goodwill is calculated as a residual value from the acquisition costs of the corporate acquisition and the net assets valued at their fair market value taking into account any contingent liabilities. Any goodwill calculated in this way will not be subject to scheduled write-downs but an impairment test pursuant to IAS 36 should be carried out at least once a year.

IFRS 3 was not applied to goodwill resulting from corporate mergers prior to March 31, 2004 in the annual financial statements as at December 31, 2004.

### Tangible and intangible assets

In commercial legislation, the lengths of depreciation periods and periods of useful life are characterised by the principle of commercial caution. IFRS demand an ongoing reassessment of the actual useful lives. This leads to a tendency of applying longer useful lives in IFRS valuations. In order to evaluate any necessary need for write-downs, an impairment test in accordance with IAS 36 is to be carried out. In line with IFRSs, internally developed intangible assets must be capitalized if the condition for capitalizing assets are met. According to Austrian HGB, these assets cannot be capitalized.

### Finance leases

While in the allocation criteria laid down by the Austrian Commercial Code, leasing contracts are usually qualified as operating leases with the leased object continuing to be owned by the lessor, IAS 17 (revised 2003) calls for a valuation from a commercial viewpoint and not a valuation based solely on the contractual relationship. Under certain conditions, a leasing contract may therefore be classified as a finance lease. In those cases, the leased objects are to be allocated to the lessee in whose financial statements it is to be stated as an asset at purchase value, with the obligations to the lessor being recorded as a liability.

### Inventories

In inventories, write-downs as a result of decreased market prices are only carried out if the book values are not covered by their sales prices.

### Receivables from contract manufacturing

In Austrian accounting legislation, sales and profit are only to be realised after the complete delivery of the goods or services to the customer (completed-contract method). In accordance with IAS 11 (revised 1993), long term orders can be accounted for using the percentage-of-completion method which takes into account delivery progress with proportionate realisation of profits, with the degree of completion either derived from a detailed project progress report (stage-of-completion method), or computed from costs incurred in relation to the estimated total cost of the project (cost-to-cost method).

### Financial assets

Short term financial assets are posted at market values (prices at the balance sheet date). In contrast to the Austrian Commercial Code, any write-up in the value of the asset is not restricted to its original purchase price.

### Valuation of foreign currencies

There is a difference between the two accounting methods in the assessment of unrealised profits from foreign currency valuations on the balance sheet date. In Austrian law, only unrealised losses are to be accounted for in keeping with the imparity principle, while in IFRS unrealised gains must also be accounted for, with currency fluctuation therefore impacting on results in every case. According to IFRS, unrealised currency gains or losses from intra-group loans are to be offset against equity without being taken through the profit and loss account.

### Deferred taxes

The tax effects of the differences in timing between tax financial statements according to Austrian law and the IFRS financial statements are represented by setting up deferred tax positions. With IFRS, deferred tax assets are also to be formed for tax loss carry forwards, if these losses are expected to be utilised by future taxable profits.

### Personnel provisions

In the Austrian Commercial Code, provisions for pensions are formed without regard to increases in salaries, using the partial-value method and a discount rate, generally of 6%. The valuation of future severance payments and anniversary bonuses is generally carried out using actuarial discount rates of 4% or 5%, not the actual increases in salaries. In line with IAS 19 (revised 2000), personnel provisions (provision for pensions and similar obligations, provisions for severance payments) are calculated according to the projected-unit-credit method. The interest rate is determined by deploying current long-term interest rates in the capital markets at the balance sheet date, with future salary increases being taken account of for the period to the employees' retirement. As a result, during its accumulation phase, the provision increases more rapidly than if the partial value method proscribed by Austrian Commercial Law were used.

### Other provisions

The definition of provisions in IFRS is based on a different understanding of the principle of caution compared with Austrian commercial law. According to IFRS, the value of the provision is determined by the value that has the highest probability, and not – as is the case in Austrian commercial law – the value arising from applying the principle of commercial caution. While the formation of expense reserves is permissible in Austrian commercial law, they are not permitted in IAS 37.

### Extended publication requirements, duty to provide information

Within the framework of IFRS accounting, there is an obligation to provide detailed explanations in the notes on individual positions of the balance sheet, the profit and loss account, the cash flow statement and the development of equity. The objective is to convey a true and fair view of the company in the annual financial statements. Beyond this, there are further information requirements, in particular regarding the business divisions, associated companies and derivative financial instruments, which are not covered by Austrian commercial law to this extent.

## General notes

### Fundamentals

The BWT Group, headquartered in Mondsee, Austria, is Europe's leading water treatment technology group, offering water treatment products and problem solutions for the entire water cycle, "from source back to earth". The innovative product range corresponds to the state-of-the-art and is optimised in line with ecological and economic criteria.

BWT Aktiengesellschaft has a worldwide presence through 67 subsidiaries and had 2,780 employees as of December 31, 2004.

#### The business activities are divided into four divisions:

<b>Aqua Ecolife Technologies:</b>	In this business division, BWT offers innovative water technology products for the treatment of drinking water, process water, and swimming pool water (filter technologies, limescale protection, softeners, disinfection etc.)
<b>Aqua Systems Technologies:</b>	This division concentrates on customer-specific high-tech water treatment systems. The focus is on the pharmaceutical industry, the semiconductor industry, the food and beverage industry, the power generation industry, as well as the treatment of municipal drinking and waste water.
<b>Fuel Cell Membrane Technologies:</b>	This business division concentrates on the development and the distribution of so-called „proton exchange membranes“, the heart of the new energy source "fuel cell".
<b>Aqua Finance:</b>	This division covers real estate administration and other financial participations.

The accounting methods of the companies included in the scope of consolidation are based on the uniform accounting rules of the BWT Group based on the principles of IFRS.

The financial statements of all material companies and those national or international companies which require an audit on the basis of their respective national legislation, were audited by independent auditors and given unqualified audit opinions. The correct transition of the commercial accounts into individual financial statements according to IFRS compiled to unified group guidelines was also confirmed.

In keeping with IAS 27, the balance sheet date of the consolidated financial statements is identical with the balance sheet date of the parent company. The annual financial statements of companies fully and partially consolidated were prepared on the basis of historical purchase and production costs. In order to improve clarity of presentation, certain positions of the balance sheet and in the profit and loss account were combined. A detailed presentation is supplied in the notes.

## Scope of consolidation

An overview of the material consolidated companies can be found in appendix V.1. Apart from BWT AG, the consolidated financial statements include 66 fully consolidated companies (previous year: 62). No subsidiaries (previous year 1) were consolidated using the equity method, one subsidiary was consolidated using the proportional method (previous year 1).

The scope of consolidation during the 2004 reporting year developed as follows:

Position on January 1, 2004	65
First-time consolidation in the reporting year	7
Merged during the reporting year	-2
Deconsolidated in the reporting year	-2
Position on December 31, 2004	68

Shares in consolidated companies owned by minorities are stated separately. The shares in profit included in the profit and loss account but allocated to minorities are identified separately in the profit and loss account.

## Major acquisition activities

On April 1, 2004, 74% of the shares in Christ Waterman Ltd., which specializes in water treatment in the pharmaceuticals industry, were acquired. On July 1, 2004, the BWT subsidiary BWT Belgien acquired 100% of the shares in Benchem nv. In South Africa, Aqua Engineering GmbH acquired 100% of a company specializing in municipal and industrial water treatment. The holding in Christ Taiwan was built up from 49% to 75% to reinforce our presence on the Asian market.

## Consolidation method

Capital consolidation takes place according to the purchase method by offsetting costs against the pro rata identifiable assets and liabilities relating to the parent company. Since January 1, 1995, asset surpluses have been capitalized as goodwill and amortized on a straight line basis over their useful life. Since March 31, 2004, amortization of purchases has been replaced by annual impairment testing in line with the provisions of the new IFRS 3 (Business Combination) in conjunction with IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets). Differences arising as liabilities from capital consolidation are shown as negative goodwill (see appendix V.2.) and the value of the acquired depreciable asset is written back in line with its expected useful life.

Inter-company receivables and liabilities, expenses and earnings as well as intra-group earnings are eliminated if they are not immaterial.

For the associated company consolidated using the equity method, the same equity consolidation principles apply as to full and pro-rata consolidation, with the latest available annual financial statements used as the basis for consolidation. For the company included at equity, local valuation methods with immaterial modifications are used.

For shares in companies in whose business policies the parent has substantial influence (associated companies), the percentage of profits is proportionate to the percentage of equity held (equity method). In this case, the value of any dividend payments is reduced by the proportionate amount.

### Currency translation in the Group

Currency translation of foreign accounts is carried out using the concept of functional currencies. This is the respective national currency in every case, as the companies operate their businesses independently in financial, commercial and organisational terms.

Apart from equity positions, all the balance sheet positions were translated at the current exchange rate on December 31, 2004. The individual positions of the consolidated foreign companies' profit and loss accounts were translated at the weighted-average exchange rate of the period. Differences from currency translation of the proportionate equity are reported as a component of retained earnings. Where a foreign company is deconsolidated, the differences from currency translation are reported in the profit and loss account.

The principal currencies' exchange rates used for currency translation (outside the Eurozone) developed as follows:

	Current exchange rate		Weighted-average exchange rate	
	31.12.2004 €	31.12.2003 €	2004 €	2003 €
100 Swiss Franc	64.72	64.12	64.72	65.65
100 British Pound	141.64	141.34	147.14	144.31
100 Hungarian Forint	0.41	0.38	0.40	0.39
100 Polish Zloty	24.60	21.21	22.23	22.58
100 Czech Koruna	3.31	3.07	3.13	3.13
100 American Dollar	73.20	79.30	80.29	87.70
100 Danish Krone	13.44	13.43	13.44	13.46
100 Swedish Krone	11.08	11.00	10.95	10.95
100 Norwegian Krone	12.13	11.93	11.94	12.45
100 Israeli Shekel	17.15		17.15	
100 Chinese Renminbi	9.06		9.06	
100 Singapore Dollar	45.20		45.31	
100 Taiwan Dollar	2.29		2.33	
100 South African Rand	12.93		12.93	

## Accounting and valuation principles

### Intangible assets and tangible assets

Intangible and tangible assets are valued at their purchase or production costs, reduced by scheduled straight-line depreciation. The production costs, in addition to unit costs, contain appropriate proportions of material and production overheads. Expenses relating to general administration and interest payable are not capitalised.

Assets are depreciated from the point in time at which they begin to be operated. Straight-line depreciation is charged over the expected useful life of the respective asset. For assets where operations commence during the first six months of the accounting year, a full year's depreciation is charged; otherwise six months' depreciation is charged. In determining the expected useful life of an asset, the expected economic or technical lifetime is taken into account.

Assets with a value of below € 400 (assets of minor value) are depreciated in full during the year of acquisition and immediately treated as disposals in the schedule of fixed assets.

In the case of probable permanent value impairment, non-scheduled depreciation is carried out. In order to examine the valuation of the items in the tangible asset category, we carry out an impairment test. Here the higher of the net disposal value and useful value which is calculated as the present value of the associated future financial inflows and outflows is compared against the current book value. If the book value is higher, an impairment to the lower value is carried out. If the reasons for the implementation of non-scheduled depreciation no longer apply, the asset is written up to a value no higher than its purchase or production prices less scheduled depreciation. Maintenance is carried as expenditure as long as it does not materially alter the nature of the asset in question.

A difference in value arising from first-time consolidation is carried as goodwill and subject to scheduled depreciation in line with the expected useful life. Additionally, the remaining goodwill is compared to its economic value on each balance sheet date. Any decreases in the future value are booked as non-scheduled depreciation. From the initial application of IFRS 3 in conjunction with IAS 36 and IAS 38 from 2005 onwards and for all purchases after March 31, 2004, annual impairment testing is carried out to establish the value of goodwill for all cash-generating units (CGUs).

For intangible assets constructed by the company, the production time is divided into a research and a development phase. Costs incurred during the research phase are charged to the profit and loss account immediately. Expenses arising during the development phase are capitalised as intangible assets (in line with IAS 38), if certain conditions relating to the future use of the disbursed expenses apply, above all the technical viability of the developed product or process. The valuation of assets constructed by the company is carried out using production costs less scheduled and unscheduled depreciation.

The depreciation of intangible assets and of consumable assets is performed on a straight-line basis over the expected economic lifetime of the respective asset.

### Tangible and intangible assets

When evaluating the depreciation rates, the following economic lifetimes were assumed. These are unchanged from the previous year:

	Useful life in year	
	From	To
<b>Intangible assets</b>		
Goodwill	3	20
Software	3	5
Patents, trade marks	5	10
<b>Tangible assets</b>		
Buildings	20	50
Investments in buildings of third parties	10	20
Machinery	3	10
Business equipment	3	10

### Leasing and rental properties

Leasing and rental contracts in which all risks and rewards arising from the use of the asset are being transferred to the Group, are treated as financing leases. At the point in time of purchase, the assets underlying the respective leasing or rent contracts are capitalised at the current value of future leasing or rental installments at purchase and depreciated over the duration of the lease period. The capitalised assets are offset by the net present values of the future liabilities arising from the unexpired portion of the leasing or rental contract as at the balance sheet date.

Assets used as a result of any other leasing or rental contracts are treated as operating leases with assets remaining the property of the lessor or owner. Rental payments are carried as expenses in the profit and loss account.

### Financial assets

Financial assets are not held for trading purposes (see Note 9). If the actual intention and ability to hold the asset to maturity exists, the asset is valued at purchase cost, and reduced by write-downs in the case of a permanent impairment of value. If the reasons for the implementation of a write-down no longer apply, the asset is written up to a value no higher than its purchase prices.

Part of the securities classified as financial assets are deemed to be available for sale. They are valued at purchase cost at the point in time of their acquisition and in later periods, at their respective current market values. Changes in values are recorded in reserves, and only at the point in time of their sale is a profit or loss realised in the profit and loss account. Market values of securities are the values on the stock market on the balance sheet date.

Other participations, for which a market value cannot be determined without a considerable effort, are valued at purchase cost reduced by any necessary extraordinary write-down.

### Inventories

Valuation of inventories is carried out using the lower of purchase or production costs or current values. Specifically, write-downs of inventories are not carried out if the book values are covered by the sales prices of the assets. The consumption of primary energy and raw materials and supplies was calculated using the average-cost method. If the turnover of certain stock is deemed to be too low, write-downs are carried out if necessary.

## Receivables

Trade receivables and other short-term receivables are valued at nominal value or acquisition cost, if necessary reduced by value adjustments. Tax receivables are netted against tax liabilities if they are owed to the same tax authority.

## Receivables from long-term orders

In keeping with IAS 11 (revised 1993), long-term orders are accounted for using the percentage-of-completion method with pro-rata realisation of earnings, whereby the degree of completion is calculated using the cost incurred to date in relation to total estimated costs (cost-to-cost method).

## Cash and liquid funds

Short-term financial assets (cash in hand and at bank) are carried under the heading cash and valued at current value.

## Provisions

The valuation of pension provisions and provisions for similar obligations, severance payments and anniversary bonuses is made according to IAS 19 (revised 2000) using the projected-unit-credit method. In this method, the expected benefits to be made by the company are distributed over the number of years of service with the company until retirement age. Salary increases expected in the future are taken into account. The amounts to be provisioned are calculated by an actuary for each balance sheet date on the basis of an actuarial study. As these benefit-orientated obligations are not tied to individual assets, they are valued in their full amounts.

Calculation of provisions for deferred taxes is carried out using the liability method and the tax rate which is to be expected from the situation of the limited time differences in line with the position on the balance sheet date. Other provisions are formed individually at the level of the uncertain liabilities, whereby the amount that has the highest probability of arising, is used.

## Liabilities

Liabilities are carried at the higher of acquisition cost or repayment value. Liabilities in foreign currencies are valued at the current exchange rate of the currency concerned on the balance sheet date, or at the hedged exchange rate. Arrangement fees for loans are capitalised and written off over the duration of the loan.

## Currency translation

Assets and liabilities accounted for in foreign currencies (currencies outside the Eurozone) are valued at the current exchange rate on the balance sheet date, in the case of hedged exchange rates they are converted into Euro at the hedged exchange rate. Write-ups and write-downs resulting from fluctuations in the values of foreign currencies are charged to the profit and loss account.

## Earnings realisation

Earnings from goods and services rendered are realised when all material risks and opportunities arising from the good delivered have passed to the purchaser.

In order for the progress of orders and the performance of the company to be reflected accurately over the accounting periods, long-term orders on the basis of a reliable estimate of the degree of completion, total cost and total revenue are generally assumed to realise the same proportion of the profit as is reflected in the progress of the order (percentage-of-completion method).

### Posting of the fair value of financial instruments

The fair value of financial instruments is the amount on which a transaction is based between two independent business partners who are informed and willing to form a contractual relationship. Fair value is often identical to the market price. Fair value is therefore derived from the market information available on the balance sheet date. In view of varying determining factors, the values which are recorded here may differ from those which are realised at a later date.

### Financial earnings

Financial expenses include interest payable on financing loans and financing leases, similar expenses and disbursements, currency losses and gains in connection with such financing, and results from currency hedging transactions.

Earnings from financial investments include interest payments, dividends and similar earnings arising from the investment of financial assets, and profits and losses from the disposal or the extraordinary write-down of financial assets.

### Taxes

Taxes on earnings charged during the financial year include the amounts payable by the individual companies from taxable earnings multiplied by the tax rate applicable in their respective countries ("actual taxes") and the changes in tax accruals. The calculation of the tax accruals position is carried out using the balance-sheet-liability method for all temporary differences between the values of the balance sheet positions in the IFRS consolidated financial statements and their tax values recorded at the individual companies. Further, the likely tax advantages from existing loss carry forwards are included in the calculation. Differences from non-tax deductible goodwill and temporary differences in connection with participations are not included in tax accruals. Tax accrual assets are calculated on the following tax rates:

Country	Tax rate
Austria	25%
Germany	40%
France	35%
Italy	37%
Switzerland	25%

### Earnings per share

Earnings per share are calculated by dividing Group profit after minorities' shares in profits by the weighted average number of issued shares.

### Estimates

For the purposes of compiling consolidated financial statements, estimates and assumptions have to be made to a certain extent which influence the value of assets and liabilities in the balance sheet, the identification of other liabilities on the balance sheet date and the amount of income and expenditure during the reporting period. The actual amounts may vary from these estimates.

### Divisional reporting

In keeping with the management approach which is the basis of IAS 14 (revised 1997) in primary divisional reporting, company divisions should be defined along the lines of internal reporting structures. In geographical segment reporting, the segmentation is to be carried out by location of the company.

**Changes in accounting policies  
on the basis of the new standards  
applying in the reporting year**

The new IFRS 3 (Business Combinations), published in 2004, in conjunction with IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets) concerns the determination, presentation and value of goodwill. The key change against the former standard is the fact that goodwill amortization no longer occurs and has been replaced by annual impairment testing. This standard must be applied to all business combinations with a purchase date from March 31, 2004 onwards. The standard may be adopted voluntarily as of January 1, 2004. This option was not exercised.

On December 17, 2003, IASB published the revised standards IAS 32 (financial instruments: disclosure and presentation) and IAS 39 (financial instruments: recognition and measurement). These revised versions must be used on financial statements which begin on or after January 1, 2005. For the 2004 financial year, the recognition and measurement rules of the valid IAS 39 were applied.

## Notes to the profit and loss account

### NOTE 1: Sales and divisional reporting

The profit and loss account is compiled using the total cost method.

Consolidated Group sales increased in 2004 by 17.3% from € 416.0 million to € 488.1 million.

The Aqua Ecolife Technologies business segment increased sales by 14.2% from € 273.3 million to € 312.1 million.

The Aqua Systems Technologies segment increased sales by 22.0% from € 142.0 million to € 173.2 million.

In the Fuel Cell Membrane Technologies segment, where the BWT subsidiary FuMA-Tech GmbH develops and markets high quality specialist membranes for use in fuel cells, sales were quadrupled from € 0.7 million to € 2.8 million.

Sales are broken down by business divisions (main breakdown) and regions (secondary breakdown). The breakdown according to business divisions is in keeping with the internal reporting structure of the Group. Netting between the individual divisions is carried out on an arms-length basis. The main breakdown encompasses the business divisions described above under "fundamentals", the breakdown by region is carried out according to the location of the Group company.

### Breakdown by business division

2004	Aqua Ecolife Technologies € 1000's	Aqua Systems Technologies € 1000's	Fuel Cell Membrane Technologies € 1000's	Aqua Finance € 1000's	Elimination € 1000's	Total € 1000's
External sales	312,083.9	173,238.2	2,781.8	0.0	0.0	488,103.9
Internal sales	3,498.7	5,139.6	196.8	0.0	-8,835.1	0.0
Total	315,582.6	178,377.8	2,978.6	0.0	-8,835.1	488,103.9
<b>Divisional earnings (EBIT)</b>	<b>30,887.2</b>	<b>-5,538.3</b>	<b>-735.6</b>	<b>-3.9</b>	<b>0.0</b>	<b>24,609.4</b>
Financial result						-2,016.0
Taxes on earnings						-5,578.2
Minority interests						-172.1
<b>Profit for the year</b>						<b>16,843.1</b>
Divisional assets	224,191.5	174,111.5	2,682.6	14,492.1	-40,453.5	375,024.2
Liabilities	163,407.3	103,511.9	1,607.1	8,180.4	-40,453.5	236,253.2
Investments	6,307.4	3,610.0	407.0	0.0	0.0	10,324.4
Depreciation	-8,853.0	-3,985.2	-112.7	-222.5	0.0	-13,173.4

## Breakdown by business division

2003	Aqua Ecolife Technologies € 1000's	Aqua Systems Technologies € 1000's	Fuel Cell Membrane Technologies € 1000's	Aqua Finance € 1000's	Elimination € 1000's	Total € 1000's
External sales	273,282.8	141,964.8	718.9	0.0	0.0	415,966.5
Internal sales	2,603.8	3,127.3	1,494.4	0.0	-7,225.5	0.0
Total	275,886.6	145,092.1	2,213.3	0.0	-7,225.5	415,966.5
<b>Divisional earnings (EBIT)</b>	<b>24,974.9</b>	<b>-10,220.3</b>	<b>-1,248.7</b>	<b>115.4</b>	<b>0.0</b>	<b>13,621.3</b>
Financial result						-2,228.4
Taxes on earnings						-3,495.2
Minority interests						-213.9
<b>Profit for the year</b>						<b>7,683.8</b>
Divisional assets	211,337.9	158,293.6	1,949.9	8,710.4	-28,223.8	352,068.0
Liabilities	166,038.7	84,273.7	1,635.2	3,179.9	-28,223.8	226,903.7
Investments	4,596.6	1,541.2	176.1	0.0	0.0	6,313.9
Depreciation	-9,029.5	-4,924.2	-224.1	-222.6	0.0	-14,400.4

## Breakdown by region

2004	Austria € 1000's	Other € 1000's	Elimination € 1000's	Total € 1000's
External sales	96,591.0	408,561.5	-17,048.6	488,103.9
Divisional assets	94,595.6	304,070.6	-23,642.0	375,024.2
Investments	2,621.0	7,703.4	0.0	10,324.4

2003	Austria € 1000's	Other € 1000's	Elimination € 1000's	Total € 1000's
External sales	106,064.6	326,407.8	-16,505.9	415,966.5
Divisional assets	94,270.5	285,276.3	-27,478.8	352,068.0
Investments	1,461.9	4,852.0	0.0	6,313.9

## NOTE 2: Other operating income

	2004 € 1000's	2003 € 1000's
Income from the disposal of tangible assets	1,300.5	200.5
Income from the dissolution of provisions	1,502.2	1,186.6
Rental and leasing income and licensing revenues	2,047.8	1,678.8
Subsidies (fundamental research, employees)	51.1	154.7
Other	2,311.6	1,663.3
	<b>7,213.2</b>	<b>4,883.9</b>

## NOTE 3: Personnel expenses

	2004 € 1000's	2003 € 1000's
Wages	14,731.1	12,385.8
Salaries	96,035.0	88,245.5
Expenses for severance payments	320.9	1,720.4
Expenses for pensions	2,095.9	1,900.4
Expenses for legally required social security contributions	26,030.7	23,500.4
Other social security contributions	2,959.2	2,379.0
	<b>142,172.8</b>	<b>130,131.5</b>

**NOTE 3: Personnel expenses**

The average number of employees developed as follows:

	2004	2003
Administration	2,118	1,980
Production	567	545
Trainees and apprentices	49	52
	<b>2,734</b>	<b>2,577</b>

Part-time employees have been included on a pro-rata basis.

Expenses for severance payments and pensions are as follows:

	Expenses for severance payments € 1000's	Expenses for pensions € 1000's
Management Board	14.4	0.0
Executives	107.5	63.6
Others	199.0	2,032.3
	<b>320.9</b>	<b>2,095.9</b>

**NOTE 4: Depreciation on intangible and tangible assets**

	2004 € 1000's	2003 € 1000's
Scheduled depreciation on tangible and other intangible assets	10,216.2	11,265.8
Scheduled depreciation on goodwill	2,957.2	3,134.6
	<b>13,173.4</b>	<b>14,400.4</b>

**NOTE 5: Other operating expenses**

	2004 € 1000's	2003 € 1000's
Advertising expenses	9,912.5	10,228.3
Fleet and travel costs	13,564.5	12,899.7
Freight and warehousing	6,773.4	6,193.2
Personnel from third parties	4,611.4	4,112.5
Rental and leasing expenses	8,044.0	7,083.8
Consultancy costs	4,146.1	3,946.9
Office, postal and telephone expenses	6,252.6	5,660.2
Commissions	3,924.9	3,557.2
Insurance premiums	2,354.4	2,273.8
Maintenance	3,231.6	2,810.3
Other taxes and fees	2,670.8	2,521.8
Other	10,152.3	10,144.4
	<b>75,638.5</b>	<b>71,432.1</b>

**NOTE 6: Financial result**

	2004 € 1000's	2003 € 1000's
Earnings from participations	728.0	838.8
Earnings from other securities	58.2	63.0
Other interest and similar income	385.2	355.9
Depreciation on financial assets	1.8	-95.4
Interest and similar expenses	-3,189.2	-3,390.7
	<b>-2,016.0</b>	<b>-2,228.4</b>

**NOTE 7: Taxes on income and earnings**

Calculated according to IFRS principles, the effective tax rate for the business year 2004 was 24.7% approximately, and 30.7% for the 2003 financial year.

The current tax expenditure has been calculated as follows:

	2004 € 1000's	2003 € 1000's
Tax expenditure of the financial year:		
Austria	1,271.8	1,749.1
Abroad	7,492.7	5,377.1
Deferred tax expenditure/income		
Austria	-199.8	-1,739.2
Abroad	-2,986.5	-1,891.8
<b>Total</b>	<b>5,578.2</b>	<b>3,495.2</b>

The transition of the income tax liability applying the Austrian corporate tax rate of 34% to the effective tax rate of the reporting period is shown as follows:

	2004 € 1000's	2003 € 1000's
Pre-tax profit	22,593.4	11,392.9
Tax expenditure at the tax rate of 34%	7,681.8	3,873.6
Difference in foreign tax rates	249.4	537.0
Tax allowance for research activities	-166.6	-111.5
Tax-exempt income from participations	-127.5	-79.7
Other	-2,058.9	-724.2
<b>Effective tax liability</b>	<b>5,578.2</b>	<b>3,495.2</b>
<b>Effective tax rate</b>	<b>24.7%</b>	<b>30.7%</b>

The Other item includes goodwill amortization that cannot be used for tax purposes, loss carryforwards for which deferred taxes are capitalized for the first time, the impact of the changed tax rate in Austria from January 1, 2005 on deferred taxes and the effect of consolidation bookings.

## Notes to the balance sheet

### NOTE 8: Intangible and tangible assets

The detailed development is documented in the schedule of assets which is an integral part of these consolidated financial statements. Changes resulting from the differences in the scope of consolidated companies are documented in a separate column. Those amounts that arise from the differences in the exchange rates between the beginning and the end of their reporting year at the foreign companies are documented as differences in exchange rates.

Development costs are only capitalised to the extent the necessary conditions according to IAS 38 are met. During the 2004 financial year, expenses for product and process innovation totaling T€ 3,525.6 (2003: T€ 115.2) were capitalised.

The balance sheet position "land and buildings" contains land of T€ 18,819.1 (previous year: T€ 17,050.8).

The collateral value for mortgage securities amounts to T€ 9,184.9 (previous year: T€ 7,106.7).

In keeping with IAS 17 (revised 2003), tangible assets include assets used under leasing contracts which are to be classified as BWT Group property. This relates in particular to the leased property at BWT France S.A., St. Denis (France). As of December 31, 2004, the capitalised value amounts to T€ 2,947.6 (December 31, 2003: T€ 3,092.3) and is classified as "land and buildings" in the balance sheet.

	2004 € 1000's	2003 € 1000's
Purchase cost tangible assets	4,139.1	4,139.1
Cumulative depreciation	1,191.5	1,046.8
Book value tangible assets	2,947.6	3,092.3
Minimum leasing installments payable as of the balance sheet date	1,952.5	2,462.1
Present value of the minimum leasing installments payable within one year	488.1	488.1
Discount rate applied	6.849%	6.849%
Present value of minimum leasing installments payable between one and five years	1,277.5	1,647.8
Discount rate applied	6.849%	6.849%
Present value of minimum leasing installments payable after five years	0.0	0.0
Discount rate applied	6.849%	6.849%

## NOTE 9: Financial assets

	Acquisition cost € 1000's	Cumulative depreciation € 1000's	Book value 31.12.2004 € 1000's	Book value 31.12.2003 € 1000's
Shares in associated companies	0.0	0.0	0.0	230.8
Participations	4,947.3	-41.9	4,905.4	4,617.2
Securities	2,356.0	-146.2	2,209.8	1,785.8
Loans	133.0	-104.7	28.3	27.1
	<b>7,436.3</b>	<b>-292.8</b>	<b>7,143.5</b>	<b>6,660.9</b>

Participations relate to shareholdings in the following companies:

Company	Shares	Acquisition cost € 1000's	Book value 31.12.2004 € 1000's	Book value 31.12.2003 € 1000's
Nomura Micro Science Co. Ltd, Japan	5%	996.0	996.0	996.0
Wiener Börse AG, Austria	1%	247.0	247.0	247.0
ADDUXI S.A., France	23%	52.6	52.6	52.6
Male Water & Sewerage Company Ltd	12%	3,091.4	3,091.4	3,089.1
Christ Austar, China	50%	207.1	207.1	0.0
Other		353.2	311.3	232.5
		<b>4,947.3</b>	<b>4,905.4</b>	<b>4,617.2</b>

Securities consist of fixed interest bearing securities and shares in various investment funds. In essence they serve to cover the severance pay and pension provisions in accordance with the provisions of Articles 14 and 116 of the Austrian Tax Code.

	31.12.2004 € 1000's	31.12.2003 € 1000's
Fixed interest bearing securities	521.8	397.3
Shares in investment funds	1,283.2	1,357.4
Others	404.8	31.1
	<b>2,209.8</b>	<b>1,785.8</b>

The current market values of the securities are largely equal to their respective purchase prices. No unrealised gains or losses arose as a result.

## NOTE 10: Inventories

	2004 € 1000's	2003 € 1000's
Raw materials and supplies	19,946.8	20,081.3
Unfinished goods	6,294.7	5,802.0
Finished goods and products	22,618.7	22,351.8
Services not yet invoiced	474.0	511.2
Prepayments	4,048.8	3,253.9
<b>Total</b>	<b>53,383.0</b>	<b>52,000.2</b>

The valuation is made with reference to the saleability of the individual products: with the exception of articles and devices which were launched in the product range during the business year, products with turnover frequencies of over 12 months were written down by between 25% and 100%.

The cost of materials recorded in the profit and loss account breaks down as follows:

	31.12.2004 € 1000's	31.12.2003 € 1000's
Cost of materials	196,785.0	162,450.2
Cost of purchased services	45,355.7	29,657.3
	<b>242,140.7</b>	<b>192,107.5</b>

NOTE 11:  
Receivables and other assets

2004	Total € 1000's	of which short-term € 1000's	of which long-term € 1000's
Trade receivables	80,678.2	80,550.8	127.4
Receivables from long-term orders	43,617.7	39,315.1	4,302.6
Receivables from companies in which a participation is held	319.9	319.9	0.0
Other receivables and assets	23,402.8	21,415.1	1,987.7
<b>Total</b>	<b>148,018.6</b>	<b>141,600.9</b>	<b>6,417.7</b>

2003	Total € 1000's	of which short-term € 1000's	of which long-term € 1000's
Trade receivables	81,737.0	81,737.0	0.0
Receivables from long-term orders	42,534.8	42,211.9	322.9
Receivables from companies in which a participation is held	364.4	348.4	16.0
Other receivables and assets	15,721.6	15,018.1	703.5
<b>Total</b>	<b>140,357.8</b>	<b>139,315.4</b>	<b>1,042.4</b>

The receivables and other assets are reduced by necessary individual value adjustments of T€ 3,147.6 (previous year: T€ 3,022.2) and general value adjustments of T€ 769.1 (previous year: T€ 601.7). Receivables from companies in which a participation is held relate mainly to subsidiaries of Christ Pharma & Life Science, Switzerland.

#### NOTE 12: Long-term orders

In keeping with IAS 11 (revised 1993), all those long-term orders for which it is possible to reliably evaluate the degree of completion, total costs and total revenues, earnings were realised according to the degree of progress of the work (percentage-of-completion method). Thus, when applying the percentage-of-completion method, earnings are realised at a point in time at which there is not yet any legally enforceable claim to payment. BWT Group evaluates the degree of completion in relation to the costs incurred as a proportion to estimated total costs (cost-to-cost method).

Details on long-term orders	2004 € 1000's	2003 € 1000's
Revenue in financial year	73,970.9	7,197.5
Costs incurred to 31.12.	88,346.8	56,720.6
Realised profits to 31.12.	19,623.7	11,265.4
Realised losses to 31.12.	4,705.8	595.4
Prepayments	830.5	969.0

Prepayments of T€ 59,647.0 (previous year: T€ 24,855.8) are offset – as far as is permitted – against receivables from long-term orders.

#### NOTE 13: Other receivables

The other receivables mainly include claims for tax refunds as well as an interest bearing loan of € 10 million, which was lent to a company constructing a semiconductor plant. This loan is expected to be taken over by a financial institution shortly.

The position "Other receivables and assets" relates to revenue of insignificant amount which becomes payable after the balance sheet date. As of the balance sheet date, no securitisation in the form of bills of exchange existed for the receivables.

#### NOTE 14: Liquid funds

	31.12.2004 € 1000's	31.12.2003 € 1000's
Bank balances	20,740.9	15,627.2
Cash in hand	231.3	261.3
Securities (held for trading)	10.3	439.2
Total	20,982.5	16,327.7
<b>Liquidity (net) for purposes of the cash flow statement</b>	<b>20,982.5</b>	<b>16,327.7</b>

**NOTE 15: Deferred taxes**

Deferred taxes result from time-limited differences in valuation and accounting for purposes of IFRS financial statements, and their respective underlying valuation in the taxation accounts, and are as follows:

	31.12.2004 € 1000's	31.12.2003 € 1000's
Amounts for tax accruals:		
Consolidation bookings	821.4	1,214.1
Social capital reserves	2,052.0	901.1
Deferred taxes arising from tax loss carry forward	8,476.1	5,878.4
Other	2,345.3	3,063.7
<b>Deferred taxes</b>	<b>13,694.8</b>	<b>11,057.3</b>
Amounts for deferred tax liabilities:		
Fixed assets	2,496.9	3,144.1
Other	2,418.7	2,320.3
<b>Deferred tax liabilities</b>	<b>4,915.6</b>	<b>5,464.4</b>
<b>Deferred taxes</b>	<b>8,779.2</b>	<b>5,592.9</b>

The majority of losses carried forward in subsidiaries can be carried forward without time limit, and used for purposes of the reduction of the future taxable income of the company and its consolidated subsidiaries.

In keeping with IAS 12, deferred taxes payable on existing losses carried forward of T€ 8,476.1 were capitalised, as these can be netted against future taxable profits. Deferred tax on losses carried forward was capitalised in the probable amount which can be netted against taxable profits in the foreseeable future. For the purposes of Austrian, German and Danish tax laws, there is no time limitation regarding the use of loss carry forward, in Switzerland use is limited to 7 years. In other countries the use of loss carry forward does not exist.

Under "Other", deferred tax liabilities essentially contain early realisation of profits within the framework of contract production in accordance with the percentage-of-completion method and financing leases.

In the course of first-time consolidation, latent taxes were booked to reserves.

Tax expenses break down as follows:

	2004 € 1000's	2003 € 1000's
Corporation tax for the business year (actual amount)	8,836.4	7,409.4
Late payments of corporation tax relating to prior years	-71.9	-283.1
Changes in deferred taxes	-3,186.3	-3,631.0
	<b>5,578.2</b>	<b>3,495.3</b>

## NOTE 16: Equity

The composition and development of equity in the balance sheet is documented in the equity schedule.

The share capital consists of 17,833,500 shares each of which represents an equal participation in the issued equity of the company.

The major shareholders of BWT Group are YSRO Holding B.V. (31.6%) and the BWT Trust (18.9%). The free float of 49.5% is held by Austrian and international investors. BWT shares are quoted on the Prime Market of the Vienna stock exchange and bear the international security identification number AT0000737705. In the US, BWT shares are traded on the OTC market via an ADR Level 1 Program sponsored by the Bank of New York.

On the basis of the BWT AG articles of association, the Executive Board is authorised up to June 25, 2007 to increase the equity capital of the company by up to € 8,916,500 to € 26,750,000 by issuing new shares.

The tied capital reserve results from the share premium achieved on the occasion of the capital increase in 1994.

If losses relating to subsidiaries incurred by a consolidated subsidiary exceeds the share in the equity represented by this subsidiary, the excess and any further loss relating to the subsidiary is netted off against Group losses relating to subsidiaries.

## NOTE 17: Reserves for social capital

Calculation of social capital reserves (provisions for pensions, severance payments) is carried out in keeping with the rules of IAS 19 (revised 2000).

### Pension provisions

At BWT AG, Mondsee, as well as international subsidiaries (German, French, Italian, Swedish and Dutch) there are direct pension obligations for certain employees as a result of individual agreements. The reduction in the interest rate used for the calculations from 6% in previous years to 5% for the 2004 calculations has resulted in an actuarial loss of T€ 1,787, which the company will allocate over employees' expected, average remaining period of active service using the corridor method that was first applied in 2004 pursuant to IAS 19.

The following parameters were used for purposes of the calculation using the projected-unit-credit method:

Biometric calculation bases	
Actuarial discount rate	4.5% – 5.0%
Wage/salary trend	1.0% – 2.0%
Pension trend	1.0% – 2.0%
Average fluctuation	none

	2004 € 1000's	2003 € 1000's
Present value of pension obligations as of January 1	17,926.5	17,019.5
Changes in the scope of consolidation	0.0	330.7
Expenses arising from time in service	171.5	108.8
Interest expenses	916.5	929.0
Pension payments	-893.6	-856.0
Actuarial profits/losses	67.8	394.5
<b>Present value of pension obligations as of Dec. 31</b>	<b>18,188.7</b>	<b>17,926.5</b>

### Provisions for severance payments

As a result of legal obligations, employees of the Austrian Group companies receive a one-off payment in the case of their being made redundant or their retirement. The size of such payments is dependent upon the number of years of service with the company and the circumstances under which the severance payment becomes due. The following parameters were used for purposes of the calculation using the projected-unit-credit method:

Biometric calculation bases	
Actuarial discount rate	4.5%
Wage/salary trend	2.0%
Pension trend	2.0%
Average fluctuation (dependent upon the number of years in service with the company)	0 – 12%

	2004 € 1000's	2003 € 1000's
Present value of severance payment obligations as of January 1	5,248.4	4,539.6
Changes to the scope of consolidation	14.8	755.8
Expenses arising from time in service	283.1	307.8
Interest expenses	148.8	146.4
Severance payments	-108.7	-18.0
Actuarial profits/losses	1,168.8	-483.2
<b>Present value of severances obligations as of December 31</b>	<b>6,755.2</b>	<b>5,248.4</b>

### Provision for anniversary payments

Anniversary bonuses were calculated for the employees of certain Austrian Group companies. The following parameters were used for purposes of the calculation using the projected-unit-credit method:

Biometric calculation bases	
Actuarial discount rate	4.5%
Wage/salary trend	2.0%
Pension trend	2.0%
Average fluctuation (dependent upon the number of years in service with the company)	0 – 12%

	2004 € 1000's	2003 € 1000's
Present value of anniversary bonuses payable as of January 1	340.3	254.1
Changes to the scope of consolidation	0.0	0.0
Expenses arising from time in service	23.4	20.4
Interest expenses	13.5	11.7
Anniversary payments	-9.2	-9.1
Actuarial profits/losses	-5.4	63.2
<b>Present value of anniversary bonuses payable as of December 31</b>	<b>362.6</b>	<b>340.3</b>

#### NOTE 18: Other provisions

The development of the other provisions which were valued in line with IAS 37 is detailed in the following overview:

Other provisions	1.1. 2004	Change in scope of consolidation	Currency difference	Deployment	Write-back	Allocation	31.12. 2004	of which long-term
	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's
Unpaid bills	17,040.7	75.0	9.8	12,494.5	165.5	11,116.0	15,581.5	0.0
Personnel expenses	10,121.7	24.9	17.9	5,652.6	316.7	6,609.9	10,805.1	740.2
Guarantees	4,107.1	0.0	6.7	1,716.0	83.5	3,366.6	5,680.9	2,051.4
Other	3,832.2	317.1	21.0	2,277.2	703.6	2,907.9	4,097.4	0.0
	<b>35,101.7</b>	<b>417.0</b>	<b>55.4</b>	<b>22,140.3</b>	<b>1,269.3</b>	<b>24,000.4</b>	<b>36,164.9</b>	<b>2,791.6</b>

The provision for personnel expenses contains unconsumed vacation, bonus payments and commissions.

The provisions for guarantees relate to the costs of expected claims on products during the guarantee period. The provisioned amount is the present value of the best estimate made on the basis of experience.

#### NOTE 19: Bonds

In November 1999, a € 17 million bond divided into 17,000 equal-ranking bearer bonds each with a nominal value of € 1,000.- was issued. Based on their issuance date 17 November 1999, the bonds bear an annual interest rate of 6.875% until their maturity date. By means of an interest rate swap, the interest rate is currently reduced to 2.5% (see note 25 Derivative financial instruments). Interest is payable annually in arrears on November 17. The bonds will mature on November 17, 2009. The bonds are traded in the "Freiverkehr" tier of the Frankfurt stock exchange (security identification number 353.770).

## NOTE 20: Liabilities

2004	Total	of which with a remaining term <1 year	of which with a remaining between 1-5 years	of which with a remaining term of >5 years	of which with a remaining term of >1 year secured with properties € 1000's
	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's
Bonds	17,000.0	0.0	17,000.0	0.0	0.0
Bank loans and overdrafts	78,726.1	55,102.8	22,729.5	893.8	9,184.9
Trade payables	35,181.7	35,181.7	0.0	0.0	0.0
Customer advances	7,178.2	7,178.2	0.0	0.0	0.0
Drafts and notes payable	4,657.6	4,657.6	0.0	0.0	0.0
Payables to companies in which a participation is held	341.0	104.4	236.6	0.0	0.0
Other liabilities	22,308.1	21,052.5	1,205.2	50.4	0.0
Total other liabilities	34,484.9	32,992.7	1,441.8	50.4	0.0
	<b>165,392.7</b>	<b>123,277.2</b>	<b>41,171.3</b>	<b>944.2</b>	<b>9,184.9</b>

2003	Total	of which with a remaining term <1 year	of which with a remaining between 1-5 years	of which with a remaining term of >5 years	of which with a remaining term of >1 year secured with properties € 1000's
	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's
Bonds	17,000.0	0.0	0.0	17,000.0	0.0
Bank loans and overdrafts	77,606.5	49,970.7	26,456.6	1,179.2	7,106.7
Trade payables	34,413.8	34,413.8	0.0	0.0	0.0
Customer advances	1,757.6	1,757.6	0.0	0.0	0.0
Drafts and notes payable	4,412.8	4,412.8	0.0	0.0	0.0
Payables to companies in which a participation is held	223.1	223.1	0.0	0.0	0.0
Other liabilities	21,235.2	19,860.7	1,374.5	0.0	0.0
Total other liabilities	27,628.7	26,254.2	1,374.5	0.0	0.0
	<b>156,649.0</b>	<b>110,638.7</b>	<b>27,831.1</b>	<b>18,179.2</b>	<b>7,106.7</b>

The other liabilities include other tax liabilities of T€ 7,285.1 (previous year: T€ 6,728.6) and other liabilities for social security of T€ 3,047.3 (previous year: T€ 2,953.0).

The securities on properties referred to above are mainly liens.

Other liabilities contain expenses of T€ 74.6 (previous year: T€ 144.8) which fall due after the balance sheet date.

#### NOTE 21: Deferred income

Deferred income relates mainly to deferred revenues.

#### NOTE 22: Other liabilities and uncertain liabilities

#### Rental agreements

BWT Group has concluded operational rental and leasing contracts with a number of contract partners which mainly relate to the use of cars. The minimum payments payable under these contracts are as follows:

	€ 1000's
2005	9,675.9
2006 – 2009	11,681.4
Thereafter	1,157.0

The total rental and leasing expenses during the business year amounted to T€ 8,044.0 (previous year: T€ 7,083.8).

#### Sureties and guarantees

The company has assumed the following sureties and guaranties:

	31.12.2004	31.12.2003
Sureties and bank guarantees	37,732.7	37,924.2
Liabilities arising from bills of exchange	64.6	1,312.5
Others	232.3	169.0
	38,029.6	39,405.7

There are no financial liabilities over and above those detailed.

#### Outstanding legal disputes

There are some legal disputes typical for the industry. To the extent the legal proceedings are in a stage at which the outcome can be predicted with a reasonable degree of certainty, a corresponding provision in keeping with IAS 37 was established. Management expects that as a result of the other disputes, no significant impact on the asset, finance or earnings position of BWT Group is to be expected.

## Notes to the Cash flow statement

The cash flow statement shows how funds of the Group have changed during the reporting year as a result of cash inflows or outflows. The effects of company purchases were eliminated and are detailed in the position "Changes in cash due to changes in the scope of consolidation". Within the cash flow statement, there is a distinction between operating, investment and financing activities. Liquidity recorded in the cash flow statement includes cash, checks, cash at banks and securities (held for trading).

### NOTE 23: Cash flow from operating activities

The cash flow from operating activities shows the cash flows arising from delivery and service relationships rendered and received during the financial year. The cash flow from operating activities of T€ 33,743.4 (previous year T€ 28,733.5) includes changes in current assets.

Other information:	31.12.2004 € 1000's	31.12.2003 € 1000's
Interest inflows	397.3	359.9
Interest outflows	3,016.1	3,043.9
Tax payments	6,070.9	5,394.1

### NOTE 24: Cash flow from investment activities

Purchases of tangible assets and financial assets resulted in outflows of T€ 10,673.5 (previous year T€ 6,457.0).

For the acquisition of companies, there were outflows of T€ 4,913.2 (previous year: T€ 2,082.0). The material new participations in the reporting period related to a 100% participation in the Belgian Benchem n.v, a 74% participation in the Irish Waterman Ltd. and a 100% participation in the South African Aqua Engineering. With Neher GmbH and CPED S.A.S. the remaining shares were acquired from the minority shareholders. For Christ Taiwan the participation was increased from 49% to 75%.

in € 1000's	Waterman	Remaining initial acquisition	Successive acquisition	Total
Tangible assets	150.4	5,857.3		6,007.7
Inventories	170.0	185.4		355.4
Trade receivables	1,226.8	483.6		1,710.4
Liquid funds	281.1	444.0		725.1
Other assets	0.0	661.6		661.6
Share capital	-1,144.1	-1,137.3		-2,281.4
Accruals	-2.6	-115.9		-118.5
Liabilities	-681.6	-6,365.7		-7,047.3
Other liabilities	0.0	-13.0		-13.0
Acquired share in share capital	846.6	1,137.3	887.9	2,871.8
Goodwill				2,766.6
Purchase price				5,638.3
Liquid funds				-725.1
Cash flow for the acquisition minus acquired liquid funds				4,913.2

### NOTE 25: Financial instruments

#### Primary financial instruments

A distinction is made between primary and derivative financial instruments.

The portfolio of primary financial instruments is documented in the balance sheet. On the asset side, the amounts posted also include the maximum risk of default of capital or interest payments as there are no general agreements on repayments in these cases. The risk regarding trade receivables is regarded as low as the creditworthiness of new and existing customers is continually monitored and no more than 5% of total receivables are outstanding from any one customer.

## Primary financial instruments

The credit risk arising from the investments of cash and securities is limited as these are held almost exclusively by Austrian companies, and the BWT Group only works with financial partners who have a good credit rating.

Due to the decentralised European group structure of BWT Group, loan financing for the purposes of short-term assets are made in the respective currency of the local company. Therefore, currency risks are limited since the expenses arising from such financing are also invoiced in the respective local currency. However, risks from financing transactions arise at the parent company in Swiss Francs.

2004	Book value € 1000's	Market value € 1000's	Effective interest rate in %
Fixed interest bearing securities, Other	521.8	521.8	7.42
Shares in investment funds	1,283.2	1,357.2	3.31
Others	404.8	404.8	0.00
<b>Total</b>	<b>2,209.8</b>	<b>2,283.8</b>	

2003	Book value € 1000's	Market value € 1000's	Effective interest rate in %
Fixed interest bearing securities, Other	397.3	397.3	10.69
Shares in investment funds	1,357.4	1,368.7	4.52
Others	31.1	31.1	0.00
<b>Total</b>	<b>1,785.8</b>	<b>1,797.1</b>	

## Interest-bearing financial liabilities

Financial obligations to non-banks

Type	Local currency	Nominal in local currency 1000's	Book value € 1000's	Effective interest rate in %
Bond	EUR	17,000	17,000	2.50
<b>Total</b>			<b>17,000</b>	

Fixed-interest financial liabilities to banks

Type	Local currency	Nominal in local currency 1000's	Book value € 1000's	Effective interest rate in %
Loan	EUR	13,819	13,819	3.72
	CHF	8,000	5,178	3.95
	HUF	12,323	50	10.00
<b>Total</b>			<b>19,047</b>	
Advances	EUR	14,900	14,900	2.65
	CHF	13,516	8,769	1.25
<b>Total</b>			<b>23,669</b>	
<b>Total</b>			<b>42,716</b>	

## Variable-interest financial liabilities to banks

Type	Local currency	Nominal in local currency 1000's	Book value € 1000's	Effective interest rate in %
Loans	EUR	10,466	10,466	2.96
	CHF	9,263	6,000	1.21
	GBP	2,975	4,214	5.66
	CZK	14,935	494	3.33
	<b>Total</b>			<b>21,174</b>
Advances	EUR	5,723	5,723	3.23
	CHF	4,500	2,913	1.70
	<b>Total</b>			<b>8,636</b>
Current account	EUR	2,635	2,635	4.80
	CHF	1,400	906	7.04
	CZK	186	6	3.50
	DKK	276	37	3.02
	GBP	1,193	1,690	5.75
	HUF	33,103	135	10.84
	NOK	1,434	174	2.86
	PLN	2,506	617	7.67
	<b>Total</b>			<b>6,200</b>
<b>Total</b>			<b>36,010</b>	

## Financial derivatives

For purposes of containing the risk of changing interest rates, the parent company has entered into the following interest rate swap contracts (fair value hedge):

	31.12.2004		31.12.2003	
	Nominal amount € 1000's	Market value € 1000's	Nominal amount € 1000's	Market value € 1000's
Interest rate swap 1999 – 2004			17,000	-160.7
Interest rate swap 2002 – 2005	17,000	-134.4	17,000	-7.5
Interest rate swap 1999 – 2009	17,000	2,076.1	17,000	1,793.7
Interest rate swap 1999 – 2009	17,000	422.6	17,000	448.1
Interest rate swap 2004 – 2008	3,000	-16.5		
Cap EUR 2004 – 2006	5,000	14.9		

In order to hedge currency risks, the following currency futures contracts and currency option contracts were entered into by BWT Group:

	Currency	31.12.2004		31.12.2003	
		Nominal amount € 1000's	Market value € 1000's	Nominal amount € 1000's	Market value € 1000's
Purchase of USD futures against EUR	TUSD			433.6	1.3
Sale of USD futures against CHF	TUSD			3,500.0	85.3
Purchase of EUR futures against USD	TUSD			1,000.0	-35.5
Sale of EUR futures against CAD	TCAD			580.8	-2.8
Sale of EUR futures against GBP	TEUR	750.0	15.6	2,750.0	31.4
Sale of GBP futures against EUR	TGBP	408.1	29.4		
Purchase of GBP futures against EUR	TGBP	408.1	-5.9		
Purchase of GBP futures against USD	TGBP	408.1	-32.9		
Sale of GBP futures against USD	TGBP	408.1	47.2		

	Currency	Nominal value	31.12.2004 Market value in € 1000's	Nominal value	31.12.2003 Market value in € 1000's
Sale Call	TUSD	14,000.0	-58.2	0.0	0.0
Purchase Put	TUSD	6,000.0	97.2	0.0	0.0
Sale Put	TUSD	1,200.0	-45.1	0.0	0.0
Sale Call	TCHF	7,525.0	62.6	0.0	0.0

The valuations require to rely on assumptions of future market developments as well as on the use of valuation models on a regular basis, as a result of which different assumptions and/or models can lead to differing results.

#### NOTE 26: Other information

##### Material events after the balance sheet date

Events occurring after the balance sheet date which are of material importance for the valuation on the balance sheet date and to be accounted for or published in accordance with IAS 10 (events after the balance sheet date, revised 2003) are either taken account of in these consolidated financial statements or unknown.

##### Information on transactions with associated companies

There are consultancy agreements of immaterial scope with two members of the Supervisory Board; the contractual terms are made on an arms-length basis.

##### Information on corporate bodies

The total remuneration of the members of the BWT Management Board totaled T€ 683.1 (previous year: T€ 778.3) during the financial year. No payments were made to former members of the Management Board or their descendants. The members of the Supervisory Board only received expense reimbursements for the activities during the 2004 financial year. There are no loans or credit guarantees to members of the Management or Supervisory Boards.

During the 2004 financial year, the members of the Management Board were:

Andreas Weissenbacher (Chairman)  
Gerhard Speigner  
Karl Michael Millauer

During the 2004 financial year, the members of the Supervisory Board were:

Leopold Bednar (Chairman)  
Wolfgang Hochsteger (Deputy Chairman)  
Ekkehard Reicher  
Gerda Egger  
Klaus Reinhard Kastner  
Serge Schmitt

## Earnings per share

The undiluted earnings per share are calculated by dividing Group profit by the weighted number of outstanding ordinary shares during the year.

	2004	2003
Group profit in € 1000's	16,843.1	7,683.8
Weighted number of outstanding shares	17,833,500	17,833,500
Earnings per share in €	0.94	0.43

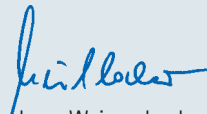
## Proposal for profit distribution

According to the stipulations of the Austrian Stock Law, the annual financial statements for BWT AG as at 31 December 2004, which have been prepared according to Austrian accounting regulations, provide the basis for the payment of the dividend. The profit as of the balance sheet date 31 December 2004 is € 46,947,132.13.

The Management Board proposes the following profit distribution to the Annual General Meeting on 20 May 2005:

- a) that a dividend of € 0.18 per share and a bonus of € 0.09, in total € 4,815,045 be distributed for the 17,833,500 shares (ISIN AT0000737705),
- b) that the remaining € 42,132,087.13 be carried forward to the new financial year.

Mondsee, 28 February 2005



Andreas Weissenbacher  
Chief Executive Officer



Gerard Speigner  
Chief Financial Officer



Karl Michael Millauer  
Chief Operating Officer

## Overview of the material participations (Appendix V.1.)

As of December 31, 2004, the scope of consolidation comprises the following companies:

Abbreviation	Company, location	Total in %	Indirectly in %	via	Consolidation
BWT	BWT Aktiengesellschaft Mondsee				
AS	Aqua Service GmbH, Mondsee	100,000%			F
IQ	IQ Corporation GmbH, Vienna	100,000%			F
BWTUSA	BWT USA Inc., Carlsbad / California	100,000%	100,000%	IQ	F
BWTM	BWT Malta Holdings Ltd., Valetta	100,000%	100,000%	IQ	F
BWTITC	BWT International Trading Ltd, Valetta	100,000%	100,000%	BWTM	F
APS	Arcana Pool Systems GmbH, Vienna	100,000%			F
NEHER	Neher Bad & Wellness Systeme GmbH, Villach	100,000%			F
BWTGSTV	BWT Grundstücksverwaltungs GmbH, Schriesheim	100,000%			F
BWTD	BWT Wassertechnik GmbH, Schriesheim	100,000%	100,000%	BWTGSTV	F
BWTB	BWT Belgium nv/sa, Zaventem	100,000%	100,000%	BWTD	F
BENCH	Benchem NV, Boortmeerbeek	100,000%	100,000%	BWTB	F
FUMA	FuMA-Tech GmbH, St. Ingbert	100,000%	100,000%	BWTD	F
FUMAUS	Fumatech Inc., San Antonio	100,000%	100,000%	FUMA	F
CILVW	Cillit Wassertechnik Verwaltungs GmbH, Schriesheim	100,000%			F
BWTF	BWT France S.A.S., Paris	100,000%			F
CPED	C.P.E.D. S.A.S., Paris	100,000%	100,000%	BWTF	F
CPS	C.P.S. S.A.S., Paris	100,000%	100,000%	CPED	F
CAET	Christ Aqua Ecolife AG, Aesch	100,000%			F
CCI	Cillichemie Italiana S.R.L., Mailand	100,000%			F
CILSP	Cilit S.A., Barcelona	100,000%	100,000%	CCI	F
BWTP	BWT Polska Sp.z.o.o., Warschau	100,000%			F
BWTCHRH	BWT & CHRIST Hungaria Kft, Budapest	88,790%			F
BWTCR	BWT Ceska Republika s.r.o., Prag	100,000%			F
HOHDK	HOH Water Technology A/S, Greve	100,000%			F
HOHDEL	HOH Dansk Elektrolyse A/S, Albertslund	100,000%	100,000%	HOHDK	F
HOHVAT	HOH Vattenteknik AB, Malmö	100,000%	100,000%	HOHDK	F
HOHBC	HOH Birger Christensen AS, Rud	100,000%	100,000%	HOHDK	F
HOHSEP	HOH Separtec OY, Raisio	100,000%	100,000%	HOHDK	F
CWTAG	Christ Water Technology AG, Mondsee	100,000%			F
HTBA	Hinke Tankbau GmbH, Vöcklamarkt	100,000%	100,000%	CWTAG	F
HTBH	Hinke Hungaria Kft, Tamasi	100,000%	100,000%	HTBA	F
AE	Aqua Engineering GmbH, Mondsee	100,000%	100,000%	CWTAG	F
AEH	Aqua Mernoekiroda Kft., Budapest	100,000%	100,000%	AE	F
AESA	Aqua Engineering Südafrika	100,000%	100,000%	AE	F
CPHLS	Christ Pharma & Life Science AG, Aesch	100,000%	100,000%	CWTAG	F
CWD	Christ Pharma & Life Science GmbH, Vaihingen	100,000%	100,000%	CPHLS	F
CWN	Christ Nordic A.B., Malmö	100,000%	100,000%	CPHLS	F
CWMAN	Christ Waterman, Dublin	74,000%	74,000%	CPHLS	F
CUPW	Christ Ultrapure Water AG, Aesch	100,000%	100,000%	CWTAG	F
GOEMA	GOEMA GmbH, Vaihingen	100,000%	100,000%	CUPW	F
CWF	Christ France S.A.S., Paris	100,000%	100,000%	CUPW	F
CWNL	Christ Holland B.V., Zoeterwoude	100,000%	100,000%	CUPW	F
CWSI	Christ Water Singapore Pte. Ltd., Singapur	100,000%	100,000%	CUPW	F
TEPRO	Tepro Project Engineering GmbH, Graz	100,000%	100,000%	CUPW	F
KWS	CHRIST-Kennicott Water Techn. Ltd., Wolverhampton	100,000%	100,000%	CUPW	F
CWSH	Christ Water Technology Ltd., Shanghai	98,000%	98,000%	CUPW	F
CWTAI	Christ Water Technology Taiwan Co., Taiwan	75,000%	75,000%	CUPW	F
STAI	Stabile Holding GmbH, Kissing	91,530%	91,530%	CWTAG	F
VDMD	van der Molen GmbH, Kissing	91,530%	91,530%	STAI	F
VDMSA	van der Molen (South Africa) Ltd., Johannesburg	91,530%	91,530%	STAI	F
VDMSI	van der Molen (Asia) Ltd., Singapur	91,530%	91,530%	STAI	F
VDMBRA	van der Molen do Brasil Ltda., Rio de Janeiro	91,530%	82,377%	STAI	F
			9,153%	VDMD	F
VDMNLPR	van der Molen Production B.V., Wormerveer, NL	91,530%	91,530%	STAI	F

F = Full consolidation

## Development of fixed assets (Appendix V.2.)

	Acquisition/production cost					
	01.01.2004	Currency difference and reclassification	Initial consoli- dation	Additions	Disposals	31.12.2004
<b>Intangible assets</b>	<b>82,377.6</b>	<b>37.9</b>	<b>1,198.8</b>	<b>6,374.6</b>	<b>1,388.0</b>	<b>88,601.0</b>
Concession. rights. licenses	11,261.9	1,882.4		1,226.3	116.2	14,254.4
Goodwill from consolidation	60,006.5	-1,176.8	1,198.8	1,567.7		61,596.3
Negative goodwill from consolidation	-346.5					-346.5
Other intangible assets	11,455.7	-667.7		3,580.6	1,271.8	13,096.8
<b>Tangible assets</b>	<b>143,101.3</b>	<b>983.7</b>	<b>6,682.1</b>	<b>5,676.9</b>	<b>3,336.7</b>	<b>153,107.4</b>
Land and buildings	77,165.7	763.8	5,955.9	785.9	181.8	84,489.5
Lands	17,079.2	166.0	1,596.8	15.2		18,857.1
Buildings	60,086.5	597.9	4,359.1	770.7	181.8	65,632.4
Technical equipment and machinery	24,024.2	325.1	415.2	1,075.3	93.0	25,746.9
Factory and office equipment	41,542.2	-113.9	311.1	2,932.4	2,491.7	42,180.1
Prepayments and construction in progress	369.2	8.7		427.9	114.9	690.9
Low-value assets				455.4	455.4	
<b>Financial assets</b>	<b>6,950.7</b>	<b>440.3</b>	<b>2.7</b>	<b>349.1</b>	<b>306.4</b>	<b>7,436.3</b>
Participating interests	4,889.9	2.3		323.3	268.2	4,947.3
Loans	131.8	1.4			0.2	133.0
Other financial assets	1,929.0	436.5	2.7	25.8	38.0	2,356.0
<b>TOTAL</b>	<b>232,429.6</b>	<b>1,462.0</b>	<b>7,883.7</b>	<b>12,400.6</b>	<b>5,031.1</b>	<b>249,144.6</b>

01.01.2004	Currency difference and reclassification	Depreciation			Book value		
		Initial consolidation	Additions	Disposals	31.12.2004	31.12.2004	31.12.2003
<b>27,438.1</b>	<b>-71.5</b>		<b>5,494.8</b>	<b>739.9</b>	<b>32,121.4</b>	<b>56,479.6</b>	<b>54,939.5</b>
8,010.2	304.3		1,305.7		9,620.2	4,634.2	3,251.7
15,361.2	-26.8		2,957.3		18,291.7	43,304.6	44,645.2
-346.5					-346.5		
4,413.1	-349.0		1,231.8	739.9	4,556.0	8,540.9	7,042.6
<b>74,100.5</b>	<b>-6.1</b>	<b>648.5</b>	<b>7,675.5</b>	<b>2,920.4</b>	<b>79,498.1</b>	<b>73,609.3</b>	<b>69,000.8</b>
22,842.1	114.1	180.1	2,130.0	109.4	25,157.0	59,332.5	54,323.6
28.5			9.5		38.0	18,819.1	17,050.8
22,813.6	114.1	180.1	2,120.5	109.4	25,119.0	40,513.4	37,272.8
18,683.3	247.2	255.9	1,449.4	100.5	20,535.2	5,211.7	5,341.0
32,575.2	-367.4	212.5	3,640.7	2,255.2	33,805.8	8,374.2	8,967.0
						690.9	369.2
			455.4	455.4			
<b>289.7</b>	<b>1.0</b>	<b>2.8</b>	<b>3.2</b>	<b>4.0</b>	<b>292.7</b>	<b>7,143.6</b>	<b>6,660.9</b>
41.9					41.9	4,905.4	4,848.0
104.7					104.7	28.3	27.1
143.2	1.0	2.8	3.2	4.0	146.2	2,209.9	1,785.8
<b>101,828.3</b>	<b>-76.6</b>	<b>651.3</b>	<b>13,173.4</b>	<b>3,664.3</b>	<b>111,912.1</b>	<b>137,232.5</b>	<b>130,601.2</b>

## Auditors' report

We examined the consolidated financial statements as at December 31, 2004 and December 31, 2003 prepared by BWT AG, consisting of the consolidated balance sheet as at December 31, 2004, the consolidated profit and loss account, the consolidated cash flow statement, the equity schedule and the notes for the financial year from January 1, 2004 to December 31, 2004 and for the financial year from January 1, 2003 to December 31, 2003. The preparation and contents of the consolidated financial statements are the responsibility of the management. Our responsibility is, based on our audit, to express an opinion on the consolidated financial statements. Some of the individual companies included in the consolidated financial statements were audited by other auditors. Where these subsidiaries are concerned, our report is based solely on their audit opinions.

We conducted our audit in accordance with the International Accounting Standards (IAS) prepared by the International Federation of Accountants (IFAC). These standards call for the planning and carrying out of the Group audit to obtain reasonable assurance about whether financial statements are free of material misstatements. The audit uses random checks to evaluate the correctness of values and information provided in the consolidated financial statements. The audit also involves the examination of the accounting and valuation methods used, material estimates made by the management and an opinion on the overall content of the consolidated financial statements. It is our opinion that our examination forms a reasonable basis for our opinion.

It is our opinion that the consolidated financial statements present a true and fair view of the net worth and the financial and the earnings position of the company as at December 31, 2004 and as at December 31, 2003 as well as the earnings and cash flows during the financial year January 1, 2004 to December 31, 2004 and the financial year January 1, 2003 to December 31, 2003 in line with International Financial Reporting Standards (IFRS) (previously International Accounting Standards).

Austrian commercial law states that the Group management report and the existence of the legal basis for an exemption from the preparation of consolidated financial statements according to Austrian law (para. 245a Austrian commercial code) is to be verified.

We confirm that the Group management report 2004 is in line with the consolidated financial statements, and that the legal requirements for the exemption from the obligation to prepare consolidated financial statements according to Austrian law are being met.

Salzburg, March 8, 2005

Deloitte Salzburg Wirtschaftsprüfungs GmbH  
Auditors



Brigitte Mittendorfer  
(Auditor and tax consultant)



Claudia Fritscher-Notthaft  
(Auditor and tax consultant)

## Report of the Supervisory Board

During the 2004 financial year, the Supervisory Board has met its legal and statutory obligation and was continuously being informed of the position and development of the company through verbal and written reports by the Management Board.

The annual financial statements including the notes to the annual financial statements of BWT Aktiengesellschaft as at December 31, 2004 and the consolidated financial statements were examined by the auditors appointed at the 14<sup>th</sup> Annual General Meeting on May 28, 2004, "Deloitte Salzburg Wirtschaftsprüfungs GmbH".

The audit had the following result:

The accounting and the annual financial statements comply with the legal requirements. The financial statements present a true and fair view of the net worth and the financial and the earnings position of the company with due regard to generally accepted accounting principles. The management report is in agreement with the annual financial statements.

The consolidated financial statements in all their material aspects presents a true and fair view of the asset and financial position of the Group as at December 31, 2004 as well as the earnings and cash flows of the financial year beginning January 1, 2004 and ending December 31, 2004, in accordance with International Financial Reporting Standards (IFRS). The Group management report is in line with the consolidated financial statements.

The auditors have given their unqualified approval to the annual financial statements.

The Supervisory Board approved the annual financial statements of BWT Aktiengesellschaft and the consolidated financial statements as at December 31, 2004 prepared by the Management Board. They are hereby endorsed according to para. 125, sentence 3 of the Austrian joint stock corporation law. Furthermore, the Supervisory Board agrees with the Management Board proposal for the distribution of profits.

March 18, 2005



Leopold BEDNAR  
Chairman of the Supervisory Board

# BWT Group Locations

## Headquarters

A-5310 Mondsee, Walter-Simmer-Straße 4  
Tel. +43-6232-5011-0  
Fax +43-6232-4058  
E-Mail: office@bwt.at  
www.bwt-group.com, www.bwt.at

## BWT branch offices in Austria

A-5280 Braunau, Peter-Rosegger-Weg 12  
Phone +43-7722-63264-0, Fax DW 70  
E-Mail: office.braunau@bwt.at

A-6020 Innsbruck, Mitterweg 25  
Phone +43-512-282576, 287234  
Fax +43-512-287234-20  
E-Mail: office.innsbruck@bwt.at

A-9021 Klagenfurt  
Ausstellungsstraße, Messegelände  
Tel./Fax +43-463-504970

A-8501 Lieboch/Graz, Turmplatz 1  
Phone +43-3136-62022-0, Fax DW 6  
E-Mail: office.lieboch@bwt.at

A-1230 Wien, Basler Gasse 17  
Phone +43-1-698 98 98-0, Fax DW 11  
E-Mail: office.wien@bwt.at

## BWT locations in Austria

Aqua Engineering GmbH  
A-5310 Mondsee, Vogelsangstraße 3  
Phone +43-6232-7722-0, Fax DW 1710  
E-Mail: aqua@aquaco.at  
www.aqua-eng.com

Aqua Service GesmbH  
A-5310 Mondsee, Vogelsangstraße 3  
Phone +43-6232-5011-1400, Fax DW 1495  
E-Mail: office@aquaservice.at  
www.aquaservice.at

arcana pool systems gmbh  
A-1230 Wien, Basler Gasse 17  
Phone +43-1-505 28 81-0, Fax +43-1-505 45 23-19  
E-Mail: office@arcana.at  
www.arcanapoolsystems.com

Christ Water Technology AG  
A-5310 Mondsee, Walter-Simmer-Str. 4  
Phone +43-6232-5011-0, Fax +43-6232-4058  
E-Mail: office@bwt.at

Hinke Tankbau GmbH  
A-4870 Vöcklamarkt, Frankenburger Straße 2  
Phone +43-7682-3660, Fax +43-7682-3660-60  
E-Mail: office@hinke.com  
www.hinke.com

Neher Bad & Wellness Systems GmbH  
A-9523 Villach-Landskron, Emailwerkstr. 25  
Phone +43-4242-41671-0, Fax DW 6  
E-Mail: neher@neher.at  
www.neher.at

Tepro Project Engineering  
Wassertechnik GesmbH  
A-8501 Lieboch, Turmplatz 1  
Phone +43-3136-62188-212, Fax DW 6  
E-Mail: office@tepro.at  
www.tepro.at

## BWT locations world-wide

**BELGIUM**  
BWT Belgium  
B-1930 Zaventem, Leuvensesteenweg 633  
Phone +322-758 03 10, Fax +322-758 03 33  
E-Mail: bwt@bwt.be  
www.bwt.be

Benchem n.v.  
B-3190 Boortmeerbeek, Industrieweg 8  
Phone +321-660 77 71, Fax +321-660 75 55  
E-Mail: info@benchem.be  
www.benchem.be

**BRASIL**  
Van der Molen do Brasil Limitada  
Centro - Rio de Janeiro  
CEP 20031-141 RJ Brasil, Rua México 51 - 3 andar  
Phone +55-21-2524-4908, Fax +55-21-2220-7115  
E-Mail: vdm@van-der-molen.com.br

**DENMARK**  
Dansk Elektrolyse A/S  
DK-2620 Albertslund, Holsbjergvej 48  
Phone +45-43-64 14 00, Fax +45-43-62 44 20  
E-Mail: DanskElektrolyse@hoh.dk  
www.danskelektrolyse.dk

HOH Water Technology A/S  
DK-2670 Greve, Geminivej 24  
Phone +45-43-600 500, Fax +45-43-600 900  
E-Mail: hoh@hoh.dk  
www.hoh.dk

Safety Covers ApS  
DK-8963 Auning, Mortensensvej 26  
Phone +45-86 48 45 00, Fax +45-86 48 44 62  
E-Mail: safecov@get2net.dk  
www.safetycovers.dk

**GERMANY**  
BWT Wassertechnik GmbH  
D-69198 Schriesheim, Industriestraße 7  
Phone +49-6203-73-0, Fax DW 102  
E-Mail: bwt@bwt.de  
www.bwt.de

FuMA-Tech Gesellschaft für funktionelle  
Membranen und Anlagentechnologie mbH  
D-66386 St. Ingbert, Am Grubenstollen 11  
Phone +49-6894-9265-0, Fax DW 99  
E-Mail: office@fumatech.de  
D-71665 Vaihingen/Enz, Steinbeisstraße 41 - 43  
Phone +49-7042-97024-0, Fax DW 99  
E-Mail: skb@fumatech.de  
www.fumatech.de

Christ Pharma & Life Science GmbH  
D-71665 Vaihingen/Enz, Steinbeisstraße 41 - 43  
Phone +49-7042-910-0, Fax +49-7042-910 151  
E-Mail: info@christ-wasser.de  
www.christ-wasser.de

GOEMA GmbH  
D-71665 Vaihingen/Enz, Steinbeisstraße 41 - 43  
Phone +49-7042-910-0, Fax DW 144  
E-Mail: goema@goema.de  
www.goema.de

Van der Molen GmbH  
D-86438 Kissing, Industriestraße 34a  
Phone +49-8233-7927-0, Fax +49-8233-20847  
E-Mail: vdm@van-der-molen.com  
www.van-der-molen.com, www.van-der-molen.de

Van der Molen Vaihingen GmbH  
D-71665 Vaihingen/Enz, Steinbeisserstrasse 41 - 43  
Phone +49-7042-970 24 0, Fax +49-7042-970 24 99  
E-Mail: vdm@van-der-molen.com  
www.van-der-molen.de

**FINLAND**  
HOH Separtec OY  
Varppeenkatu 28, FIN-21200 Raisio  
Phone +358-2-4367 300, Fax +358-2-4367 311  
E-Mail: separtec@separtec.fi  
www.hohsepartec.fi

**FRANCE**  
BWT France  
F-93206 Saint-Denis Cedex  
103, rue Charles Michels  
Tel. +33-1-49 22 45 00, Fax +33-1-49 22 45 45  
E-Mail: bwt@bwt.fr  
www.permo.tm.fr, www.cillit.tm.fr

Permo  
F-93206 Saint-Denis Cedex  
103, rue Charles Michels  
Tel. +33-1-49 22 46 46, Fax +33-1-49 22 46 50  
E-Mail: bwt@bwt.fr  
www.permo.tm.fr, www.cillit.tm.fr

Cillit Direction Commerciale  
F-67013 Strasbourg Cedex  
15 a, Avenue de l'Europe  
B.P. 80045 - Schiltigheim  
Tel. +33-3-90 20 04 20, Fax +33-3-88 83 50 90  
E-Mail: francis.fischer@cillit.tm.fr  
www.cillit.tm.fr

CPED - Centre Pilote d'Eau Douce  
F-95805 Cergy Pontoise Cedex  
14, rue du Petit Albi - BP 38400  
Tel. +33-1-34 20 10 70, Fax +33-1-34 20 10 72  
E-Mail: leonard.perez@cped.fr  
www.cped.fr

CPS  
F-95805 Cergy Pontoise Cedex  
14, rue du Petit Albi - BP 38400  
Tel. +33-1-34 20 16 87, Fax +33-1-34 20 16 89  
leonard.perez@cped.fr

Christ France S.A.S.  
F-38920 Crolles Cedex  
914 Avenue Ambroise Croizat  
Tel. +33-476-92 03 20, Fax +33-476-92 03 21  
E-mail: contact@christ-france.fr

## GREAT BRITAIN

Christ-Kennicott Water Technology Ltd  
Kennicott House, Well Lane, Wednesfield  
Wolverhampton West Midlands,  
WV11 1XR, United Kingdom  
Tel. +44-1902-867310, Fax +44-1902-721333  
E-Mail: information@christwt.co.uk  
www.christwt.co.uk

## INDIA

Growel GOEMA (India) Ltd  
Akurli Road, Kandivli (East)  
Mumbai - 400 101, India  
Tel. +91-22-699 3000, Fax +91-22-699 3040  
E-Mail: hq@growel.com  
www.growel.com

Christ-Nishotech Water Systems Pvt. Ltd,  
107,Vardhman Complex,  
L.B.S. Marg, Vikhroli(W), Mumbai 400083, India.  
Tel. +91-22-5607 4090, Fax +91-22-5555 1797  
E-mail: info@christ-nishotech.com  
www.christ-nishotech.com

**IRELAND**

CHRIST-Waterman Ltd  
Unit 4 Adamstown Industrial Estate  
Newcastle Rd, Lucan, Co. Dublin, Ireland  
Phone +353-1-6240222, Fax +353-1-6240304  
E-Mail: wpl@waterman.ie  
www.christwater.com

**ITALY**

Cillichemie Italiana S.r.l.  
I-20129 Milano, Via Plinio, 59  
Phone +39-02-2046343, Fax +39-02-201058  
E-Mail: cillichemie@cibemi.it  
www.cillichemie.com

**MALEDIVES**

Malé Water & Sewerage  
Company Ltd.  
Ameenee Magu, Machchangolhi  
20-03 Malé, Republic of Maldives  
Phone +960-323-209, Fax +960-324-306

**MALTA**

BWT International Trading Ltd  
Plaza Commercial Centre  
Level 5 - Suite 2A  
Bisazza Street, Sliema SLM 15  
Malta  
Phone +356-213 20 222, Fax +356-213 20 223  
E-Mail: jp@bdomalta.com.mt

**THE NETHERLANDS**

Christ Holland B.V.  
NL-2382 NA Zoeterwoude, Energieweg 5  
Phone +31-71-589 92 18, Fax +31-71-589 74 29  
E-Mail: sales@christ.nl  
www.christ.nl

Van der Molen Production B.V.

Nijverheidsstraat 7  
NL-1521 Wormerveer Netherlands  
Phone +31-75-621 56 52, Fax +31-75-621 88 12  
E-Mail: molennl@xs4all.nl

**NORWAY**

HOH Birger Christensen AS  
Hauger Skolevei 20, Postboks 13  
N-1351 Rud  
Phone +47-67-17 70 00, Fax +47-67-17 70 01  
E-Mail: firmapost@hoh.no  
www.hoh.no

**POLAND**

BWT Polska sp. z o.o.  
PL 01-304 Warszawa, ul. Polczynska 116  
Phone +48-22-665 26 09, Fax +48-22-664 96 12  
E-Mail: bwt@bwt.pl  
www.bwt.pl

**PR CHINA**

Christ Water Technology (Shanghai) Co., Ltd  
SOHO Building 21, No. 115, Lane 572, Bipu Road  
Zhangjiang Hi-Tech Park, Pudong  
201203 Shanghai, PR China  
Phone +86-21-5080-4558  
Fax +86-21-5080-4578  
E-Mail: christ.sh@christ.com.cn

Aqua Engineering GmbH (Beijing)  
Kempinsky Office No. C608/A609  
No. 50 Liang Ma Qiao Road  
Lufthansa Center, Chaoyang District  
100016 Beijing, PR China  
Phone +86-10-8448-3654  
Fax +86-10-8448-3657  
E-Mail: office@aquabj.com.cn  
www.aqua.com.cn

Christ Austar Ltd  
Unit 6, 1/F, Block B, Neue Trade Plaza  
6 on Ping St. Shatin,  
Hong Kong, PR China  
Phone +852-2635-9880, Fax +852-2637-2499  
E-Mail: info@austar.com.hk  
www.austar.com.cn

**SWEDEN**

Christ Nordic AB  
SE-20039 Malmö, Jägershillgatan 18  
P.O. Box 9226  
Phone +46-40 31 54 40, Fax +46-40 31 54 49  
E-Mail: info@christ.se  
www.christ.se

HOH Vattenteknik AB

Box 9226, Jägershillgatan 18  
S-213 75 Malmö  
Phone +46-40-691 45 00, Fax +45-40-21 20 55  
E-Mail: info@vattenteknik.se  
www.vattenteknik.se

**SWITZERLAND**

Christ Pharma & Life Science AG  
Christ Ultrapure Water AG  
CH-4147 Aesch BL, Hauptstraße 192  
Phone +41-61-755 81 11, Fax +41-61-751 44 85  
E-Mail: info@christ.ch  
www.christwater.com

Christ AQUA ecolife AG

CH-4147 Aesch, Neuhofweg 53  
Postfach 127  
Phone +41-61-755 88 99, Fax +41-61-755 88 90  
E-Mail: info@christ-aqua.ch  
www.christ-aqua.ch

**SINGAPORE**

Christ Water Singapore Pte. Ltd  
Singapore 609927, No 3 Int. Business Park  
#07-16, Nordic European Centre  
Phone +65-6227-0239, Fax +65-6227-6760  
E-Mail: info@christ.com.sg

Van der Molen Asia Pte. Ltd

049712 Singapore, 30 Cecil Street  
Level 15 Prudential Tower  
Phone +65-62-32 28 04, Fax +65-62-32 27 16  
E-Mail: vdm.asia@pacific.net.sg

**SPAIN**

Cilit, S.A.  
E-08940 Cornellà de Llobregat, Barcelona  
P. I. del Este, Silici, 71 - 73  
Phone +34-93-4740494, Fax +34-93-4744730  
E-Mail: cilit@cilit.com  
www.cilit.com

**SOUTH AFRICA**

Van der Molen SA (Pty) Ltd  
Linkview, 260 Kent Avenue  
Randburg 2194  
P.O. Box 793, Randburg 2125  
Johannesburg, South Africa  
Phone +27 781 8391-2, Fax +27 781 8394  
E-Mail: vdmisa@icon.co.za

Aqua Engineering SA (Pty) Ltd  
Randburg 2125, 260 Kent Avenue  
Ferndale, South Africa  
Phone +27-11-886-0266, Fax +27-11-886-0294  
E-Mail: aqua@aquasa.co.za

**TAIWAN**

Christ Water Technology Taiwan Co Ltd  
3F, No 19, Jin Shan 8<sup>th</sup> Street  
Hsinchu City 300, Taiwan R.O.C.  
Phone +886-3-56300-55, Fax +886-3-56300-77  
E-Mail: info@christwater.com.tw  
sini.baric@christwater.com.tw

**CZECH REPUBLIC**

BWT Česká republika, s.r.o.  
CZ 251 01 Říčany, Lipová 196 - Čestlice  
Phone +420-272 680 300, Fax +420-272 680 299  
E-Mail: info@bwt.cz  
www.bwt.cz

**TURKEY**

Istanbul GOEMA Treatment Systems Ltd  
Gebze Organize Sanayi Bölgesi  
Ihsan Dede Caddesi 400, Sokak  
TR-41480 Gebze, Kocaeli/Turkey  
Phone +90-262-751 03 46  
Fax +90-262-751 05 64 65  
E-Mail: info@istanbulgoema.com.tr  
www.istanbulgoema.com.tr

**HUNGARY**

BWT & Christ Hungária Kft.  
H-2040 Budaörs, Komáromi u. 22  
Phone +36-23-415-305, Fax DW 561  
E-Mail: bwtchrist@bwtchrist.hu  
www.bwtchrist.hu

Hinke Kft.

H-7090 Tamási, Szabadság út. 91  
Phone +36-74-573-960, Fax +36-74-471-745  
E-Mail: office@hinke.hu  
www.hinke.hu

Aqua Mémökiroda Kft.

H-2040 Budaörs, Kamaraerdei út 5.  
Phone +36-23-430-480, Fax +36-23-430-482  
E-Mail: aqua@aquamernokiroda.hu  
www.aquamernokiroda.hu

**USA**

BWT USA Inc.  
255 Myrtle Street  
New Britain, CT 06053-4161, USA  
Phone +1-800-216-0201, Fax +1-860-224-4797  
E-Mail: sales@bwtusa.com  
www.bwtusa.com

Christ Water USA, Inc.

4080 NE 112<sup>th</sup> Avenue, Suite D2  
Vancouver WA 98682, USA  
Phone +1-360-253-3440, Fax +1-360-253-3445  
E-Mail: contactus@christwater.com  
www.christwater.com

Tenergy Christ Water, LLC

255 Myrtle Street  
New Britain, CT 06053-4161, USA  
Phone +1-860-223-0623, Fax +1-860-223-0690  
E-mail: info@tenenergywater.com  
www.tenergywater.com

#### **Financial Calendar 2005:**

2004 Annual Results	8 April 2005
Annual General Meeting	20 May 2005
Ex-dividend date	25 May 2005
Dividend payment date	30 May 2005

Letter to Shareholders I/2005	13 May 2005
Letter to Shareholders II/2005	5 Aug. 2005
Letter to Shareholders III/2005	11 Nov. 2005

#### Imprint:

BWT Annual Report 2004

#### Copyright:

BWT Aktiengesellschaft

#### Edition and Layout:

BWT Aktiengesellschaft

Sabine Ohler, Gabriela Draskovic

#### Information and Inquiries:

#### **BWT Aktiengesellschaft**

A-5310 Mondsee

Walter-Simmer-Straße 4

Tel.: +43-6232-5011-0

Fax: +43-6232-5011-1191

E-mail: [investor.relations@bwt.at](mailto:investor.relations@bwt.at)

[www.bwt-group.com](http://www.bwt-group.com)