

WATER – our daily elixir of life



2006  
Annual Report

Water Technologies for a Better Life



## COMPANY PROFILE

The **Best Water Technology Group** was formed in 1990 from a management buy-out and is today Europe's leading water technology company. The goal of our 2,200 employees in 65 subsidiaries and associates is to provide private, industrial and municipality customers with innovative technologies that deliver maximum safety, hygiene and health in their daily contact with water.

Our strengths are developing, producing and marketing efficient and ecological treatment technologies which at the same time ensure that the life-giving and essential production element of water is handled in a way that preserves resources. This opens up global market opportunities for BWT, which we dynamically exploit.

The product range includes one-stop water treatment solutions for drinking water, heating water, boiler water, cooling water and water for air-conditioning systems, along with services for individual homes, hotels, trade and industry, and everyone who values **safety, hygiene, health** and the protection of water-conducting installations and devices against dirt particles, corrosion, limescale, bacteria etc. Our comprehensive product portfolio includes all water treatment technologies developed by BWT. Filters, AQA total limescale protection, water softeners, disinfection (UV, ozone, chlorine dioxide), metering technology, membrane technology (MF, UF, NF, RO) and hygiene management (prevention of legionella) are examples of recognized processes. BWT is a technological pioneer in many key areas, which has significantly contributed to the awareness of our market-leading regional brands BWT, HOH, Permo, Christ Aqua and Cillit etc.

The **Fuel Cell Membrane Technologies (FCMT)** segment develops high-performance membranes for the fuel cell industry, the energy converter of the 21st century. Significant successes in cost reduction and efficiency improvement combined with sharp rises in energy costs in recent years make fuel cells a promising technological alternative for a new era of power generation.

Subsidiaries and associates of the BWT Group as well as ten thousand subcontracted plumbers and water technology experts now cover all of Europe. Outside Europe, there is a network of dealers ready for expansion.

Water and ecologically friendly technologies as well as an integral sustainability management with respect to our customers, employees, the environment, investors, market partners and society lead to responsibility and belong to the duties of our Company. The elixir of life that is water, the rising world population and the growing requirements in terms of safety, hygiene and health in daily life are opening up extremely promising business opportunities for us. By building on our strong European market position, we at BWT are working consistently toward realizing our vision:

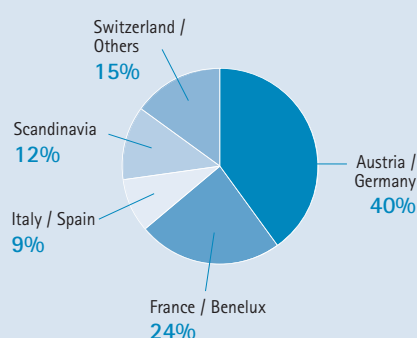
**BWT – The Leading International Water Technology Group.**

Overview		IFRS	IFRS	IFRS	
		2006	2005***	2004	2003
Consolidated group sales	€ m	362.0	463.5	488.1	494.0
EBIT	€ m	32.6	27.0	24.9	24.9
Earnings before taxes	€ m	31.8	25.7	22.9	22.9
Consolidated earnings	€ m	22.2	19.0	17.1	17.1
Cash flow from result	€ m	28.8	31.2	30.2	30.2
Cash flow from operating activities	€ m	26.9	26.4	33.9	33.9
Number of shares *)	In 1000's	17,833.5	17,833.5	17,833.5	17,833.5
Earnings per share	€	1.24	1.06	0.96	0.96
Dividends and bonus per share	€	0.35**	0.30	0.27	0.27
Investment in tangible and intangible assets	€ m	10.2	11.2	10.3	10.3
Shareholders' equity	€ m	109.2	93.3	137.7	137.7
Employees as of 31.12.	persons	2.202	2.007	2.780	2.780

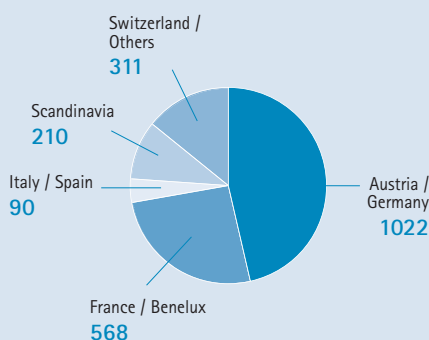
\*) Previous years adjusted, 1:10 stock split in July 2000 \*\*) proposal to the AGM \*\*\*) Spin-off of AST-segment as of end October 2005

Summary balance sheet	2006		2005	
	€ m	%	€ m	%
<b>ASSETS</b>				
Long-term assets	109.4	42.7	112.1	45.2
Short-term assets	147.0	57.3	135.8	54.8
<b>TOTAL ASSETS</b>	<b>256.4</b>	<b>100.0</b>	<b>247.9</b>	<b>100.0</b>
<b>EQUITY AND LIABILITIES</b>				
Equity capital	109.2	42.6	93.3	37.7
Long-term liabilities	56.9	22.2	62.5	25.2
Short-term liabilities	90.3	35.2	92.0	37.1
<b>TOTAL LIABILITIES</b>	<b>256.4</b>	<b>100.0</b>	<b>247.9</b>	<b>100.0</b>

Sales 2006 by business segment (in %)



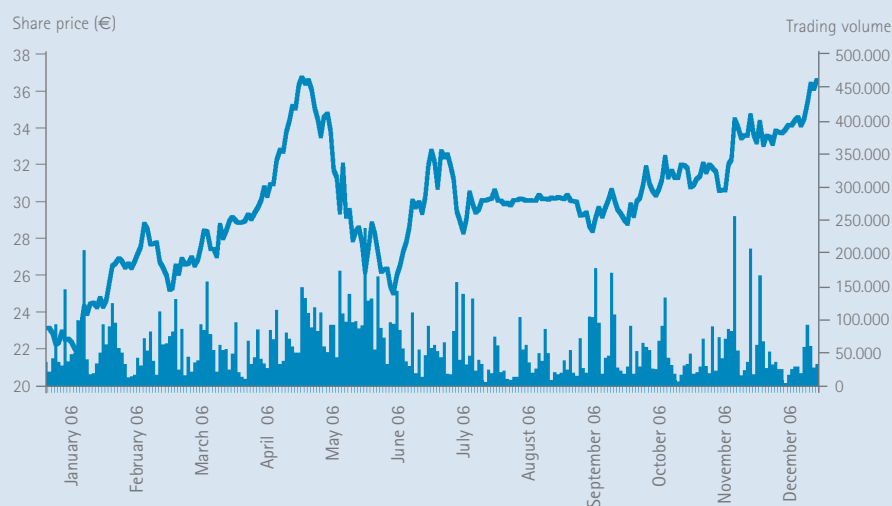
Employees by business segment as of 31.12.2006



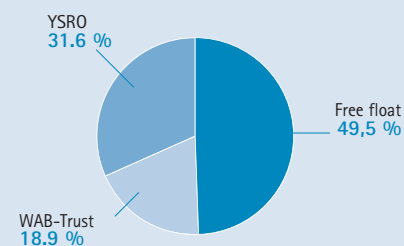
IFRS	IFRS	IFRS	IFRS	HGB	HGB	HGB
2003	2002	2001	2000	1999	1998	1997
416.0	431.0	419.5	399.0	245.3	229.1	190.5
13.6	24.4	26.1	25.2	18.7	20.2	13.9
11.4	20.4	21.4	22.2	14.8	18.6	15.8
7.7	15.2	15.2	15.4	9.3	14.4	12.8
21.2	32.0	28.8	25.4	17.2	20.9	19.7
28.7	31.6	4.3	27.9	2.6	-	-
7,833.5	17,833.5	17,833.5	16,500	16,500	16,500	16,500
0.43	0.85	0.90	0.93	0.56	0.87	0.78
0.24	0.24	0.22	0.22	0.211	0.203	0.203
6.3	9.6	14.9	16.7	12.3	11.3	6.3
124.3	123.4	111.2	97.9	85.3	84.7	74.2
2.688	2.466	2.511	2.510	1.839	1.654	1.457

Share price *)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
High	€ 36.63	36.15	27.84	14.84	29.81	42.50	40.60	19.35	19.84	17.22	10.57
Low	€ 21.78	21.65	15.25	8.60	8.39	21.90	13.04	12.93	13.15	9.05	7.63
Closing price	€ 36.50	23.25	27.84	14.79	9.65	24.50	35.35	13.35	18.89	14.24	8.13
P/E (closing price)	€ 29.4	22	30	34	11	27	38	24	22	18	11
Market value in €	651	415	496	264	172	437	583	220	312	235	134

\*) Pre-2000 years adjusted, 1:10 stock split in July 2000, IPO price 1992: € 7.45



#### Shareholder structure



Source: Wiener Börse AG

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## Chairman's Statement

Dear Shareholders,  
dear friends of our Company,



Andreas Weissenbacher, Chairman

As our business figures for 2006 show, BWT is today stronger than ever and we are extremely well-equipped to meet our challenges. A good economic tailwind, our strong position in water technology and, most important of all, our 2,200 employees made 2006 a successful year for the BWT Group. With the focus on our core areas of expertise, water technology for household, commercial and industrial customers, we pursued our growth strategy with new momentum following the spin-off of the Christ Water Technology Group in November 2005.

Despite some difficult circumstances, such as further increases in oil and raw material prices as well as base rate increases in the USA and Europe, the global economy performed dynamically last year. While there was only a slight deceleration in economic growth in the USA at more than 3 %, there was significant growth acceleration in Europe, at 2.6 % on average. A major contributing factor was consumption in addition to the strong capital goods economy with its roots in 2005. The emerging countries, particularly Asia, maintained the high expansion rate of their national economies while China increased its economic output by 10.7 %.

In the BWT Group, sales increased by 14.5 % to € 362 million, thus greatly exceeding our plan for € 330 million at the beginning of 2006. We recorded spectacular growth in a number of countries. The strategic concept of a strongly localized market presence with a range of products optimally adapted to the type of market and the market lifecycle generated competitive advantages for us again in 2006. While sales in Eastern Europe increased by 47 %, increases in Switzerland and Germany were between 7 % and 10 %.

Net earnings achieved a new record of € 22 million. Therefore, interest on equity rose to over 20 % for the first time. This results in earnings per share of € 1.24 (previous year: € 1.06). At the same time, net debt was reduced from 38.9 % to 22.6 %. Cash flow from operating activities was € 27 million while cash flow from investments including the acquisition of Anna in November was € -7 million.

In the Fuel Cell Membrane Technologies segment, we entered into new partnerships thanks to the excellent properties of our membrane portfolio and the numerous areas of application possible. Sales increased from € 1.2 million in 2005 to € 2.4 million in 2006, EBIT was € - 0.5 million compared with € - 0.7 million in 2005. Even if no extensive commercialization of the fuel cell is in sight, we remain optimistic that our investments will generate considerable value.

The core of our next growth stage is our Point-of-Use (PoU) strategy and international expansion. By contrast to the Point-of-Entry (PoE), our traditional business area, in which water treatment takes place when water enters the domestic water supply, water treatment in Point-of-Use takes place at the tap from which the water is taken. Typical PoU applications are water pitcher filters, decarbonization filters for coffee machines and drinking water dispensers. There is particular potential for developing this market in Europe, providing a high level of growth potential for our technological expertise which has proven itself a million times at the PoE.

Therefore, in 2006 the decision was taken to expand our original plant in Mondsee by investing around € 4 million in the production of filter cartridges and filter inserts under the brand name water and more - w+m by BWT. In October, the water pitcher provider Anna was acquired. Anna filters ensure optimal drinking quality for water, tea, coffee and cold beverages. We have launched two products with the names "Aqua Drink" and "Fontensana Star" in the field of drinking water dispensers and have continued our international expansion by establishing a subsidiary in China.

Our research and development expenditure was € 10.2 million in 2006. R&D focuses on the new product range for the Point-of-Use business area for which a series of highly-efficient reusable filters was developed for use in professional, high-quality coffee machines. Other R&D projects included new product generations for disinfection plants (REAXAN), softeners and under-the-sink filters (Wodapur) and the fuel cell membranes.

2006 was a very good year for the international stock markets. Strong economic data and surprisingly sharp profit growth within the companies outshone basic interest rates as well as further increases in the prices of raw materials. The American Dow Jones Industrial Index rose by 16 %, while the DAX and ATX each rose by 22 %. In order to further increase awareness of the BWT share and our unique story, we participated in a total of 14 investor conferences and roadshows as well as several local bank events where we found numerous new shareholders. The value of the BWT share increased in the same period by 57 %. Shareholders who held BWT and (following the spin-off in 2005) CHRIST shares, benefited from a combined increase in value of 46%.

Last year, we applied the new provisions of the Austrian Corporate Governance Code which took effect as of January 1, 2006. I would like to take this opportunity to thank our Supervisory Board for its commitment and very constructive and active cooperation in 2006. We have taken further important steps in our sustainability initiative, including comprehensive data recording in accordance with the specifications of the new version of the Global Reporting Initiative (GRI G3) at our main production sites.

H<sub>2</sub>O – the most important compound in the world, the stuff of life and the means of production, WATER is at the heart of our activities. BWT products and procedures for safety, hygiene and health, which are constantly being optimized to comply with economic and ecological criteria, now set the standard for worldwide technology.

Over the past 12 months, water technology companies were also focused on by international investors and expansive companies. Once again, consolidation has been furthered. There were a number of major transactions in the USA: In January, the Carlyle Group financial investor acquired Water Pik Technologies and Waud Capital acquired Aquion Water Treatment Products (Rainsoft). In March, General Electric in conjunction with the membrane manufacturer Zenon Environmental took the next step – to an EV (enterprise value)/sales multiple of 2.8x, which approximates to the average for recent years. In Europe, the Stulz Group acquired Hager und Elsässer from the French company Ondeo.

I would like to express my gratitude to all highly motivated and committed BWT employees for their dedication. I am proud of this Best Water Technology team. We also like to thank Christ Water Technology and management with DDr. Karl Michael Millauer and Harald Wegscheider for the opportunities this partnership has provided.

I have noticed a mood of change in many employees in our branches over recent months and, it cannot be denied, BWT is on the threshold of beginning a new era in the company's history. We shall work on realizing our vision as the "leading international water technology company" by adopting a clear focus and concentrating on our strengths. Together with our partners, our employees and our shareholders, we shall do our utmost to achieve this target on the global market. With the progress made in 2006 and the optimism for the success of our vision, we shall propose to the Annual General Meeting that the dividend be raised again to € 0.35 per share.

Esteemed shareholders, I would like to thank you and all our business partners for the confidence you have shown in us to date. Safety, hygiene and health in our dealings with the elixir of life that is water, combined with first-class water treatment offers opportunities which we intend to use. I look forward to continuing along this path with you in the future.





**6:00 am** A pleasantly smooth  
start to the day!

We begin each new day in the bathroom – the gentle, refreshing tingling sensation under the shower awakens the senses and gives us new energy. By installing a BWT soft water system, you can enjoy comfortable, soft water and cozy, soft washing every day – without having to worry about the inconvenient build-up of limescale on taps or shower heads.

**AQA Perla – soft water system**  
for a pearl-soft sense of well-being in your life

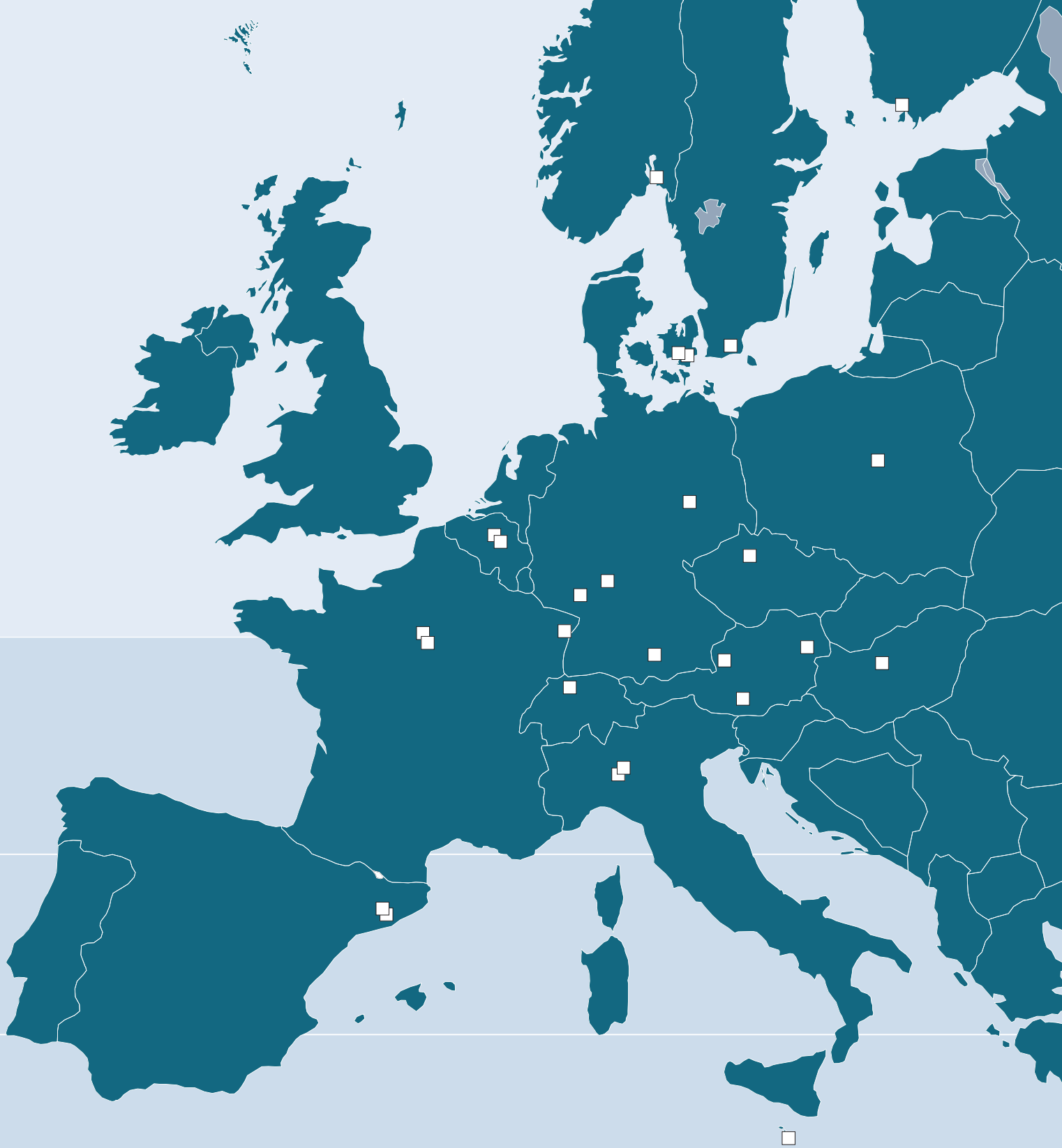




WATER – our daily elixir of life

BWT – the leading European water technology group







## 8:00 am The best water at the breakfast table

Particularly important for breakfast: pure water is essential for healthy living. BWT table water filters improve the quality of even the best tap water and reduce the presence of substances such as lead, chlorine, copper, zinc and organic impurities. The filtered, pure water is perfect for cooking with little flavor and preparation of tea, coffee and cold drinks.

**ANNA® – table water filter**  
for the best tasting water.



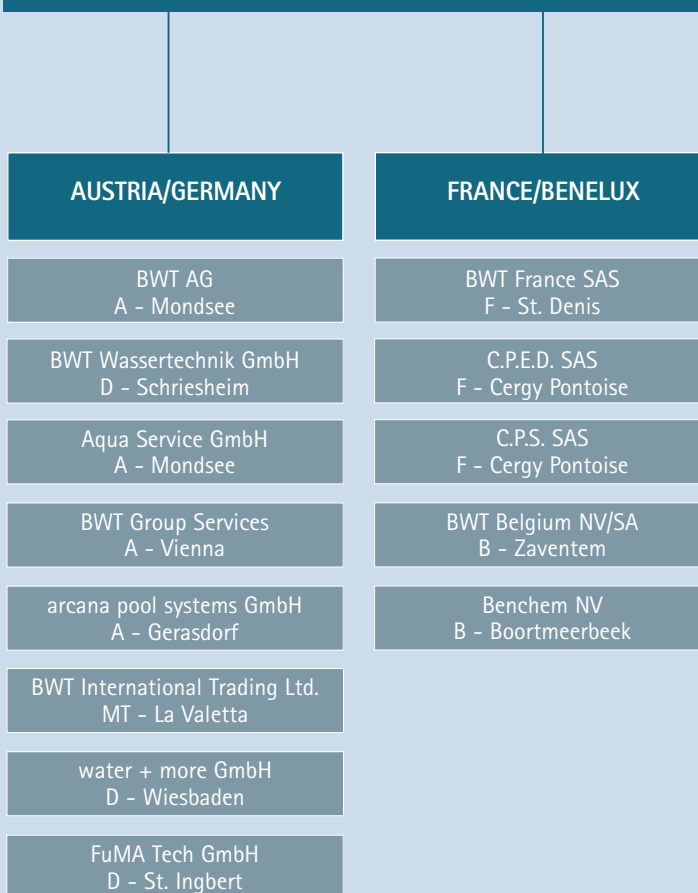


**WATER** – our daily elixir of life

## Group Structure as at December 31, 2006

### BWT AG

A-5310 Mondsee, Shareholders' equity € 17,833,500.–



SCANDINAVIA	ITALY/SPAIN	SWITZERLAND/ OTHERS
HOH Water Technology A/S DK - Greve	Cillichemie Italiana Srl I - Milano	Christ Aqua Ecolife AG CH - Aesch
HOH Vattenteknik AB SE - Malmö	water + more Italia Srl I - Bresso	Pulsimmo AG CH - Aesch
HOH Birger Christensen AS N - Rud	Cilit SA E - Cornellà de Llobregat	BWT Et Christ Hungaria Kft. H - Budaörs
HOH Separtec OY FIN - Raisio	water + more Iberica SL E - Barcelona	BWT Polska Sp.z.o.o PL - Warszawa
		BWT Česká Republika s.r.o CZ - Říčany (Praha)
		Fumatech Inc. USA - San Antonio
		ANNA International Ltd. MT - Sliema
		BWT Water Technology Shanghai Co Ltd., PRC

## Supervisory Board



**Mag. Dr. Leopold Bednar, Vienna – Chairman**

Managing partner of CONplementation Unternehmensberatung GmbH.  
Chairman of the Supervisory Board of BWT AG since 1991.

**Dr. Wolfgang Hochsteiger, Hallein  
Deputy chairman**

Lawyer and partner of law firm  
Hochsteiger Perz Wallner Warga;  
Deputy Chairman of the Supervisory Board  
of BWT AG since 1991.



**Dipl. Vw. Ekkehard Reicher, Oberalm**

Consultant; member of the Supervisory Board of BWT AG since 1996.



**Gerda Egger, Golling**

Management Board of the WAB trust; member of  
the Supervisory Board of BWT AG since 1996.



**Serge Schmitt, Hagenthal-le-Bas, France**

Member of the Management Board of Christ Ultrapure Water AG.  
member of the Supervisory Board of BWT AG since 2002.



**Klaus Reinhard Kastner, MBA, Munich**

Branch manager of Raiffeisen Landesbank  
Oberösterreich, Bavarian office; member of the  
Supervisory Board of BWT AG since 2001.



## Management Board

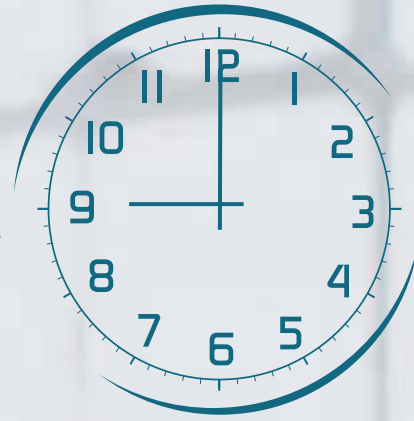
Andreas Weissenbacher  
Chairman of the Executive Board  
since 1990



Gerhard Speigner  
Chief Financial Officer  
since 1996







## 9:00 am High level of performance at work

Intellectually challenging, high concentration, stressful situations: for many of us these are a daily routine in everyday office life. Hydration during working hours is often neglected, despite the fact that insufficient water leads to difficulty concentrating and fatigue as well as impairing performance levels. BWT drinking water dispensers are connected directly to the drinking water supply and deliver filtered, chilled and hot water at the push of a button – the perfect thirst quencher in the workplace.

**AQUAdrink – water dispenser**  
Healthy and refreshing



## No water – no life – no future

### Water is essential to our life and our prosperity

- "Only 0.8% of global water reserves are available as drinking water."
- "Water consumption has increased six-fold over the last century and will double again by 2050."
- "The supply of fresh water will become a critical factor for the global economy."
- "Water crises, long regarded as a problem for the poorest of the poor, now affect even the richest countries."
- "Innovative small water treatment systems will become the norm."

Source: World Business Council for Sustainable Development, August 2006

### Drinking water is in short supply.

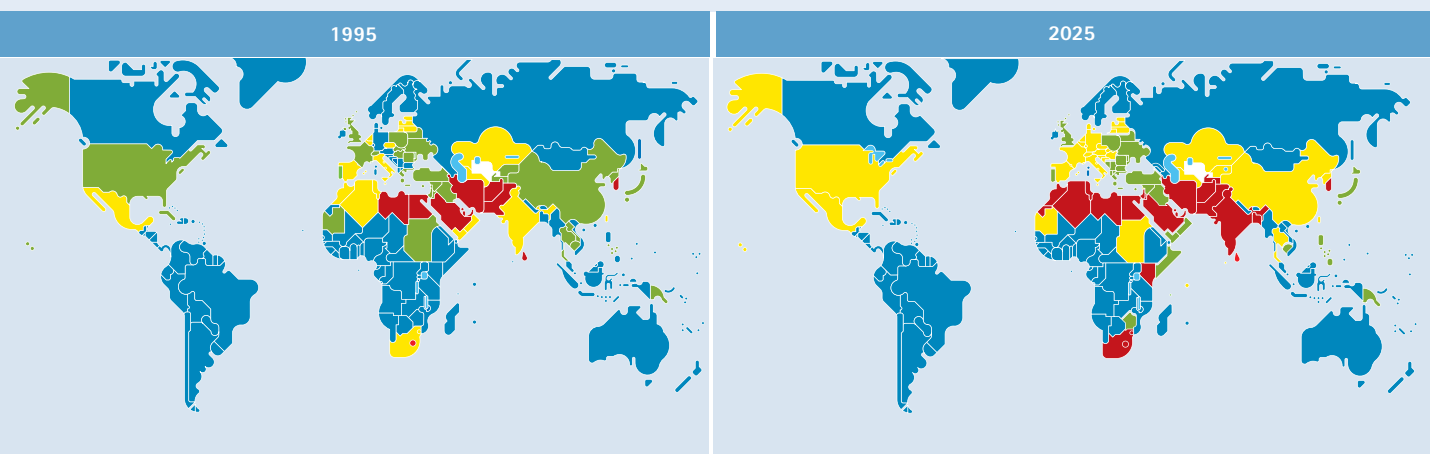
There are approximately 1.38 billion cubic kilometers of water on our planet, 97.5 % of which is in the form of saline seawater, lakes and ground water. Approximately 1.7% of water worldwide is frozen as polar ice and glaciers. Therefore, only around 0.8% of this is available as drinking water reserves in the form of surface waters such as rivers and lakes as well as groundwater.

The extent of human water requirements today becomes clear from the key figure of the "freshwater stress" which compares water consumption with naturally occurring freshwater volumes. On the basis of this, the situation during the period 1995 to 2025 is likely to further escalate and become an even stronger limiting factor for growth and prosperity.

### Freshwater Stress

The following map projects how much water will be withdrawn with respect to the amount that is naturally available.

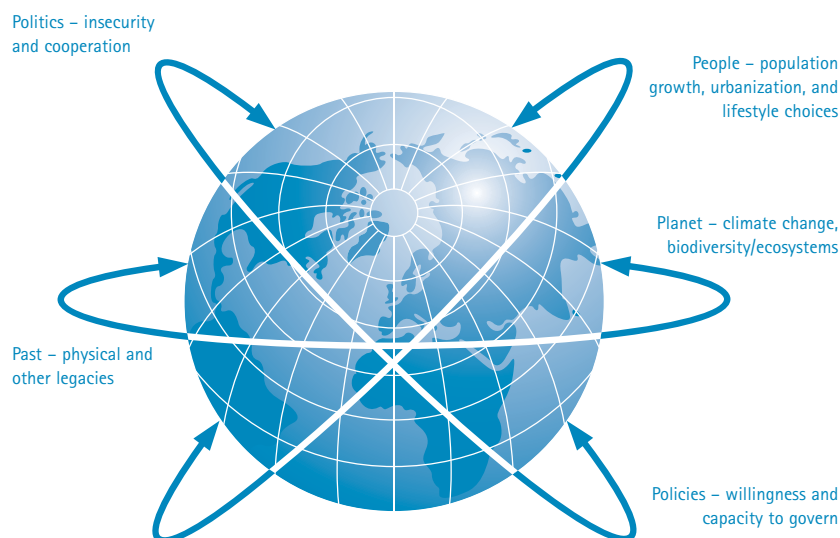
● over 40%    ● 40% to 20%    ● 20% to 10%    ● less than 10%



Source: Adapted from "Vital Water Graphics," UNEP, 2002

**There are alternative sources for energy. However, there is no alternative for water.**

With economic development, the water requirement grows quicker than the population. In view of the water challenge, the World Business Council for Sustainable Development in the study "Business in the World of Water" identified five interacting development drivers which provide a clear picture of the problems to be solved:



**People:** population growth, urbanization, hygiene, water supply, demographic and structural changes, higher per capita water consumption with greater prosperity and a changed lifestyle, public health, the increased expansion of and influence of water consumption in cities, contamination.

**Planet:** deterioration of the functionality of the ecosystem, loss of species, climate change, the increased sea level and changes to the hydrological cycle, rain fall patterns, natural disasters, melting of glaciers and ice-caps, courses of rivers and environmental disasters.

**Inherited systems:** Inadequate or badly maintained infrastructure, financial and price mechanisms, contamination, excessive elimination of water, cultural attitudes, which obstruct innovation.

**Politics:** Different cultural accesses and means for meeting water stress, lack of political influence, education and training, conflict management, manipulation of information and lack of a voice for the ecosystem.

**Programs:** A lack of agreed measures, varying political priorities, corruption, public-private partnerships, capacity increases, difficulties in incorporation into global trade.

The three water scenarios developed as a result draw attention to three significant existing global challenges which, if combined, will have an impact on the economy and the society worldwide: The efficiency challenge, the security challenge and the inter-connectivity challenge.

**The efficiency challenge:** The resulting stress on water resources is exacerbated by low water consumption efficiency. The efficiency challenge leads to the social challenge of innovation not only with respect to new products and services but also with respect to technological standards and norms, the infrastructure, social habits and attitudes rooted in the time during which there was an apparent excess of water and energy.

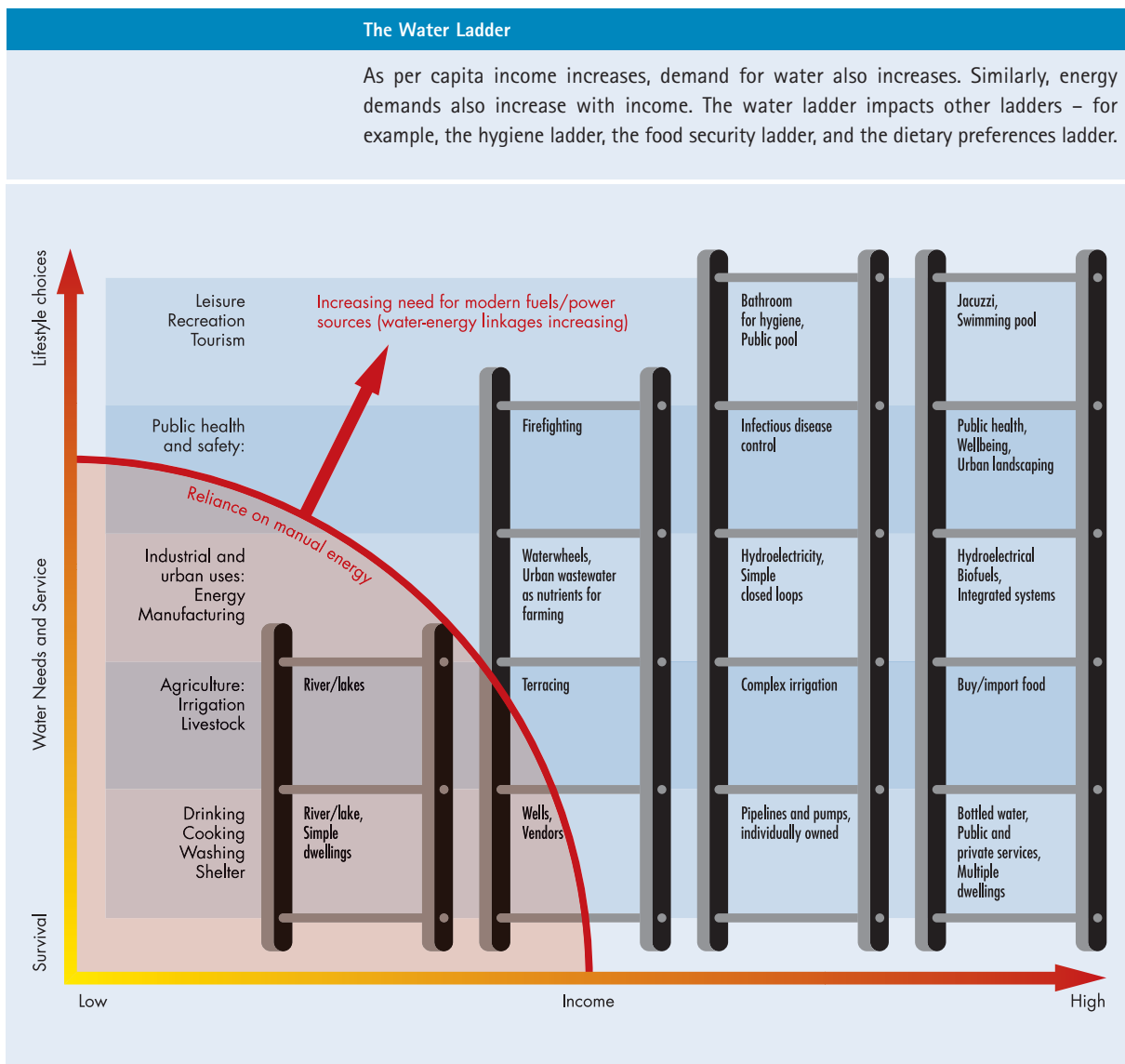


**The supply challenge:** The growing water stress on the local water supply in many parts of the world raises the question of the security of the water supply – sufficient quantity and quality for all. Trade and the economy will play an increasingly important role in the direct and indirect water and food supply. The challenge is in the distribution and efficient management to the satisfaction of all including the ecosystem and those dependent upon it. Risk management for a few should become security for all.

**The interconnectivity challenge** forces us to be capable of thinking and acting multi-dimensionally: In various geographical contexts, beyond the borders of cities and countries and beyond normal concepts of time and to come to a new understanding of water: In addition to "blue water", there is "green water" in the form of healthy earth and "virtual water" in the form of manufactured goods and services. Networked thinking also requires recognition of the connections between security of energy, food and water supply.

The water supply demonstrates an important connection: Increasing pro capita income and prosperity comes hand in hand with increasing water consumption. In the same way, energy requirements also increase with wages. The water supply affects other supplies: For example, hygiene supplies, food supplies and food preference supply.

The World Business Council describes the water challenge as just as serious as climate change. Creativity and innovation, unconventional lateral thinking and initiative will be required if this challenge is to be met.



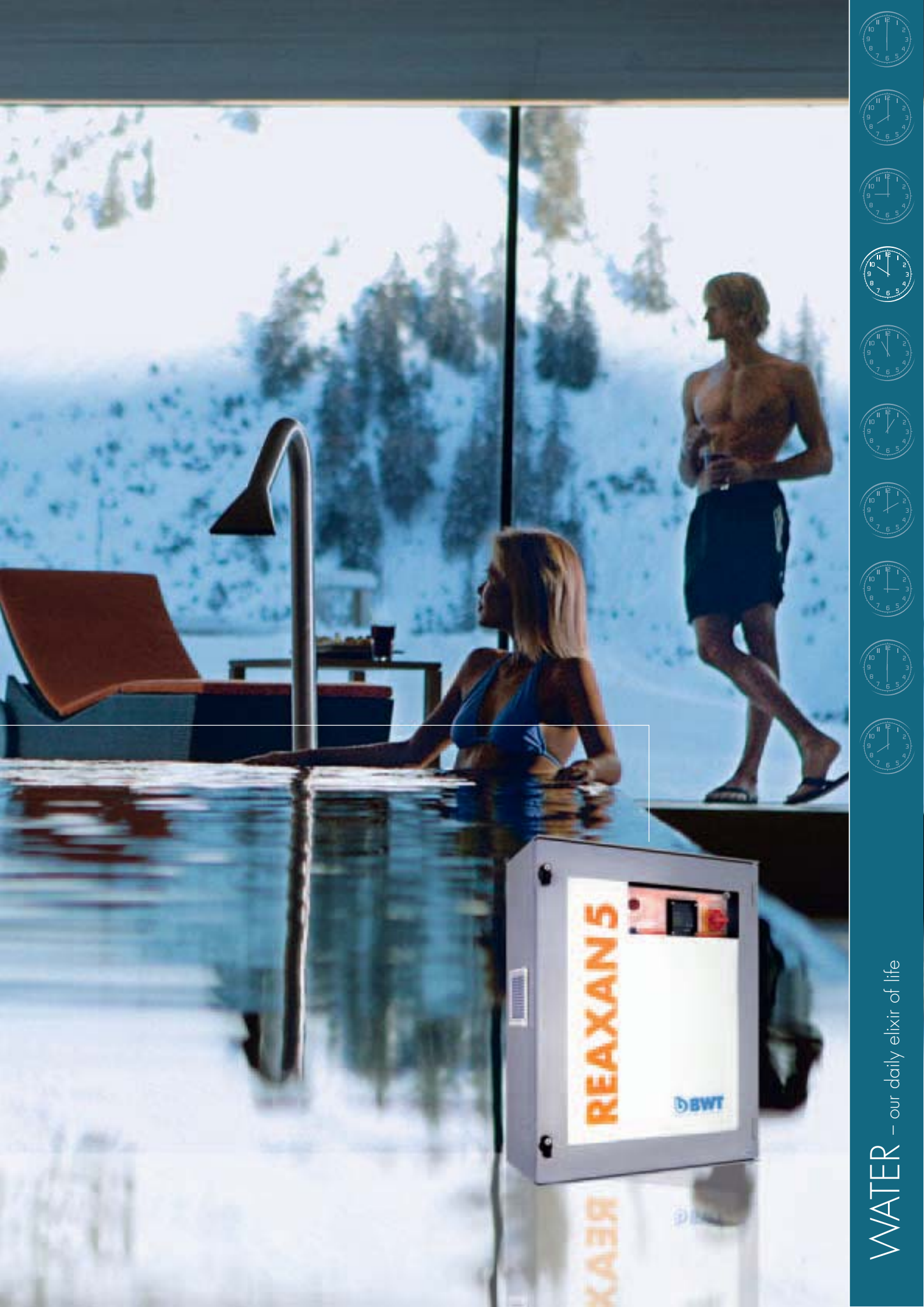
Source: WBCSD Water Scenario Team



## 10:00 am Safety at the hotel

Whether on holiday or on a business trip – when staying in hotels it is important to be able to rely on the quality and hygiene of the water. Because the size of the water system also increases the potential for microbiological contamination and the danger of legionella. In terms of extensive hygiene management, BWT offers a range of procedural solutions for prophylaxis and elimination of legionella and other bacteria in water-bearing systems.

**Reaxan – chlorine dioxide system**  
always the right water quality in cold  
and warm water systems



**WATER** – our daily elixir of life

## Highlights 2006



- BWT strengthens market position in Europe
- Sales and earnings growth in core business Point-of-Entry
- Product innovations in Point-of-Use market create new potentials
- Entering the water pitcher business: takeover of Anna
- Significant improvement of balance sheet ratios

## Value Strategy

### VISION

BWT – The Leading International Water Technology Group

### STRATEGY

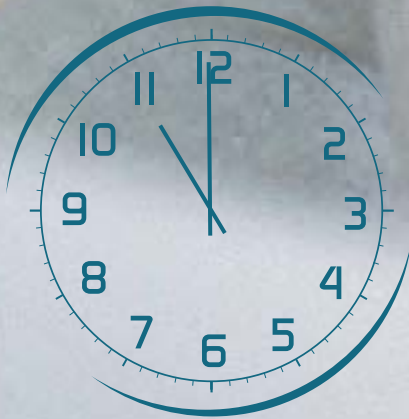
Growth

- through innovation
- through geographical expansion
- in existing markets with existing technologies

### FINANCING OF GROWTH

Long-term from own cash flow

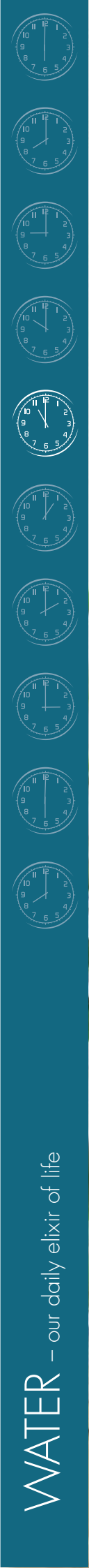




## 11:00 am Visit to the hospital

Cleanliness and sterility are of top priority in a hospital. Pure steam sterilizers protect surgical instruments against the slightest deposits – and also require treated water of the highest quality. The 2-stepped BWT reverse osmosis system, PROFIL Duo, supplies this optimum water quality and in doing so gives the doctor, hygienist or hospital technician absolute safety in operating the system – for the benefit of patients.

**PROFIL Duo – reverse osmosis system**  
For pure water – quick and reliable



**WATER** – our daily elixir of life

## Management Report 2006

### Economic conditions in 2006

#### Economic environment

The global economy performed very positively in 2006, despite the fact that conditions were less than perfect as a result of a new record price for crude oil in the middle of the year, further increases in the prices of raw materials as well as interest rate increases from both the Federal Reserve and the European Central Bank (ECB). Whilst there was only a slight deceleration in economic growth in the USA at more than 3%, there was significant growth acceleration in Europe (with the exception of Italy) of more than 2%. The emerging countries, particularly those in Asia, maintained the high expansion rate of their national economies (China >10%).

GDP growth in %	2005	2006e	2007f	2008f
Austria	2.0	3.2	2.7	2.3
Germany	1.1	2.5	1.4	2.1
France	1.2	2.3	2.0	2.4
Italy	0.1	1.4	1.4	1.7
Spain	3.5	3.6	3.3	3.6
Switzerland	1.8	3.1	2.5	2.3
Poland	3.5	5.4	5.1	4.5
Eurozone	1.5	2.6	2.0	2.4
USA	3.6	3.4	2.3	3.1
Japan	2.6	1.8	2.6	2.8

Inflation in %	2005	2006e	2007f	2008f
Austria	2.3	1.4	1.6	1.7
Germany	1.9	1.9	2.4	1.5
France	1.9	2.0	1.8	1.9
Italy	2.2	2.3	2.1	2.0
Spain	3.4	3.7	2.8	2.8
Switzerland	1.2	1.1	1.6	1.8
Poland	2.1	1.3	3.4	2.4
Eurozone	2.2	2.2	2.1	2.0
USA	3.4	3.2	2.0	2.5
Japan	-0.3	0.3	1.0	1.5

Source: Erste Bank

### Acceleration of growth

Last year, actual GDP in Euroland grew by approximately 2.6%, the most rapid momentum coming from investments. Foreign trade also made a positive contribution, although its impact on the upturn was lower than in the most recent economic cycles. Last year, investments in Europe are likely to have risen by 4.5% due not only to exceptionally high levels of investment in equipment, but also investments in the construction business. The high capacity utilization already achieved, the excellent company profit margins and the impetus for modernization – following several years of very reserved investment activities – did nothing to reverse this trend toward the year-end.

### Inflation rate unchanged

In 2006, private consumption rose by approximately 2% and in doing so exceeded rates of growth in previous years. However, part of this growth is due to anticipatory purchases in Germany. This benefited above all the car industry, while sales in other retail sectors remained virtually unchanged. This is likely to have been supported by the strong upswing of the job market which began approximately a year ago and is expected to continue in 2007. The rate of inflation was provisionally calculated at 2.2%, the same level as in 2005.

Within Europe, it was evident that while Italy demonstrated significantly higher economic performance than in the previous year (0.1%), this was still rather weak in comparison to other European countries, whereas Spain, Great Britain, Scandinavia and even Austria achieved growth rates of well over 3%. In 2006, the countries of Central and Eastern Europe grew at approximately 5-8%, only Hungary was significantly below average at approximately 3.8%.

With a provisional GDP growth of 3.4%, the USA almost matched the strong performance of 2005 (3.6%). Inflation fell slightly from 3.4% to 3.2%. Following a very strong first quarter, economic development decelerated over the course of the year and made an unexpected significant recovery in the fourth quarter, with contributions from both private consumption and positive export figures (9% for 2006). Investments went from a plus of 8% in the first quarter to a minus and in the final quarter were 11% lower than in the previous year. Of the most important industries, the US real estate market had to accept significant declines, whereas the consumer goods and capital goods industry achieved significant growth.

### Again strong GDP growth in Asia

The Asian national economies (not including Japan) achieved average growth rates of more than 8%. China expanded very strongly again by an estimated 10.7%, with investments increasing by 25%. As in 2005, India increased by an estimated 8.7%, in doing so accelerating industry production to approximately 10%. According to the data currently available, following a weak phase in the third quarter which was due to a drop in consumer spending, the Japanese economy recovered in the fourth quarter. 2006 therefore resulted in a growth rate for GDP of 1.8% (previous year 2.6%). Foreign trade made a significant contribution to this, because for over a year exports have been increasing at approximately 15% compared with the previous year. Positive news came not only from industry, however. The mood amongst consumers as well as service providers dependent on domestic demand also improved, which suggests an improvement in consumer spending. Inflation reached 0.3% following a value of -0.3% in 2005.

### Outlook 2007

For 2007, a continuation of the positive overall economic development with growth at a slightly lower level is becoming apparent. For the USA, growth is likely to cool down to just over 2%. Asia is also expected to experience a slight slowdown in growth. European mood indicators such as the Ifo Business Climate Index and the Euroland consumer trust recently indicated declines in their very high levels. The more restrictive fiscal policy in Germany and Italy as well as the weaker economic growth in the USA may constitute negative factors. The high capacity utilization already achieved, the excellent company profit margins and the impetus for modernization – following several years of very reserved investment activities – can however suggest a continuation of the current investment cycle.

## Improved demand for water technology

### Industry environment

In 2006, the positive economic environment and the slight improvement in the propensity to consume in Europe resulted in a recovery of the industry that was supported by improved demand both in the household sector and the trade and industry sectors. The growth concerned both quantity and price. Particularly strong impetus came from the rapidly growing countries of Central and Eastern Europe as well as Asia.

In 2006, construction activity in Europe measured on the basis of construction volume rose slightly to 1.5% (previous year 1.3%), while once again Western Europe remained weak with a growth of just 1.3%. In contrast, growth of 7-8% was recorded in Eastern Europe. Development of infrastructure, which in many cases is supported by EU subsidies, constituted the main driver of this growth, while residential construction tended toward stagnation.

In the last 12 months, consolidation has been furthered within the water technology industry. There were a number of major transactions in the USA: In January, the Carlyle Group financial investor acquired Water Pik Technologies and Waud Capital acquired Aquion Water Treatment Products (Rainsoft). In March, General Electric in conjunction with the membrane manufacturer Zenon Environmental took the next step. In Europe, the Stulz Group acquired Hager + Elsässer from the French company Ondeo.

## Market data communicate growth

We estimate the market volume for water treatment systems in Europe in the residential sector at € 1.2 billion, which as in past years should grow on average by 3-5% per year. In contrast to the Point-of-Entry (PoE) segment, which includes traditional water treatment at the water pipe at the building entrance, the Point-of-Use (PoU) segment with water treatment at the source from which the water is taken is still a small market volume in Europe, however with considerably higher growth rates. Outside Europe, particularly in emerging countries with inadequate water quality, more rapid growth is also expected.

Safety, health and hygiene in contact with the elixir of life water enjoy an ever higher priority in the population worldwide. There has been a considerable increase in expectations and the need for safety in light of climate change and global warming, infections, epidemics and the invisible danger of bacteria such as legionella. Ever since its foundation in 1990, the BWT - Best Water Technology - Group has set out to develop, produce and market technical solutions for securing the supply of water as a commodity and means of production on a sustained basis. In so doing, it focuses on economically and ecologically oriented products and processes that reduce or even avoid the use of chemicals. The prime goal of BWT is to ensure efficient treatment technologies that conserve water, energy, and resources. The BWT Group intends to make the most of the resulting market opportunities, and at the same time make a significant contribution toward the sustained development of our planet.

## BUSINESS DEVELOPMENT 2006

### Information on comparable figures of the previous year

In a pro rata move, BWT AG spun off its wholly owned subsidiary Christ Water Technology AG – and thus the entire “AST – Aqua Systems Technologies” business division to Christ Water Technology AG – with effect from November 8, 2005. Christ Water Technology AG and its subsidiaries were deconsolidated on October 31, 2005 in accordance with international accounting regulations. This means that in the consolidated profit and loss account for the 2005 financial year, the “AST – Aqua Systems Technology” business division is included with the results until October 31, 2005. In order also to create a comparable data pool in the profit and loss account, in the 2006 annual financial statements the comparable figures for 2005 are also stated without the AST segment. All comparisons in the management report relate to comparable figures of the previous year (i.e. without the AST segment).

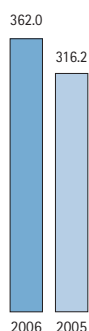
The accounting policies correspond to those that were used in the 2005 annual financial statements. The changes to IAS 19, which among other things concern the introduction of an additional option to deal with actuarial profits or losses arising within the framework of defined benefit pension plans, have already been taken into account for the 2005 financial year.

### Sales development

During the 2006 financial year, the BWT Group increased its consolidated sales by 14.5% from € 316.2 million to € 362.0 million, thus exceeding expectations.

All business divisions contributed to this pleasing development, which the BWT Group used to strengthen and further expand its leading role on the European water treatment market in the residential segment.

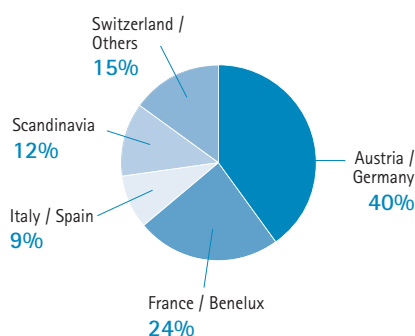
Total consolidated sales  
(in € million)



Segment (Values in € 1,000's)	2006	2005	+/- %
Austria / Germany	146.064	128.501	+13,7 %
France / Benelux	87.865	85.688	+2,5 %
Scandinavia	42.466	37.449	+13,4 %
Italy / Spain	31.274	28.682	+9,0 %
Switzerland / Others	54.295	35.889	+51,3%
<b>BWT Group excl. AST</b>	<b>361.964</b>	<b>316.209</b>	<b>+14,5%</b>
Aqua Systems Technologies (AST) *)	-	147.330	-100,0%
<b>BWT incl. AST</b>	<b>361.964</b>	<b>463.539</b>	<b>-21,9%</b>

\*) Note: January to October 2005

Sales 2006 by business segment  
(in %)



The new manufacturing activity which began in Switzerland at the start of 2006 is reflected in additional sales of € 9.0 million and new companies in the scope of consolidation contributed € 9.1 million, therefore 2.9% to sales growth. Consequently, the organic growth of the BWT Group amounted to € 27.7 million, that is 8.7%. BWT's growth is significantly higher than market growth which in Europe amounts to between 3 and 5%.

Approximately 40% of the growth in the Austria / Germany segment is attributable to new companies. In addition, BWT Wassertechnik, BRD and the parent company BWT AG in particular delivered growth in sales of approximately 7% and very pleasing developments in house and building technology. Fumatech more than doubled its sales to € 2.4 million with the development, production and marketing of specialist membranes for use in fuel cells.

Starting from a high level in the previous year, the France / Benelux segment increased sales in 2006 by 2.5%. It was predominantly the decline in small plant construction in Belgium that led to this below-average development.

The Scandinavian HOH Group achieved a leap in sales of 13.4% in the 2006 financial year. In particular, the Danish HOH parent company impressed existing and new customers thanks to its consistently high quality of products and services and achieved a sales increase of more than 24%.

The BWT companies in Italy and Spain maintained a continued positive development, with sales growths of 8% and 11.9% respectively.

The clear market leader, BWT subsidiary Christ Aqua in Switzerland increased its sales in comparison to the previous year again by almost 10%. Proportionally, the most rapid increase was achieved by the BWT companies in Eastern Europe: previous year sales were exceeded by 48% with € 21.5 million. In addition to Asian countries, Eastern Europe presents the highest level of growth potential for the BWT Group. Together with additional export activities, other BWT companies in Eastern European countries achieved more than € 26.3 million in 2006 compared with € 17.8 million in the previous year.

#### Service and spare parts

The service and spare parts business division contributed a total of more than € 70 million to Group sales, achieving growth of 8.5%.

#### Order backlog

As of December 31, 2006, the BWT Group has a book order level of € 56.4 million which represents an increase of 40% compared to the € 40.2 million of the previous year. Denmark, France, Switzerland and Austria are distinguished by an above-average growth in orders.

#### Marked EBIT growth

##### Earnings development

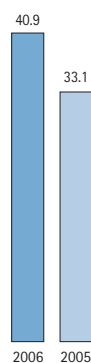
The considerable sales growth and parallel disproportionate increase in personnel and other operating expenses led to above-average growth in earnings in the 2006 financial year. EBIT rose by 26.7% from € 25.7 million to € 32.6 million, therefore amounting to 9.0% (previous year: 8.1%) of sales. Net profit improved by 18.9% to € 22.2 million.

All business segments improved in comparison to 2005, EBIT broke down by segment as follows:

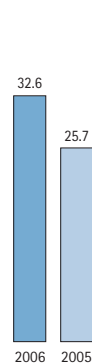
Segment (Values in € 1,000's)	2006	2005	+/- %
Austria / Germany	10.488	9.802	+7,0%
France / Benelux	6.227	5.401	+15,3%
Scandinavia	5.622	2.375	+136,7%
Italy / Spain	5.211	4.420	+17,9%
Switzerland / Others	5.022	3.702	+35,7%
<b>BWT Group excl. AST</b>	<b>32.570</b>	<b>25.700</b>	<b>+26,7%</b>
Aqua Systems Technologies (AST) *)	-	1.313	-100,0%
<b>BWT incl. AST</b>	<b>32.570</b>	<b>27.013</b>	<b>+20,6%</b>

\*) Note: January to October 2005

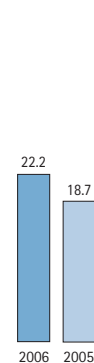
#### EBITDA (in € million)



#### EBIT (in € million)



#### Consolidated net earnings (in € million)



### Increases in all segments

New companies in the scope of consolidation contributed € 0.8 million or approximately 3 percentage points to EBIT growth. The earnings development in the Scandinavian HOH Group was extremely positive, whereby the increase in sales of more than 13% was achieved with the same high personnel costs and significantly lower other operating expenses in comparison with the previous year. In the France / Benelux region, despite below-average sales development due to maintaining fixed costs at the same level as in the previous year, an increase in EBIT of 15.3% was achieved. In the Austria / Germany segment, earnings development slowed down slightly due to initial losses of more than € 1.0 million in the point-of-use segment and provision for possibly writing off debts, meaning that EBIT only rose by 7%.

With an EBIT margin of 16.7% (previous year: 15.4%), the peak value in the BWT Group was again achieved in the Italy / Spain segment. EBIT in the Switzerland / Others segment was characterized on the one hand by an improvement in earnings of more than 30% in Swiss CHRIST Aqua and on the other hand by BWT Polska. Poland proved itself, among other things, as a sound base for further expansion of the Eastern European business division in the direction of the Ukraine and Russia. In Switzerland, customer service marked by high quality and successful groundwork in marketing water dispensers paid off.

### Material expenses

The total cost of materials in the BWT Group (including inventory changes) rose from 38.1% to 40.6% of sales. This development was brought about by increased costs of raw materials and the proportionately higher material tangent for new business activities (point-of-use, expansion in Eastern Europe and manufacturing activity in Switzerland).

### Personnel expenses

Personnel costs rose by 7.3% to € 112.0 million in comparison to the previous year's level. Approximately a quarter of this increase is attributable to newly consolidated companies and another third to the development of production in Switzerland. Thus the increase in personnel costs compared to the figure for the equivalent Group structure is 3%.

### Depreciation

Write-downs rose by 11% from € 7.5 million in the previous year to € 8.3 million. For the most part, this increase came from special write-offs in conjunction with research and development work.

### Other operating expenses and earnings

Other operating income increased chiefly due to higher supplier bonuses by 6.3% from € 5.0 million to € 5.3 million. By contrast, capitalized labor fell by approximately € 0.4 million to € 1.0 million.

As already mentioned previously, the fact that other operating expenses rose considerably less than sales made a significant contribution to improving EBIT.

Other operating expenses increased by 5.6% to € 68.5 million and amounted to 18.9% of sales (previous year: 20.5%). Large expenses such as advertising (€ 9.1 million), fleet and travel costs (€ 9.1 million), consulting, office, telephone and insurance expenses (in total € 8.9 million) were maintained despite the increase in sales on the previous year. Above-average cost increases including freight charges, rental and leasing expenses, maintenance and trade receivable risks were recorded.

### EBIT margin

Overall the EBIT margin improved from 8.1% to 9.0% of sales, meaning that the strategic goal of an improvement in earnings above sales growth was achieved.

## Financial result

The financial result worsened overall in comparison to the previous year from € -0.2 million to € -0.8 million. The net debt of the BWT Group decreased continually over the course of the year from € 36.3 million to € 24.7 million. However, the resulting interest savings more than compensated for the repeated increases in interest reference rates which had an effect on interest savings with approximately € -0.4 million. In 2006, earnings from financial investments decreased by approximately € 0.2 million. However, overall these investments achieved an above-average ROI of 13.8%.

## Tax rate

Earnings before tax improved by 24.7% from € 25.5 million to € 31.8 million and therefore amounted to 8.8% of sales (previous year: 8.1%). As a result of improvements in earnings in high tax countries such as Germany, France and Italy as well as back payments of taxes in Austria, the average consolidated tax rate developed unfavorably in 2006 and amounted to 30.1%. In the previous year, this was only 26.7%.

## Net profit

The BWT Group increased its net profit in comparison to the previous year by 18.9%, from € 18.7 million to € 22.2 million, while the profit shares of minority shareholders fell by € 0.1 million.

## Consolidated earnings

Consolidated earnings of the BWT Group less minority interests improved by 19.6%, from € 18.6 million to € 22.2 million, meaning that a new record was achieved in the history of BWT.

The number of issued shares remained unchanged in 2006 at 17,833,500, while the earnings per share improved to € 1.24 (previous year € 1.06).

## Dividend proposal

The significant improvement in earnings and the healthy balance sheet situation cause the Management Board to propose at the Annual General Meeting that the dividend be raised by € 0.05. This should therefore amount to € 0.35 per share, an increase of 16.7% compared to the previous year (€ 0.30 per share). An amount of € 6,241,725 is expected to be distributed to shareholders in June 2007 (previous year: € 5,350,050).

## Development of the financial position

Thanks to the pleasing earnings development, all key financial figures of the BWT Group improved in comparison to the previous year, some substantially. The cash flow from operating activities improved slightly from € 26.4 million in the previous year to € 26.9 million.

## Investment

As a result of the financial investment in a semiconductor factory (value of approx. € 9.7 million) transferred back to the CHRIST Group, cash flow from investment activities only worsened marginally with € -7.4 million in comparison to € -6.0 million in the previous year, despite increased expenses for capital expenditure (€ 10.8 million compared with € 8.9 million in the previous year) and higher outflows for company acquisitions (€ 7.2 million compared with € 0.4 million).

The most important investment projects of 2006 were concerned with the development and expansion of production capacities for the point-of-use segment, in particular for the production of filter cartridges for coffee machines. The research and development work capitalized in accordance with IFRS regulations was mainly concerned with a new generation of drinking water softeners.

### Cash Flow and cash

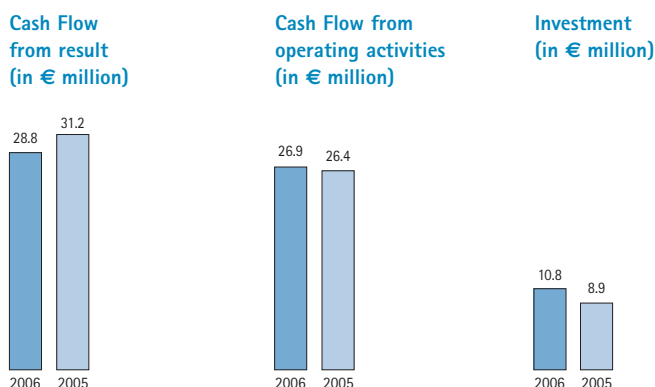
The cash flow from financing activities of € -23.7 million (previous year: € -21.3) is predominantly composed of the dividend payment of € -5.4 million and the reduction of financial liabilities of € -17.3 million. Thanks to a subsequent correction to the distribution of deferred taxes, the surrender value of the CHRIST spin-off of the previous year increased by € 1.4 million and this effect was booked against retained earnings.

### Improved gearing

In 2006, net debt in the BWT Group was reduced by 32% from € 36.3 million to € 24.7 million, while gearing (net debt/equity ratio) improved from 38.9% to 22.6%.

### Solid equity ratio

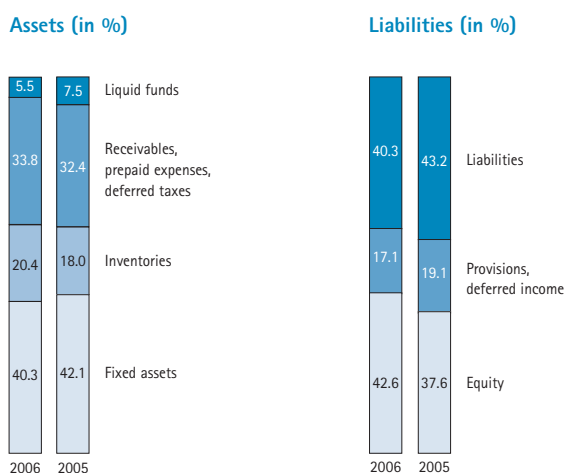
The Group balance sheet total increased from € 247.9 million as of December 31, 2005 to € 256.4 million at the balance sheet date in 2006 (+3.4%). Group equity totaled € 109.2 million as of December 31, 2006, which corresponds to a very sound equity ratio of 42.6% (previous year: 37.7%).



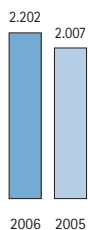
### Increasing profitability

The return on equity (RoE – net profit before deduction of minorities' interests compared to the average equity capital) improved from 14.6% to 21.9%. The return on capital employed (ROCE – EBIT adjusted to taxes on earnings compared to the average total capital employed) increased from 10.1% to 17.3%.

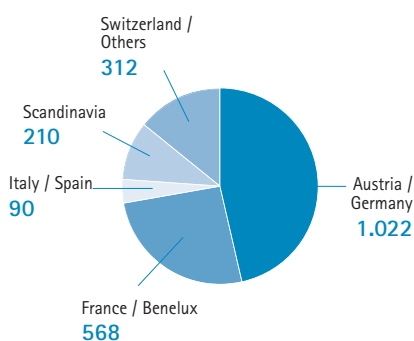
### Balance sheet structure



**Employed staff as of 31.12. 2006:  
2.202 persons**



**Employees by business segment  
as of 31.12.2006**



**Personnel**

At December 31, 2006, the BWT Group employed 2,202 staff. At the same point in time in the previous year, this figure was 2,007. This increase of almost 200 employees (+9.7%) was due both to the newly consolidated companies (87 staff) and the expansion of production and service capacities in Austria, France and Switzerland.

1,022 employees work in the Austria / Germany segment (previous year: 956), 568 in France / Benelux (previous year: 542), 210 in Scandinavia (previous year: 214), 90 in Italy / Spain (previous year: 88) and 312 in the Switzerland / Others business segment (previous year: 207).

The Management Board would like to express its thanks to all committed BWT colleagues for their exceptional input during the past financial year. In particular, they would like to highlight the willingness of the workers and employees at BWT Wassertechnik in Schriesheim, Germany, who agreed to a future increase in their normal working hours to 40 hours per week.

**Research and development**

DI in 2006, research and development work in the BWT Group focused on the continuous development of our product range as well as the redevelopment of product lines in the field of point-of-use applications. It also had the task of developing a process technology for production in line with the requirements of an HACCP standard.

Our research activities also focused on further development of our key technologies, such as the development of a new softening plant which will operate hygienically optimized as a twin plant in the future. For this a completely new concept for controlling the plant was developed, which prevents water from stagnating in the softener as far as possible. Further development of our REAXAN chlorine dioxide plants was carried out from the perspective of disinfection and protection against corrosion. A new reactant was developed for sodium chlorite which changes chlorite to chlorine dioxide and in the reaction produces an anti-corrosive component which can be put into drinking water.

In the point-of-use area, the Wodapur under-the-table filter was completely revised and improved in terms of its performance data. Flavorings, scents, chlorine and organic ingredients etc. are removed from water with Wodapur and subsequently all bacteria and germs present in the water are removed using an ultrafiltration membrane. Furthermore, products were developed for the treatment of water for coffee machines, combination dampers, hot drinks machines and vending machines. Pressureless tank cartridges were installed to improve the flavor of the coffee and to protect the machines against incrustations. For the first time, the tank cartridges have a capacity for up to 200 l of water and are suitable for installation in the water tank using a tank-specific adapter. In addition to the pressureless tank cartridges, pressure-resistant filter inserts were developed and are used for water treatment for coffee machines and hot drinks machines. These filter inserts can be replaced under pressure thanks to an AQASTOP system. It is not necessary to shut off the water to change the filter. The filters remove hardness, chlorine, flavorings and scents as well as organic ingredients from the water and in doing so ensure an optimum coffee taste. The water hardness of the treated water can be adjusted according to 4 levels.

In 2006, fundamental research for fuel cell membranes was intensified. In this respect interesting joint projects with accredited industrial partners were entered into and in some cases completed.

The BWT Group has research facilities connected to the production facilities in Austria, Germany and France. The goal of employees in the BWT development laboratories is to develop new products and procedures as well as enhance existing ones, the focus being on resource-preserving processes in line with the optimization of economic efficiency and ecology.

With its research and development work and the resulting products and procedures, the BWT Group is dedicated to maintaining a flawless water quality, thus contributing to the health of people, animals and plants. For BWT, research and development is one of the three supporting pillars of its growth strategy.

## A view on the risks

### Risk management

Active management of risks is an important component of all the decisions and business processes of the BWT Group, both on a strategic and an operational level. The objective is to optimize the Group's overall risk position, while exploiting the opportunities that arise to their best advantage and thus to ensure the long-term existence of the company. Accordingly, "risk" implies both the danger of a negative deviation to the defined company goals and strategies as well as a positive opportunity to benefit from such a deviation.

The identification, evaluation, control and monitoring of risks is carried out on the basis of binding, fixed risk areas and event categories, whereby a distinction is made between internal and external risks depending on whether the causes originate in the company or in its environment.

### Key risks at a glance:

The regional and national markets for water treatment are subject to specific developments that are cyclical, political, legal and economical. Population growth and structure, demand for modernization and renewal, shortage of available water resources, increasing health awareness, changes to consumer income, general economic growth and construction, changes to interest and tax rates, legal requirements, technological development and similar factors affect the demand for water treatment systems. The consequences of these changes are fluctuations in sales and profits as well as in the purchase and sales prices of the products and services that we offer. Such fluctuations could have negative effects on the net asset, financial and earnings situation of the Group.

As a leader in technology, we are continuously developing products and procedures that are based on new technologies, whose manufacture in some cases is only possible with the use of complex and expensive production technologies. Despite extensive testing, the occurrence of faults cannot be ruled out. In addition to the loss of customers and claims for compensation, this can also affect the reliability rating of the company's products and services and lead to a decline in demand for the business segment concerned. This in turn could have negative effects on the net asset, financial and earnings situation of the Group.

We believe that the BWT Group will continue to grow and intend to further this by selective entry into new technologies and market/regions. The capability of the company, which will be used to put expected growth into practice in the future will, among other things, depend on developing new products and services, employing suitable staff, controlling costs, maintaining effective quality assurance as well as further developing and expanding company management, technology and accounting systems. If this does not succeed in the necessary manner, the net asset, financial and earnings situation of the Group could be adversely affected.

In the past BWT has carried out a series of acquisitions and new foundations and we believe that this is also likely to lead to further purchases and/or new foundations in the future. The possibility that such purchases and/or new foundations that have already been carried out or that will take place in the future are less successful cannot be ruled out. In particular, if it is successful there is the risk of successfully incorporating the companies already acquired or bought in the future into business activities and the company organization of the BWT Group and if need be of achieving planned, positive synergy effects.

If implementing acquisitions and new foundations that have been carried out is not successful, future acquisitions and new foundations are not likely to be carried out successfully and could have an adverse affect on the net asset, financial and earnings situation. This also applies in the event that the company does not find any suitable property to acquire.

A key element of our corporate success is based on the experience, contacts and knowledge of the company management and other key personnel. In the event of the resignation of members of management or key personnel there is no guarantee that the company will be successful in an appropriate period of time and in line with market conditions. In this case the challenge is to recruit personnel qualified to the same level with a comparable level of expertise, and thus also to guarantee continuous, successful management for the company. A similar risk also exists for the management of BWT subsidiaries and could have an adverse affect on the net asset, financial and earnings situation of the Group.

The planned growth of the BWT Group is connected to a multitude of unknown and incalculable factors that may influence a forecast of future business development. These factors include general, economical conditions and the capability to utilize potential existing markets or to expand into new markets. The uncertainty of future development and market positioning as well as financial risks may have a negative influence on the net asset, financial and earnings situation of the Group.

The BWT Group's capability to continue its growth, to grow with the market and to open up new markets is dependent on factors such as the development of the Group's competitive situation, the possibility and cost of financing this growth as well as the Group's capability to market additional products and services. This also includes the corresponding organizational and operational structuring as well as internal monitoring and control system required for this. If the Group is not successful in adjusting its structures to the intended growth and changing market conditions, this could have an adverse affect on its net asset, financial and earnings situation.

The Management Board is not currently aware of any risks that could endanger the company's continued existence. For a detailed list of risks from financial instruments please refer to the information in the notes of the existing annual financial statements (Note 24).

### Information in accordance with Article 243a of the German Corporate Commercial Code (UGB)

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

The Management Board does not know of any restrictions that concern the voting rights or the transfer of shares.

Major shareholders of BWT AG are YSRO Holding B.V. (31.6%) and WAB Privatstiftung (previously known as: BWT Privatstiftung – approx. 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.

The Management Board is not aware of any particular controlling rights of the shareholders.

There are no known key participations of employees of the BWT Group, as all shareholders are also employees with shareholdings who are free to exercise their voting rights at Annual General Meetings.

There are no regulations about the appointment and dismissal of members of the Management Board and the Supervisory Board and about changes to the company's Articles of Association that are not derived directly from the law.

On the basis of the BWT AG Articles of Association, the Management Board is authorized 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.

Article 29 of the valid BWT AG Articles of Association stipulates that the reduction stipulated in Article 26, paragraph 1 of the German Takeover Act for determining the price for a mandatory offer is ruled out. In addition, the Management Board is not aware of any significant agreements in which the company has an interest and that become effective in the case of a change of control in the company as a result of a takeover bid.

There are also no compensation agreements between the company and its Management Board and Supervisory Board members of employees in the event of a public takeover bid.

## Our targets in 2007

### Outlook

The focus of BWT activities on the development, production, marketing and servicing of standard products for water treatment under the slogan "Safety, Hygiene and Health" which was enabled thanks to the spin-off of the business division "AST – Aqua Systems Technologies" to Christ Water Technology AG, which became an independent company on November 8, 2005, has already been reflected in a significant growth in sales and earnings in the first financial year.

The declared aims of the BWT management also include geographical expansion primarily in the growth markets of Eastern Europe and Asia as well as the expansion of the product range, especially in the so-called "point-of-use" area.

The excellent net asset situation, good balance sheet relations and a strong free cash flow form a sound basis for realizing these strategic goals. The Management Board anticipates further pleasing economic conditions and an increase in Group sales to € 380 million in 2007. As is already the case in 2006, consolidated earnings should also grow disproportionately to sales in the new financial year meaning that consolidated earnings of € 25 million are projected.



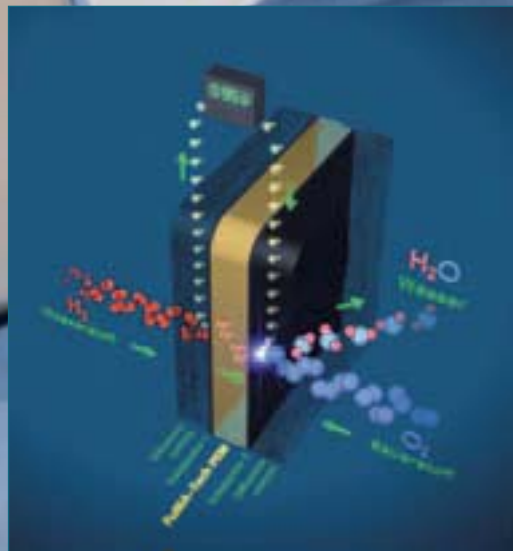
## 1:00 pm Flexible and mobile at the home office

Mobile telephones, laptops and cars – these are just three of the numerous possible areas of application for the energy converter of the 21st century – the fuel cell. The benefits of this technology are plenty. The objective is to supply clean, environmentally friendly energy, without using fossil fuels. The BWT subsidiary, FUMATECH, has established itself on this future market as a supplier of innovative membranes as central components of a membrane electrode unit, the heart of the fuel cell.

### **FUMATECH – high performance fuel cell membranes**

For sustainable mobility, communication, heat and energy supply





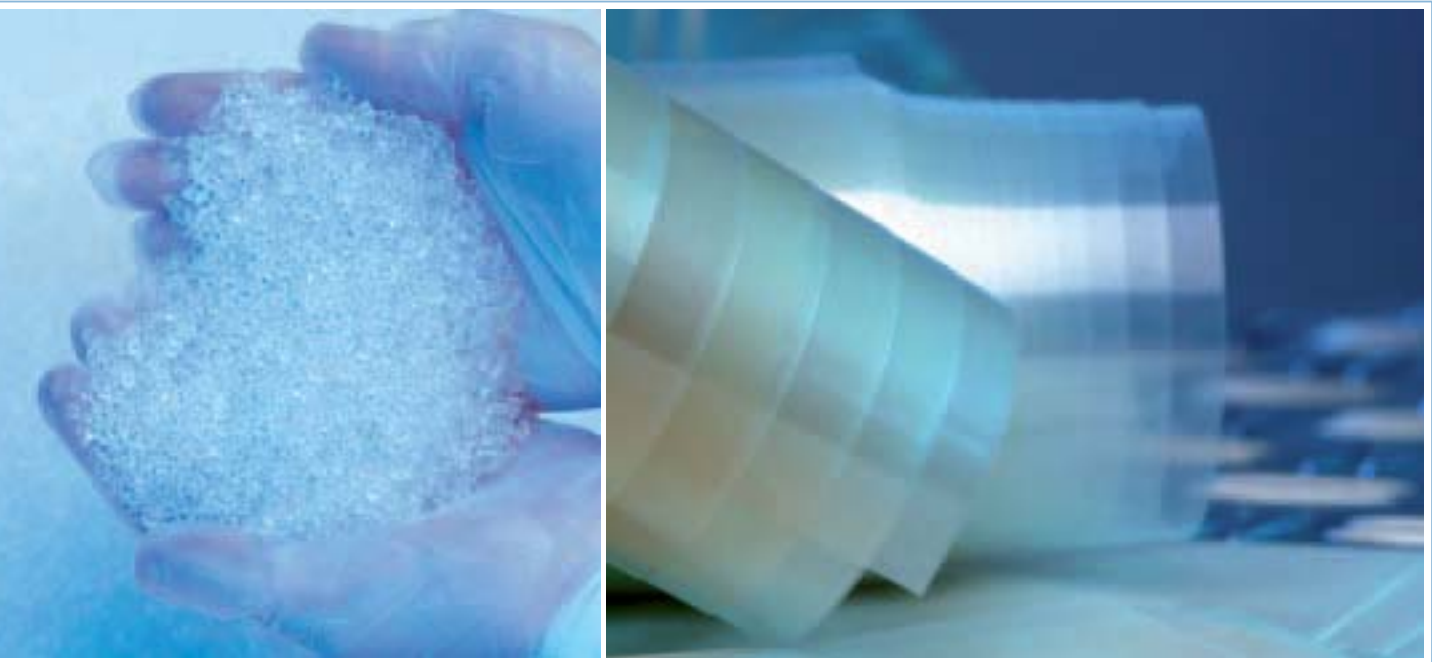
**WATER** – our daily elixir of life

## Fuel Cell Membrane Technologies (FCMT)

### Clean energy for the 21st century

With its FUMATECH subsidiary, BWT has established itself on the future fuel cell market as a supplier of innovative fumion® polymers and fumapem® polymer membranes as central components of a Membrane Electrode Assembly (MEA), the heart of the fuel cell.

FUMATECH thus serves, as a direct supplier (first tier) of components, the fuel cell market developed by OEMs from the car industry, from stationary power generation and from portable electric power supply.



### Products, markets & applications

One of FUMATECH's key USPs is its ability to supply both perfluorinated and non-fluoric membranes. To do this FUMATECH has for a long time used patented hydrocarbon materials based on sulphurized polysulphones and sulphurized polyketones. These products are both more economical and more efficient in many applications than conventional perfluorinated membranes.

FUMATECH has positioned itself strategically as a supplier of components. The manufacture of fuel cell modules is ruled out on principle. FUMATECH is thus never in competition with potential customers and OEMs from the field of car applications or with manufacturers of fuel cell systems.

As a result, established MEA manufacturers are the first target as a potential client base. However, it is becoming clear that because of the complex manufacturing processes resulting from miniaturization, there is also an increase in demand from manufacturers of portable fuel cells for uncoated membranes and polymers contrary to the usual use of membrane electrode units. In addition, it is becoming apparent that car manufacturers will produce fuel cell modules themselves. To achieve the reduction in costs required, the number of individual components in the module is being reduced and current development is focusing on investigating integrated components with greater functionality.

In the longer term, this is expected to produce greater demand for uncoated membranes and consequently an additional market for fumion® polymers and fumapem® membranes for use in cars.

This strategic alignment has allowed us, with minimum risk, to successfully bring together the strengths of our innovative development and a multitude of patents with product experience and a clear direction for marketing. FUMATECH has transferred the necessary product experience from the manufacture of conventional ion exchange membranes to fuel cell technology and is now able to offer excellent fluoric membranes (the fumapem® F series) and non-fluoric membranes in rolls (the fumapem® P and S series as well) as high temperature membranes from the fumapem® A series. In the area of non-fluoric membranes in particular, FUMATECH has access to completely new, demonstrably the most stable materials in hydrolytic and chemical terms exclusively licensed from the Max-Planck-Gesellschaft. Today, these high performance membranes are used in both reformat/air fuel cells and hydrogen/air fuel cells, as well as in direct methanol fuel cells.

A large number of companies now develop and manufacture proton exchange membranes. In addition to worldwide patent protection for the manufacture of improved perfluorinated membranes as well as for the manufacture of stable non-fluoric hydrocarbon membranes, the expertise and patent protection of FUMATECH is supplemented by the unique inorganic/organic multi-matrix membranes as well as the procedure for their manufacture and use. As a result, FUMATECH products can be used in all types and operating modes of current and future fuel cells.

Membrane fuel cell components are classified by area of operation and use. FUMATECH supplies fluoric and non-fluoric polymer membranes for low temperature fuel cells used at low moisturization and at temperatures of up to 85°C (type 1). These membranes are predominantly used for small portable applications.

FUMATECH provides the familiar inorganic/organic hybrid membrane (type 2) for use with medium temperature fuel cells in operation at temperatures up to 125°C, usually without external wetting. These membranes are predominantly intended for use in both stationary and mobile applications and for the on-board supply in an APU (auxiliary power unit). FUMATECH has comprehensively safeguarded this area of application in particular using patents.

The current development work on dry proton conductors (type 3) will continue in another application area, namely high temperature fuel cells in operation at up to 180°C without water. Since 2005, FUMATECH has supplied additional polymers and membranes from ABPBI for doping with phosphoric acid. These membranes have already been successfully tested by customers in long-term stationary applications in over 20,000 hours of operation.

The direct methanol fuel cell for portable small applications will also be of particular importance (type 4). The influence of both the membrane and the catalyst charging are crucial in determining the power density of a cell. Since October 2006, the focus has solely been on the new material class with the patent publication for the new hydrocarbon membranes as well as the manufacture and marketing of membranes for DMFCs.

Recently, catalysts containing no precious metals have been available for the direct methanol fuel cell. For FUMATECH, this opened up a new market for the already available alkali-stable anionic membranes of the fumapem® FAA type. A multitude of customers

using fuel cells in portable applications were supplied with this membrane in the intervening period. In addition, the fumasep® FBM bipolar membrane, which has been known about and protected by patent for a long time, was successfully tested for use in fuel cells.

New developments for use in small applications currently include alternative liquid fuels such as ethanol, formic acid and other non-toxic and non-explosive liquids. FUMATECH also provides new membranes for these activities. This also includes providing products in competition with DMFC from the field of redox batteries, which can be advantageously recharged using solar and wind energy.

#### **A leading component supplier to the fuel cell industry**

As an established membrane manufacturer, FUMATECH provides all the components required to produce a membrane electrode unit such as polymers, polymer solutions and membranes. In addition, it manufactures and distributes membranes for producing hydrogen through the electrolysis of water. The available expertise and the production plants for the series production of flat membranes form a sound basis for the fuel cell business.

On the periphery of fuel cell systems, components are also needed to wet fuel gas as well as for process and cooling water. FUMATECH supplies specialist membranes for the wetting and internal water management of fuels. For stationary use, desalination and cooling water treatment are also offered, as well as process for internal water management.

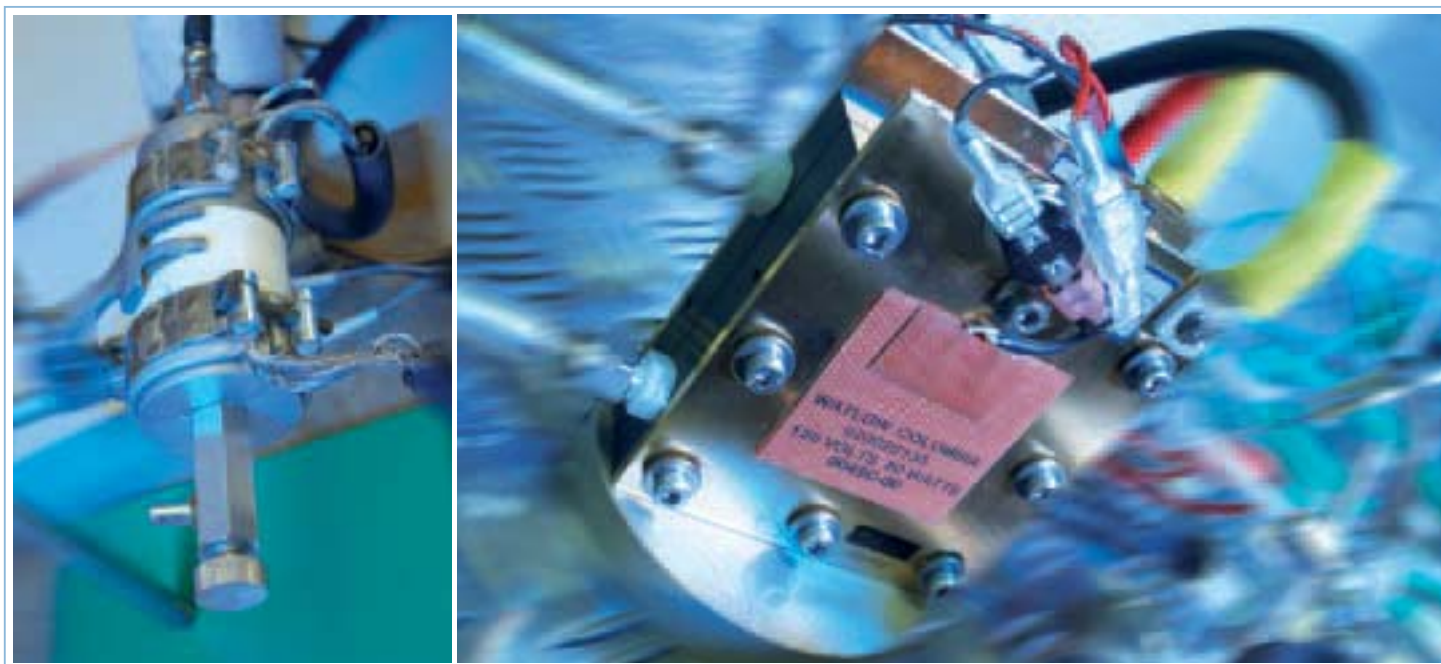
The polymers and membranes manufactured by FUMATECH are currently used mainly in small batches, prototypes and development products at OEMs, by manufacturers of membrane electrode units as well in research institutes and universities. In order to improve the commercial availability of these products around the world, and to simplify the processing of small orders for the customers, an online webshop was set up on the FUMATECH home page. A simplified ordering and payment procedure should provide special developers with easier access to FUMATECH products.

#### **Further expansion of R & D cooperations**

In order to guarantee the sustainability of the work at FUMATECH and to ensure the market position is safeguarded in the long term, cooperations signed in the past were extended in 2007.

In addition to the Max-Planck-Gesellschaft, the most important research and development partners in Germany include HIAT gGmbH in Schwerin. The objective of the ongoing work is to optimize products for operation at temperatures of up to 125°C without wetting, for water-free operation at temperatures of up to 160°C and for direct methanol fuel cells. In a network of different universities and research centers, development of a dry proton conductor "DryD" and improvement of the mechanical properties of fumapem® S "HiPEM" continues to be conducted. A project in Austria on the subject of "small-scale traction" is supported by the supply of membrane electrode units.

In a European research cooperation, FUMATECH is involved with the development of components for use in cars. As part of the "AutoBrane" program, improved membranes for mobile use are being developed in cooperation with a multitude of car firms. In the project entitled "HySYS", a compact membrane wetting device is being developed for use in motor vehicles. In Apollon, the use of economic catalysts containing no precious metals is finally being investigated for fuel cells at temperatures up to 180°C.



Recently FUMATECH has also been focusing on the development and supply of polymers and membranes for the very promising market of micro fuel cells. Both direct methanol fuel cells and systems operated using hydrogen are being considered for portable applications.

In the 2006 financial year, a long-term development and supply cooperation was signed with the "National Innovation Company New Energy Projects (NIC NEP)" a subsidiary of OAO Norilsk Nickel MMC for the development of membrane electrode units as well as the manufacture and delivery of membranes and materials for stationary fuel cells which is likely to be extended to include other applications of fuel cells in the future.





## 2:00 pm Relaxation in the swimming pool

Every now and again our body needs rest and time for regeneration. And what element is more suitable for relaxation than water? However, pool water is exposed to many influences and if insufficient care is taken, it can quickly become a breeding ground for bacteria, viruses and algae. BWT treatment systems ensure safety and hygiene in swimming pools. Water as a feel-good element is not simply a minor point for BWT, but of central importance for all planning and solutions.

**Bewazon – ozone system**  
For greater hygiene and safety in swimming pools



## Sustainability report

"Corporate social responsibility" is the commitment of companies to behave ethically and to make a contribution to sustainable, economic development, so that the lives of all relevant stakeholders are improved through cooperation.

### Sustainability

One of the first and most important global initiatives, which asked leading private sector companies as central partners to solve social and environmental challenges, is the United Nations Global Compact which was launched in January 1999. UN Secretary General, Kofi Annan, invited business executives to take part in this international initiative at the World Economic Forum (WEF) on January 31, 1999. Today the initiative is supported by approximately 3,000 companies from 100 countries as well as employee representatives and the general public. They work together to implement the ten principles of the Global Compact concerning the areas of human rights, labor rights, the environment and anti-corruption. CSR is also stipulated as an international objective in the plan of action of the World Summit on Sustainable Development held in Johannesburg (2002).

In March 2005, work began in the Brazilian city of Salvador/Bahia on an international standard for social responsibility – ISO 26000. 225 experts from 43 countries and 80 people from international organizations such as ILO (International Labor Organization), WHO (World Health Organization) and UNIDO, met and discussed 32 resolutions which define the framework for further work on the standard which is to be published in October 2008.



The new G3 Guidelines for sustainability reporting were presented at the meeting of the international CSR expert network, Global Reporting Initiative (GRI), at the start of October 2006.

Also at this meeting, Global Reporting Initiative and UN Global Compact announced their alliance and addressed leading companies with a call to action. As a result, members of Global Compact are in future required to produce a sustainability or CSR report that can be composed in accordance with the GRI guidelines.



**Principles, model and strategies**

BWT – BEST WATER TECHNOLOGY – is our identity and our program.		
The goal:	<b>Best</b>	Performance and achievements
The task:	<b>Water</b>	Safety, hygiene and health in the water
The solution:	<b>Technology</b>	Optimization of economy and ecology

Our vision reads: "BWT – the leading international water technology Group". Our strategy is growth through innovation, geographical expansion, and growth in existing markets with existing technology. Financing should be by way of the company's own cash flow. In so doing we are thoughtful of the scarcity of water on our planet. Our employees are a key factor in our success and we specifically encourage their further development. The focal point is customer-oriented thinking and behavior, based on a long-term partnership and continuous evaluation of customer requirements with the goal of finding the best possible solution. We are responsible to society as well as the Government and its authorities for complying with all the statutory regulations. With our market partners we maintain fair relationships based on respect. We want to offer our investors as high a return on their capital as possible. Our water treatment products and their manufacture should make a positive contribution to the ecosystem.

## Sustainability at BWT

In 2006, BWT took considerable steps towards an extensive sustainability strategy which is based on the standards published by the Global Reporting Initiative (GRI) in the most recent G3 version. An independent sustainability report is under way and should be published in the middle of 2007.

### Organizational framework

In July 2006, BWT's CSR project was created with a project team at Group level under the enlistment of a consulting company. In terms of organization, BWT set the goal of making CSR an integral management function, whereby the management of the Group companies and the Management Board (CEO Andreas Weissenbacher and CFO Gerhard Speigner) have the principle responsibility. The internationally recognized GRI template was chosen as the reporting standard on the basis of which a survey was carried out at the most important manufacturing Group companies. Existing certifications in accordance with ISO 9000 and ISO 14000 formed an important link.

### Main factors

Important stakeholders for BWT were identified as: customers, employees, suppliers, the environment, society and investors. The following diagram illustrates and substantiates the dimensions of our stakeholders.



BWT operating function	Stakeholder	BWT-Stakeholder
Finance	Investors	32% YSRO, 19% WAB Privatstiftung, 49% free float, approximately 70 institutional investors
Personnel	Employees	2,202 employees at over 40 sites, 100% in Europe, € 112 million
Research & development	Environment (product effects)	Economically and ecologically optimized water treatment products and procedures
Purchasing	Market partners (suppliers)	Purchasing volume: € 217 million, several thousand suppliers
Production	Environment	4 main production sites: Mondsee (A), Schriesheim (D), Paris (F), Aesch (CH)
Marketing & service	Customers	Sales: € 360 million with wholesale and retail customers; planners, architects and industry

## Customers

Our customers include wholesalers, plumbers, architects, planners and a large number of businesses and industrial companies from virtually all branches of industry as well as municipalities (e.g. hospitals). We generate 98% of our sales in Europe. An important indicator for BWT is the regular measurement and analysis of customer satisfaction which has shown a stable, positive outlook at a high level in recent years. Quality management in accordance with ISO 9001 (in Germany also in accordance with ISO 14001) is implemented at the largest sites of the Group and in the process of being implemented in the rapidly expanding Group. A systematic Customer Relationship Management (CRM) system has also been installed in France and Germany and is in the pipeline for other locations.

## Employees

BWT employees have a large variety of responsibilities (technical and commercial jobs) and extensive possibilities for development. Within BWT there is a flat organizational structure which enables direct, personal communication and is arranged in a country-specific manner. Regular employee satisfaction surveys are carried out which, like the analysis of staff turnover, reveal a positive figure on average. As has been the case since the founding of BWT, there were no strikes or labor disputes in 2006.

## Suppliers

Due to the vertical range of manufacture of the Group, purchasing is of great importance. In addition to purchasing organized locally, there is a central Group purchase department which is operated together with the sister company, Christ Water Technology, and thus can use economies of scale. In 2006, a code of conduct was established across the Group, which employees and suppliers are subject to, together with the strict rules on conditions for purchasing, which stipulate extensive regulations relating to working conditions and social standards (referring to SA 8000) as well as a ban on corruption. Suppliers are subject to regular assessment which is based on sustainable partnership and dialog.

## Environment

On the whole, we estimate the overall influence of our operating activities on the environment to be relatively low in relation to the size of BWT. Data relevant to the environment both regarding the use of resources (energy and water etc.) and emissions (waste and sewage etc.) are collected annually at the production sites.

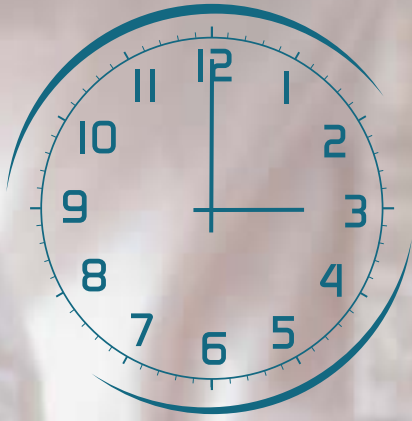
Particular attention is paid to Co<sub>2</sub> emissions which are primarily caused by the company's fleet of cars, while the rest mainly come from heating buildings. The Mondsee site is connected to a community heating power plant. The BWT Group has approximately 500 company cars that are used by employees, particularly in marketing. Projections for 2006 indicate that the BWT Group produced approximately 4,600 t of Co<sub>2</sub> according to preliminary calculations. As a result of the expansion of service activities and the dynamic growth of the Group, an increase is foreseeable which, however, should be limited by the acquisition of more economical vehicles and newer engine generations. The European Commission is currently planning a limit of 120g/km for new cars for 2012.

## Society

The extremely positive product effects of the BWT product portfolio and the topics of hygiene, safety, health and water enjoy a high level of awareness in society. As a tax payer, in 2006 the BWT Group paid over more than 30% of its earnings in taxes (€ 9.6 million). As has been the case for many years, relief projects were also carried out in 2006, which included financial donations and the personal dedication and commitment of BWT employees. This also includes relief projects for employees in need and external relief response (e.g. for drinking water supply in disaster areas).

## Investors

Please refer to the chapter on "Shares & investor relations" which provides a report on our offering and activities for investors.



### 3:00 pm Afternoon coffee break

Whether cappuccino, espresso or latte macchiato – the consumption of coffee has become an experience in all respects. The aroma, flavor and appearance of coffee and other hot as well as cold drinks are influenced considerably by the quality of their most important ingredient – water: the carbonate hardness, overall hardness and mineral content must be just right. water+more by BWT fulfils these high requirements of the catering industry with customized solutions for water optimization.

**water+more by BWT –  
water filter systems for the catering industry**  
Coffee becomes a real pleasure

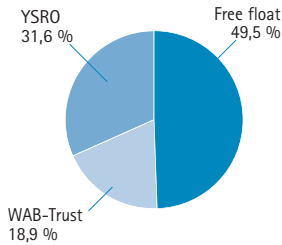




**WATER** – our daily elixir of life

## The BWT share

### Shareholder structure



### Data and facts about the BWT share

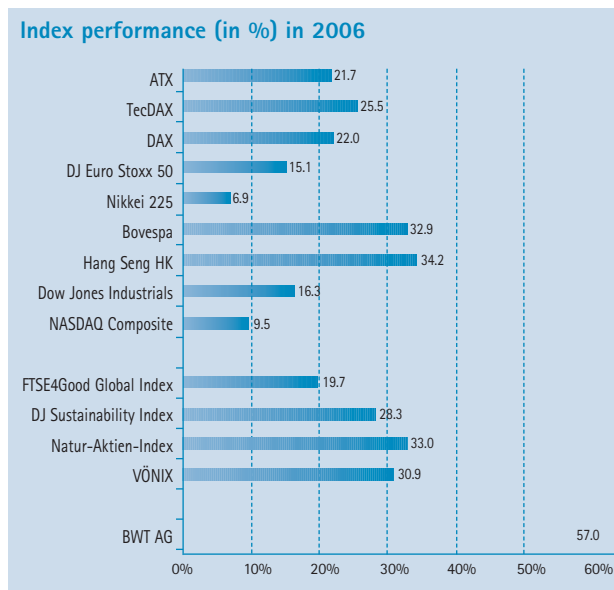
No. of shares	17,8335 million, issued to bearer
Free float	49.5%
ISIN	AT0000737705
Bloomberg code	BWT AV
Reuters code	BWTV.VI
Main trading center	Vienna Stock Exchange
ADR program	Level 1, 1 ADR = 1 share, Bank of New York
Minimum price 2006	€ 21.78 (as at January 18, 2006)
Average price 2006	€ 29.71
Maximum price 2006	€ 36.63 (as at May 2, 2006)
Year-end price 2006	€ 36.50
Market capitalization	€ 651 million (as at December 28, 2006)
Trading volume (in shares) per day	58,501 (double counting, Vienna Stock Exchange, 2006)
Trading volume (in €) per day	1.729 million (double counting, Vienna Stock Exchange, 2006)
Index membership	ATX Prime, ViDX, WBI, sustainability indices
Broker research	CA-IB (BA-CA/UniCredit), Erste Bank, RCB

Information per share	2006	2005*	Change
Earnings (€)	1.24	1.06	+17 %
Dividend (€)	0.35**	0.30	+17 %
Book value (€)	6.12	5.23	+17 %
P/E maximum	29.5	34.1	-
P/E minimum	17.6	20.4	-
P/E year-end	29.4	21.9	-

\*including Christ Water Technology AG up to October 2005

\*\* proposal to the Annual General Meeting

### The BWT share in 2006



Source: Wiener Börse AG

2006 was the first complete financial year following the spin-off of the Christ Water Technology Group in November 2005. As the trading statistics show, this did not result in any de facto decline in the share's trading liquidity. In fact, there was even an increase in trading volume. However, as a result of the annual index revision and some new issues on the Vienna Stock Exchange, the BWT share slipped out of the ATX in September 2006. By contrast, the price performed positively and increased by 57 %. Shareholders with shares in both BWT and CHRIST benefited from an increase in the price of 46 %.

2006 was a very good year for the international stock markets. Strong economic data and surprisingly sharp profit growth within the company outshone the base rate increases of both the U.S. Federal Reserve and the European Central Bank (ECB) as well as further increases in the prices of raw materials. The U.S. Dow Jones Industrial Index rose by 16 %, while the DAX rose by 22 %. Development on the Vienna Stock Exchange was again extremely dynamic. The market capitalization of all companies increased from € 105 billion to € 146 billion and there was a significant increase in liquidity (turnover ratio from 65 % to 88 % of the market capitalization). ATX performance for the year was 22 %.

There has been a considerable increase in the importance of sustainability and corporate social responsibility in light of the current climate change, the rapid industrialization of whole continents, accompanied by declining resources and environmental pollution, as well as social disparities. "Green money" needs to be invested in a socially responsible, environmentally friendly and sustainable fashion on the capital markets. Throughout Europe, the volume of sustainable investment funds rose from € 34 billion in 2002 to € 106 billion in 2006. Sustainability indices (see chart) also performed exceptionally well in 2006.

As a provider of water technology solutions and sustainability investment, the BWT share is included in important indices such as the Natur-Aktien-Index (Nature Stock Index), the VÖNIX and (since July 2006) the renowned SB20 list "Companies Changing the World". Inclusion usually follows a comprehensive assessment of the sustainability strategy with in-depth analysis of the company's performance towards our shareholders, as well as the environment, employees, society, authorities, market partners and investors. We have therefore made it one of our main tasks to continue to improve such services.

## Investor Relations

Since the IPO in 1992, investor relations have been our highest priority and are directly assigned to the Management Board. The objective of our IR work is to present as true and fair a picture as possible of the company and its potential for development in its markets, therefore creating a good basis of information on which to arrive at a sustainable decision to invest in our company. A transparent information policy, our commitment to the Austrian Corporate Governance Code and our active approach to investors are integral components of this strategy.

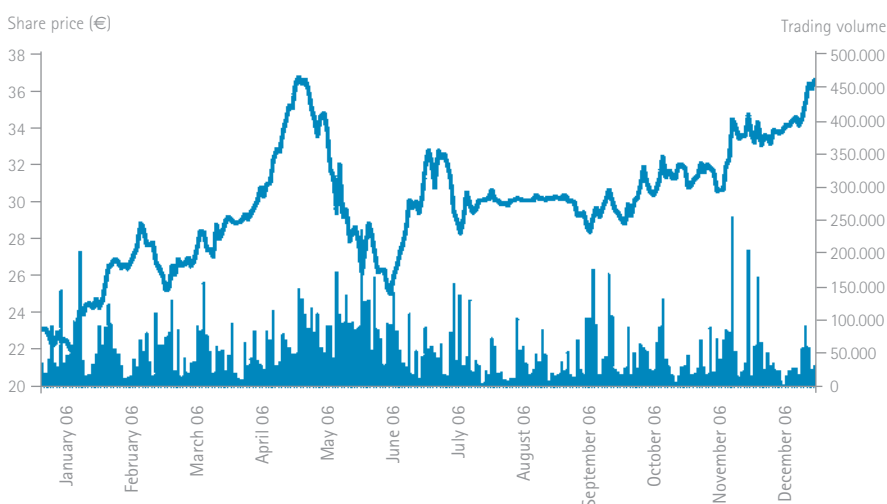
Regular analyses of the BWT share are published by the Austrian banks CA-IB (BA-CA/Unicredit), Erste Bank and RCB. Studies are also carried out by HSBC Trinkaus & Burkhart and Commerzbank. Deutsche Bank terminated its coverage at the beginning of 2007.

### Information and contact:

Website: [www.bwt-group.com/en/investor](http://www.bwt-group.com/en/investor)  
 Investor Relations: Ralf Burchert, CEFA  
 Shareholder telephone: +43 (0)6232 5011-1113  
 E-Mail: [investor.relations@bwt.at](mailto:investor.relations@bwt.at)

In order to further increase awareness of the BWT share and its unique positioning, we participated in a total of 14 national and international investor conferences and roadshows in 2006 as well as several local bank and small investor events. An up-to-date roadshow calendar of major events as well as other extensive information on the BWT share can be found on our website.

### BWT price chart



Source: Wiener Börse AG



## 6:00 pm Drinking is half the training

Under intense strain, the body loses up to 1 liter of fluid per hour and in doing so also a large amount of minerals. The best antidote: drinking lots of water. The limescale protection system, AQA total Energy, leaves all minerals in the water and produces a sparkling source of energy from its tap. Thus you can enjoy precious drinking water from clean pipes.

**AQA total Energy –  
alternative limescale protection**  
For vitality and protection against  
limescale and corrosion





**WATER** – our daily elixir of life

## Corporate Governance

The Austrian Code of Corporate Governance is primarily geared toward listed corporations and contains standards for good corporate governance through their voluntary adherence to the Code.

The Austrian Working Group for Corporate Governance has released a new version of the Austrian Corporate Governance Code, effective January 1, 2006. The revised version of the original 2002 version implements, among other things, the new corporate governance recommendations of the EU Commission and the Company Law Amendment Act 2005. In total, 36 of the 80 rules were changed.

### The Code comprises three rule categories:

1. Legal requirement ("L") – including compulsory regulations
2. The "C" rules (Comply or Explain) in the Austrian Code of Corporate Governance are to be followed; any deviation must be explained and the reasons stated in order to comply with the Code.
3. Recommendation rules ("R")

BWT is committed to the 2006 version of the Austrian Corporate Governance Code and deviates from it in the following respects:

#### Rule 18

The internal auditing duties are currently being performed by the Group Controlling department. The Supervisory Board receives regular reports about important results of these auditing activities.

#### Rules 28 through 30

Performance-related payments at BWT AG are not made via share options, but are dependent on the attainment of predefined goals (e.g. company results, qualitative and quantitative goals).

In 2006, 80 % of the total remuneration of the Management Board was fixed and 20 % performance-related. There is no company pension. There are also no Management Board entitlements or legal rights should the function be terminated.

#### Rule 38

The BWT AG Articles of Association do not stipulate any age limit for the members of the Board of Management. Appointments are made solely on the basis of professional and personal qualification.

#### Rule 39

The Audit Committee is the only committee established by the Supervisory Board of BWT AG. The Supervisory Board of BWT AG comprises experts in various fields and holds constructive meetings at regular intervals, which cover strategic, balance sheet, and personnel-related matters of the company. In this context, the BWT AG Supervisory Board is also involved in all-important decisions of the Management Board as an advisory body.

#### Rule 51

The members of the Supervisory Board received expense reimbursements totaling € 18,000 for the activities during the 2006 financial year. No further payments were made.

#### Rule 53

"Independent" in the sense of the blanket clause of Rule 53 refers to members of the Supervisory Board whose business or personal relationship with BWT AG or its Management Board does not constitute a material conflict of interest allowing the member's

behavior to be influenced. In accordance with the guidelines of the Corporate Governance Code (Annex 1), BWT AG sets the following criteria for independence:

1. The Supervisory Board member has not been a member of the Management Board in the past five years and was not a management employee of the company or one of its subsidiaries.
2. The Supervisory Board member does not maintain a business relationship with BWT AG or any of its subsidiaries to a significant extent for the Supervisory Board member and has not done so within the past year. This also applies to business relationships with companies with which the Supervisory Board member has a considerable economic interest. The approval of individual dealings in accordance with the "L" Rule 48 does not automatically confer independent status.
3. The Supervisory Board member was not an auditor of the company or a participant or employee of the auditing company within the past three years.
4. The Supervisory Board member is not a member of the management board of another company in which a management board member is a supervisory board member of the company.
5. The Supervisory Board member is not a close family member (direct descendant, spouse, partner, parent, uncle, aunt, sibling, niece, nephew) of a Management Board member or of persons who are in one of the aforementioned positions.

The Supervisory Board thus comprises the following independent members:

Dr. Leopold Bednar, Gerda Egger, Dr. Wolfgang Hochsteger, Klaus Kastner, Ekkehard Reicher, Serge Schmitt.

#### Rule 57

The BWT AG Articles of Association do not stipulate any age limit for the members of the Supervisory Board.

#### Rule 58

Supervisory Board member	First appointed	End of current term
Dr. Leopold Bednar (Chairman)	July 5, 1991	2011
Dr. Wolfgang Hochsteger (Dep. Chairman)	July 5, 1991	2011
Gerda Egger	May 24, 1996	2011
Dr. Ekkehard Reicher	May 24, 1996	2011
Serge Schmitt	May 29, 2002	2011
Klaus Reinhard Kastner	May 23, 2001	2011

Where applicable, other Supervisory Board mandates or similar functions in domestic or foreign listed corporations are disclosed:

Dr. Leopold Bednar, Gerda Egger, Dr. Wolfgang Hochsteger and Serge Schmitt are also Supervisory Board members of Christ Water Technology AG.

#### Rule 70

Reports regarding the acquisition and sale of BWT shares by members of the Management Board are communicated in accordance with Article 48d/4 of the Stock Exchange Act to the Austrian Financial Market Authority. Reference is made to the Austrian Financial Market Authority website on the BWT AG website.

#### Rule 80

The assessment of the effectiveness of risk management by the auditor has been made since the 2004 financial year for the key participations under the audit.





## 8:00 pm Wind down at the end of the day

What is more relaxing, in order to forget hectic, everyday life, than a pleasant, warm bath? Warm water indulges you and nourishes your soul. Just like in the morning under the shower, thanks to AQA Perla you can also enjoy a warm bath of pearl-soft water in the evenings. An experience you don't want to be missing out on any longer.

### **AQA Perla – soft water system**

For unadulterated pleasure in your bath





# 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](mailto:office@bwt.at)  
[www.bwt-group.com](http://www.bwt-group.com), [www.bwt.at](http://www.bwt.at)

## BWT locations

### AUSTRIA

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A-5310 Mondsee, Vogelsangstraße 3  
Phone +43-6232-5011-1400, Fax ext. 1495  
E-Mail: [office@aquaservice.at](mailto:office@aquaservice.at)  
[www.aquaservice.at](http://www.aquaservice.at)

arcana pool systems GmbH  
A-2201 Gerasdorf bei Wien, Brünner Str. 186  
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#### Financial Calendar 2007:

2006 Annual Results	30 March 2007
Annual General Meeting	24 May 2007
Ex-dividend date	29 May 2007
Dividend payment date	01 June 2007

Letter to Shareholders I/2007	16 May 2007
Letter to Shareholders II/2007	10 August 2007
Letter to Shareholders III/2007	16 November 2007

#### Imprint:

BWT Annual Report 2006

#### Copyright:

BWT Aktiengesellschaft

#### Edition and Layout:

BWT Aktiengesellschaft

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