

BWT Aktiengesellschaft
**CONSOLIDATED
FINANCIAL
STATEMENTS**

in accordance with
International Financial
Reporting Standards,
as they are to be applied in the EU

2007



I. Consolidated profit and loss account for the 2007 financial year

	Note	2007 € 1000's	2006 € 1000's
Sales	(1)	397,494.0	361,963.5
Other operating income	(2)	6,600.1	5,348.7
Change in inventory of finished and unfinished goods		1,580.3	1,685.6
Capitalized labor, overheads and material	(2)	1,008.4	1,026.3
Materials and purchased services	(10)	-170,333.7	-148,639.4
Personnel expenses	(3)	-119,819.8	-112,047.2
Depreciation	(4)	-9,007.4	-8,304.9
Other operating expenses	(5)	-72,364.2	-68,462.7
Result from operating activities		35,157.7	32,569.9
Financial income	(6)	2,788.6	1,513.4
Financial expenses	(6)	-2,689.6	-2,286.0
Earnings before taxes		35,256.7	31,797.3
Taxes on earnings	(7,15)	-9,006.2	-9,577.1
Net profit		26,250.5	22,220.2
Of which:			
Shareholders of the parent company		26,425.0	22,182.0
Minority shareholders	(16)	-174.5	38.2
Earnings per share (in €):	(27)		
Undiluted = diluted		1.48	1.24
Number of shares issued		17,833,500	17,833,500

II. Consolidated balance sheet as at December 31, 2007

ASSETS	Note	31.12.2007 € 1000's	31.12.2006 € 1000's
Goodwill	(8)	28,315.8	26,768.2
Other intangible assets	(8)	16,533.8	16,368.6
Tangible assets	(8)	59,103.8	53,402.9
Financial assets	(9)	7,257.8	6,827.8
Trade receivables	(11)	230.9	82.1
Receivables from companies with which a participation is held	(11)	129.6	133.6
Other receivables from third parties	(13)	370.4	311.5
Deferred tax claims	(15)	4,279.4	5,538.4
Noncurrent assets		116,221.5	109,433.1
Inventories	(10)	60,243.9	52,439.3
Trade receivables	(11)	76,763.4	66,424.7
Receivables from long-term orders	(11,12)	9,072.2	5,193.7
Receivables from companies with which a participation is held	(11)	278.7	1,048.4
Income tax reimbursement claims	(11)	2,649.9	2,119.6
Other receivables from third parties	(11,13)	5,945.6	5,565.7
Liquid funds	(14)	15,372.6	14,223.4
Current assets		170,326.3	147,014.8
TOTAL ASSETS		286,547.8	256,447.9

LIABILITIES	Note	31.12.2007 € 1000's	31.12.2006 € 1000's
Share capital		17,833.5	17,833.5
Capital reserves		17,095.8	17,095.8
Retained earnings		95,476.5	74,659.1
Other reserves		-1,120.1	-1,083.0
		129,285.7	108,505.4
Minority interests	(16)	347.4	698.4
Equity capital	(16)	129,633.1	109,203.8
Provisions for social overhead capital	(17)	24,006.9	26,398.1
Deferred tax liabilities	(15)	4,929.2	4,335.0
Other accruals	(18)	1,514.8	1,729.4
Bonds	(19, 20)	17,000.0	17,000.0
Interest-bearing financial liabilities	(20, 24)	10,275.7	6,717.3
Other liabilities	(20)	997.7	769.6
Noncurrent liabilities		58,724.3	56,949.4
Current tax liabilities		3,443.5	5,412.5
Other provisions	(18)	18,925.5	15,682.4
Interest-bearing financial liabilities	(20, 24)	14,548.4	15,191.8
Trade payables	(20)	33,401.1	30,196.9
Liabilities to companies with which a participation is held	(20)	2,364.5	0.2
Other liabilities	(20)	25,507.4	23,810.9
Current liabilities		98,190.4	90,294.7
TOTAL LIABILITIES		286,547.8	256,447.9

III. Cash flow statement for the 2007 financial year

	Note	2007 € 1000's	2006 € 1000's
+ Net profit		26,250.5	22,220.2
- Profit (+ loss) from the sale of fixed assets		-172.2	-114.5
+ Depreciation of tangible assets		6,216.7	5,575.5
+ Depreciation of intangible assets		2,790.7	2,729.4
+ Allocation (- writeback) of noncurrent accruals		-2,771.4	-1,601.1
		32,314.3	28,809.5
- Increase (+ reduction) in inventories including advance payments		-7,265.7	-5,466.9
- Increase (+ reduction) in trade receivables, deferred taxes		-8,891.5	-5,387.3
+ Increase (- reduction) in trade payables and other liabilities		3,798.3	8,212.0
+ Increase (- reduction) in current accruals (including allocation of deferred taxes)		2,545.1	747.6
CASH FLOW from operating activities	(22)	22,500.5	26,914.9
- Investment on tangible and intangible assets		-13,916.5	-10,196.9
- Investment on financial assets		-1,143.7	-557.3
+ Inflows from disposals of tangible assets, intangible assets and other financial investments		1,201.0	10,511.3
- Outflows for the acquisition of minority shares and the acquisition of participations		-1,487.4	-7,191.3
CASH FLOW from investment activities	(23)	-15,346.6	-7,434.2
- Dividends paid out		-6,241.7	-5,350.0
+ Change in minority shares including distributions		-832.5	-86.0
+ Change due to disposal of CHRIST		0.0	-1,428.2
+ Change in notes payable		-136.5	399.5
+ Change in noncurrent financial liabilities		3,279.0	-5,537.2
+ Change in current financial liabilities		-2,092.4	-11,722.9
CASH FLOW from financing activities		-6,024.1	-23,724.8
+ Cash flow from operating activities		22,500.5	26,914.9
+ Cash flow from investment activities		-15,346.6	-7,434.2
+ Cash flow from financing activities		-6,024.1	-23,724.8
Change in liquid funds		1,129.8	-4,244.1
+ Liquid funds at beginning of year		14,223.4	18,559.8
+ Impact of exchange rate differences		19.4	-92.3
Liquid funds at year-end		15,372.6	14,223.4
Breakdown of liquid funds	(14)		
Cash, checks, deposits with banks		15,362.1	14,213.1
Cash equivalents		10.5	10.3
		15,372.6	14,223.4
Other information		2007	2006
		€ 1000's	€ 1000's
Interest received		754.8	500.8
Interest paid		2,497.5	1,833.0
Tax payments		7,692.8	7,554.8

IV. BWT-Group: Changes in shareholder's equity

	Share capital	Capital reserves	Retained earnings	Other reserves	Total	Minority shares	Total
	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's
As at Dec. 31, 2005	17,833.5	17,095.8	58,888.4	-1,060.9	92,756.8	585.5	93,342.3
Net attributable profit	0.0	0.0	22,182.0	0.0	22,182.0	38.2	22,220.2
Currency translation	0.0	0.0	0.0	-22.1	-22.1	10.6	-11.5
Profits/losses offset in equity	0.0	0.0	366.9	0.0	366.9	0.0	366.9
Result for the entire period	0.0	0.0	22,548.9	-22.1	22,526.8	48.8	22,575.6
Dividend payment	0.0	0.0	-5,350.0	0.0	-5,350.0	0.0	-5,350.0
Spin-off CHRIST Group	0.0	0.0	-1,428.2	0.0	-1,428.2	0.0	-1,428.2
Change in minorities including distributions	0.0	0.0	0.0	0.0	0.0	64.1	64.1
As at Dec. 31, 2006	17,833.5	17,095.8	74,659.1	-1,083.0	108,505.4	698.4	109,203.8
Net attributable profit	0.0	0.0	26,425.0	0.0	26,425.0	-174.5	26,250.5
Currency translation	0.0	0.0	0.0	-37.1	-37.1	5.7	-31.4
Profits/losses offset in equity	0.0	0.0	1,290.1	0.0	1,290.1	0.0	1,290.1
Result for the entire period	0.0	0.0	27,715.1	-37.1	27,678.0	-168.8	27,509.2
Dividend payment	0.0	0.0	-6,241.7	0.0	-6,241.7	0.0	-6,241.7
Reclassification of negative minorities	0.0	0.0	-656.0	0.0	-656.0	656.0	0.0
Change in minorities including distributions	0.0	0.0	0.0	0.0	0.0	-838.2	-838.2
As at Dec. 31, 2007	17,833.5	17,095.8	95,476.5	-1,120.1	129,285.7	347.4	129,633.1

Result for the entire period

	2007 € 1000's	2006 € 1000's
Actuarial profits/losses	2,324.4	611.5
Of which tax-related	-1,034.3	-244.6
Income and expenditure recorded directly in equity	1,290.1	366.9
Net attributable profit	26,250.5	22,220.2
Currency translation	-31.4	-11.5
Result for the entire period	27,509.2	22,575.6
Of which to:		
Shareholders of the parent company	27,678.0	22,526.8
Minority shares	-168.8	48.8

BWT GROUP
CONSOLIDATED
FINANCIAL STATEMENTS

NOTES

2007



V. Notes for 2007

General Notes

The consolidated financial statements of BWT Aktiengesellschaft (BWT AG), based in Austria, 5310 Mondsee, Walter-Simmer-Stressed 4, were prepared in accordance with Article 245a of the Corporate Commercial Code (UGB) and in line with the principles of International Financial Reporting Standards (IFRSs), as they are to be applied in the EU, under the responsibility of the Management Board.

The entire financial statements for the 2007 and 2006 financial years are prepared in € 1,000 (rounded in line with commercial rounding methods). When adding rounded amounts and percentages, the use of automated calculation aids may result in differences due to rounding.

Application of new and changed standards

The application for the first time of IFRS 7, IFRS 8 and the amended IAS 1 has resulted in additional disclosures regarding the Group's financial instruments in these financial statements and the management of capital.

Published standards and interpretations not yet applied

At the time of the authorization of these financial statements for publication, the following interpretations were already published, although it is not yet compulsory to apply them, in addition to the standards and interpretations used by the Group:

- IFRS 3 Business combinations and subsequent changes in other standards (to be used for financial years starting on or after July 1, 2009),
- IAS 23 (revised) Borrowing costs (to be used for financial years starting on or after January 1, 2009),
- IFRIC 11 IFRS 2: Group and Treasury share transactions (to be used for financial years starting on or after March 1, 2007),
- IFRIC 12 Service concession arrangements (to be used for financial years starting on or after January 1, 2008),
- IFRIC 13 Customer loyalty programs (to be used for financial years starting on or after July 1, 2008), and
- IFRIC 14 IAS 19 – The limit on a defined benefit asset minimum, funding requirements and their interaction (to be used for financial years starting on or after January 1, 2008).

The Management Board anticipates that the standards and interpretations listed above will be used by these consolidated financial statements defined in the respective regulations regarding its coming into force, and that the use of these standards and interpretations will have no material effect on the equity and earnings of the consolidated financial statements in the year of their initial use. With regard to the changes to IFRS 3 Business Combinations (and subsequent changes in other standards), it should be noted that the effects on future transactions cannot yet be assessed conclusively at the present moment.

General notes

The BWT – Best Water Technology – Group was formed in 1990 from a management buy-out and is today Europe's leading provider of water technology in the "Residential" sector. The goal of the BWT employees is to provide private, company and municipality customers with innovative technologies that deliver maximum safety, hygiene and health in their daily contact with the elixir of life, water. BWT Aktiengesellschaft has a worldwide presence through 56 subsidiaries and had 2,354 employees as at December 31, 2007 (previous year: 2,202).

Starting in the first quarter of 2006, responsibility for operating segment reporting was assigned to the regions. The following areas were specified in accordance with the internal management information system:

- Austria / Germany
- France / Benelux
- Scandinavia
- Italy / Spain
- Switzerland / Others

Sales with external customers were assigned in accordance with the headquarters of the selling company.

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

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

Fundamentals

Scope of consolidation

An overview of the material fully consolidated companies can be found in Appendix V.1. Apart from BWT AG, the consolidated balance sheet as at December 31, 2007 included 56 fully consolidated subsidiary companies (previous year: 46). One subsidiary was consolidated using the proportional method (previous year: 1).

The scope of consolidation during the 2007 reporting year developed as follows:

Position on January 1, 2007	47
First-time consolidation in reporting year	11
Merged during reporting year	-1
Position on December 31, 2007	57

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

BWT Aktiengesellschaft makes use of the exemption from disclosing subsidiaries in the Group notes in accordance with Article 265, paragraph 3 of the Corporate Commercial Code (UGB).

Consolidation method

Capital consolidation takes place according to the purchase method by offsetting costs against the pro rata identifiable assets and liabilities relating to the parent company. From January 1, 1995 asset surpluses were capitalized as goodwill and amortized on a straight-line basis over their useful life to the end of 2004. Straight-line amortization has now been replaced by annual impairment testing in line with the provisions of the IFRS 3 (Business Combinations) in conjunction with IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets).

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

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

Currency translation in the Group

Apart from equity positions, all the balance sheet positions were translated into the reporting currency at the current exchange rate on December 31, 2007. The individual positions of the consolidated foreign companies' profit and loss accounts were translated at the average exchange rate of the period. Differences from currency translation are reported as a component of equity neutral to earnings. Where a foreign company is deconsolidated, the differences from currency translation are reported in the profit and loss account.

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

Countervalue = 1 €	Exchange rate at		Average exchange rate	
	31.12.2007	31.12.2006	2007	2006
Swiss Franc	1.66	1.61	1.65	1.58
Polish Zloty	3.60	3.86	3.78	3.90
Hungarian Forint	253.25	250.19	251.91	263.82
Czech Koruna	26.62	27.35	27.79	28.27
American Dollar	1.47	1.32	1.38	1.26
Swedish Krona	9.45	9.04	9.27	9.25
Danish Krone	7.46	7.46	7.45	7.46
Norwegian Krone	7.96	8.24	8.00	8.05
Chinese Renminbi	10.74	10.29	10.44	10.04

Accounting and valuation principles

Intangible assets and tangible assets

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

Assets are depreciated from the point in time at which they are available for use. Straight-line depreciation is charged over the expected useful life of the respective asset. The expected economic useful life is taken into account when determining the probable useful life.

An impairment test is carried out to determine the possible value impairment of tangible and intangible assets if evidence to suggest such impairment presents itself (goodwill is always tested for value impairment once a year). Here the higher of the net disposal value and useful value (achievable value) which is calculated as the present value of the associated future financial inflows and outflows is compared against the current book value. If an evaluation based on an individual appraisal is not possible, it is made on the basis of the higher "cash-generating unit (CGU)". If the book value is higher, an impairment of the achievable amount is carried out. If the reasons for the implementation of non-scheduled depreciation no longer apply, the asset (except for goodwill) is written up to a value no higher than its purchase or production prices less scheduled depreciation. Maintenance is carried as expenditure as long as it does not materially alter the nature of the asset in question.

A positive difference in value arising from a company merger is carried as goodwill. Additionally, the goodwill is compared to its economic value on each balance sheet date. Any decreases in the future value are booked as value impairment. From the initial application of IFRS 3 in conjunction with IAS 36 and IAS 38 from 2005 onward, annual impairment testing is carried out on the basis of "cash-generating units (CGUs)" to establish the value of existing goodwill.

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

The depreciation of intangible assets and of consumable assets is performed on a straight-line basis over the expected economic lifetime of the respective asset. When evaluating the depreciation rates, the following economic lifetimes were assumed.

These are unchanged from the previous year:

	Useful life in years	
	from	to
Intangible assets		
Software	3	5
Patents, trade marks	5	10
Tangible assets		
Buildings	20	50
Investments in buildings of third parties	10	20
Machinery	3	10
Business equipment	3	10

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

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

Leasing and rental properties

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

Financial assets

Part of the securities classified as financial assets are deemed to be available for sale. They are valued at purchase cost at the point in time of their acquisition and in later periods, at their respective current market values. Market values of securities are the values on the stock market on the balance sheet date.

Other participations, for which a market value cannot be determined, are valued at purchase cost reduced by any necessary write-downs.

Valuation and derecognition of financial investments takes place on the trade date. Financial assets are checked for impairment on each balance sheet date. The Group only derecognizes a financial asset if the contractual rights to cash flows from a financial asset expire or it transfers to a third party the financial asset and all opportunities and risks fundamentally associated with it.

Inventories

Valuation of inventories is carried out using the lower of purchase or production costs or the lower net recovery value. The consumption of primary energy and raw materials and supplies was calculated using the average-cost method. If the turnover of certain stock is deemed to be too low, write-downs are carried out if necessary.

Receivables

Trade receivables and other short-term receivables are valued at nominal value or acquisition cost, if necessary reduced by value adjustments. Tax receivables are shown balanced with tax liabilities if they relate to the same tax authority and there is both the right and intention to offset them.

With some categories of financial assets (for example trade receivables), assets for which no impairment is determined on an individual basis are checked for an impairment requirement on a portfolio basis.

Receivables from noncurrent orders

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

Liquid funds

Short-term financial assets are carried under the heading liquid funds and valued at current value.

Provisions and accruals

The valuation of pension provisions and provisions for similar obligations, severance payments and anniversary bonuses is made according to IAS 19 (revised 2004) using the projected-unit-credit method. In this method, the expected benefits to be made by the company are distributed over the number of years of service with the company. Salary increases expected in the future are taken into account. The amounts to be provisioned are calculated by an actuary for each balance sheet date on the basis of an actuarial study.

Other provisions are formed in the amount of the uncertain obligations, whereby the best possible estimate of the outlay necessary for fulfillment is used.

Liabilities

Monetary liabilities in foreign currencies are valued at the current exchange rate of the currency concerned on the balance sheet date.

Conversion into the functional currency

Assets and liabilities accounted for in foreign currencies are converted into the functional currency at the current exchange rate or currency buying rate or current market price on the balance sheet date. Write-ups and write-downs resulting from fluctuations in the values of foreign currencies are charged to the profit and loss account.

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

In order for the progress of orders and the performance of the company to be reflected accurately over the accounting periods, noncurrent orders on the basis of a reliable estimate of the degree of completion, total costs and total sales, profit is realized using the percentage-of-completion method.

Earnings realization

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

Posting of the fair value of financial instruments

Financial expenses include interest payable on financing loans and financing leases, similar expenses and disbursements, and results from currency hedging transactions. In addition, losses arising from participations not subject to consolidation are posted in financial expenses.

Financial earnings

Earnings from financial investments include interest payments, dividends and similar earnings arising from the investment of financial assets, and profits and losses from the disposal or the impairment of value of financial assets.

Taxes on earnings charged during the financial year include the amounts payable by the individual companies from taxable earnings multiplied by the tax rate applicable in their respective countries („actual taxes“) and the changes in tax accruals.

Taxes

The calculation of the tax accruals position is carried out using the balance-sheet-liability method for all temporary differences between the values of the balance sheet positions in the IFRS consolidated financial statements and their tax values recorded at the individual companies. Further, the likely tax advantages from existing loss carry forwards are included in the calculation. Differences from non-tax deductible goodwill and from the first time valuation of an asset or a debt, provided that certain conditions exist, are not included in tax accruals.

Tax accrual assets are calculated on the following tax rates:

Country	Tax rate
Austria	25 %
Germany	30 %
France	33 %
Italy	37 %
Spain	33 %
Denmark	28 %
Schweiz	21 %
Poland	19 %

Earnings per share

Earnings per share are calculated by dividing Group profit due to the shareholders of the parent company by the weighted average number of issued shares.

Estimates and competent authority discretions

For the purposes of compiling consolidated financial statements, estimates and assumptions have to be made to a certain extent which influence the value of assets and liabilities in the balance sheet, the identification of other liabilities on the balance sheet date and the amount of income and expenditure during the reporting period. The actual amounts may differ from these estimates. In particular, it can be difficult to estimate individual value adjustments performed for receivables, the useful value in impairment tests and the deferred tax claims due to deviations from expected events in the future.

Furthermore, the preparation of the consolidated annual accounts requires the determination of future developments. For example, for the valuation of existing social capital obligations, assumptions are used for the discount rate, retirement age, life expectancy and future salary and pension increases (see Note 17).

Segment reporting

The company divisions are defined in terms of geographical responsibilities for operating segment reporting in accordance with the internal reporting structure.

Notes to the profit and loss account

Consolidated Group sales for the BWT Group € 397.5 million and thus improved by 9.8% on the previous year's figure of € 362.0 million.

In 2007, the organic growth of the BWT Group was also 7.4% above the estimated market growth which in Europe, the core market of BWT, equaled between 3% and 5% depending on region. Companies in the areas of the "point-of-use" business and swimming pool technology which were new to the scope of consolidation accounted for 2.4 percentage points of the sales growth.

The segments are shown by regional responsibilities (operating segmentation). Netting between the individual segments is carried out on an arm's-length basis.

NOTE 1:

Sales and segment reporting

Breakdown by business region

2007	Austria/ Germany	France/ Benelux	Scandi- navia	Italy/ Spain	Switzerland/ Others	Elimi- nation	Total
	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's
External sales	160,757.3	97,261.6	42,338.0	32,672.6	64,464.5	0.0	397,494.0
Internal sales	12,163.0	4,335.9	327.7	52.4	1,524.7	-18,403.7	0.0
Total	172,920.3	101,597.5	42,665.7	32,725.0	65,989.2	-18,403.7	397,494.0
Divisional earnings (EBIT)	14,570.7	5,506.6	4,920.7	4,589.3	5,570.4	0.0	35,157.7
Interest income	1,057.7	45.9	159.2	151.0	80.6	-758.7	735.7
Interest expenses	-1,989.2	-730.5	-95.9	-149.2	-483.5	758.7	-2,689.6
Income from participations							2,052.9
Taxes on earnings	-2,797.1	-1,821.8	-1,376.0	-1,867.2	-1,144.1	0.0	-9,006.2
Minority interests							174.5
Profit for the year due to the shareholders of the parent company							26,425.0
Earnings per share in €							1.48
Divisional assets	143,468.0	61,256.6	23,907.6	23,282.7	56,581.8	-21,948.9	286,547.8
Divisional liabilities	93,332.8	41,794.1	12,608.5	10,023.9	21,104.3	-21,948.9	156,914.7
Investments	8,591.2	2,446.0	439.1	106.6	2,333.6	0.0	13,916.5
Depreciation	-4,348.1	-2,178.5	-562.0	-229.6	-1,689.2	0.0	-9,007.4
of which unscheduled depreciation	0.0	0.0	0.0	0.0	-333.3	0.0	-333.3

Breakdown by business region

2006	Austria/ Germany	France/ Benelux	Scandi- navia	Italy/ Spain	Switzer- land/ Others	Elimi- nation	Total
	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's
External sales	146,063.8	87,865.1	42,466.1	31,274.0	54,294.5	0.0	361,963.5
Internal sales	10,183.2	4,059.2	336.7	39.1	1,212.4	-15,830.6	0.0
Total	156,247.0	91,924.3	42,802.8	31,313.1	55,506.9	-15,830.6	361,963.5
Divisional earnings (EBIT)	10,487.6	6,227.1	5,622.3	5,211.3	5,021.6	0.0	32,569.9
Interest income	654.5	27.8	87.2	58.3	161.1	-453.7	535.2
Interest expense	-1,258.9	-603.7	-126.4	-105.7	-436.1	453.7	-2,077.1
Income from participations							769.3
Taxes on earnings	-2,633.3	-2,434.7	-1,428.7	-2,011.6	-1,068.8	0.0	-9,577.1
Minority interests							-38.2
Profit for the year due to the shareholders of the parent company							22,182.0
Earnings per share in €							1.24
Divisional assets	118,573.8	55,462.1	21,766.0	22,274.6	55,248.7	-16,877.2	256,448.0
Divisional liabilities	85,358.0	36,060.2	11,105.1	9,413.1	22,185.0	-16,877.2	147,244.2
Investments	6,320.4	2,071.7	543.9	340.8	920.1	0.0	10,196.9
Depreciation	-4,572.4	-1,892.2	-596.3	-216.4	-1,027.6	0.0	-8,304.9
of which unscheduled depreciation	-565.7	0.0	0.0	0.0	0.0	0.0	-565.7

NOTE 2: Other operating income and capitalized labor, overheads and materials

The other operating income is as follows:

	2007 € 1000's	2006 € 1000's
Income from disposal of tangible assets	193.1	114.5
Licensing revenues	417.5	411.4
Proceeds from the writeback of provisions	610.1	590.8
Proceeds from bonus / provision agreements	509.8	898.2
Proceeds from writing down of receivables and write-ups	2,824.5	528.9
Other	2,045.1	2,804.9
Total	6,600.1	5,348.7

Other income relates mainly to proceeds from the further settlement of transport costs and administration services.

The capitalized labor, overheads and material of € 1,008,400 (previous year: € 1,026,300) principally consist of development costs which must be capitalized in accordance with IFRS.

NOTE 3: Personnel expenses

	2007 € 1000's	2006 € 1000's
Wages	13,685.4	12,791.0
Salaries	78,386.6	73,533.2
Expenses for severance payments and pensions	3,215.2	2,402.7
Legally required social security contributions	22,401.9	21,317.0
Other social security contributions	2,130.7	2,003.2
Total	119,819.8	112,047.2

The average number of employees developed as follows:

	2007	2006
Administration	1,631	1,535
Production	602	556
Trainees and apprentices	36	34
Total	2,269	2,125

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

The expenses for severance payments include insignificant expenses for the employees' reserve fund. Expenses for severance payments and pensions are as follows:

2007	Expenses for severance payments € 1000's	Expenses for pensions € 1000's
Management Board	0.0	0.0
Executive	25.2	203.3
Others	682.9	2,303.8
Total	708.1	2,507.1

2006	Expenses for severance payments € 1000's	Expenses for pensions € 1000's
Management Board	40.0	0.0
Executives	89.5	46.2
Other	639.3	1,587.7
Total	768.8	1,633.9

NOTE 4: Depreciation on tangible and intangible assets

	2007 € 1000's	2006 € 1000's
Scheduled depreciation on tangible and intangible assets	8,674.1	7,739.2
Unscheduled depreciation	333.3	565.7
Total	9,007.4	8,304.9

Unscheduled depreciation concerns the value adjustment for a trademark right; in the previous year there was unscheduled depreciation for development costs due to the changed assumptions about the remaining term.

NOTE 5: Other operating expenses

	2007 € 1000's	2006 € 1000's
Advertising expenses	11,132.7	9,136.4
Fleet and travel costs	9,838.2	9,062.9
Freight and warehousing	8,728.9	7,851.4
Personnel from third parties	5,100.6	3,855.2
Rental and leasing expenses	9,146.0	8,430.3
Consultancy costs	2,679.6	2,618.7
Office, postal and telephone expenses	4,368.1	4,297.8
Commissions	5,326.8	5,020.9
Insurance premiums	1,677.8	1,993.1
Maintenance	2,819.8	2,731.4
Energy and fuel	1,584.2	1,590.7
Risk on receivables	1,452.5	1,788.5
Other taxes and fees	2,597.6	2,261.6
Cleaning expenses	914.8	828.3
Other	4,996.6	6,995.5
Total	72,364.2	68,462.7

NOTE 6: Financial result

	2007 € 1000's	2006 € 1000's
Income from participations	2,003.1	937.7
Earnings from other securities	49.8	40.5
Other interest and similar income	735.7	535.2
Total	2,788.6	1,513.4
Expenses from participations	0.0	-208.9
Interest and similar expenses	-2,689.6	-2,077.1
Total	-2,689.6	-2,286.0

Calculated according to IFRS principles, the effective tax rate for the 2007 financial year was approximately 25.5%, and 30.1% for the 2006 financial year.

NOTE 7: Taxes on income and earnings

The current tax expenditure has been calculated as follows:

	2007 € 1000's	2006 € 1000's
Tax expenditure of the financial year		
Austria	2,219.3	2,571.8
Abroad	5,968.0	7,077.5
Deferred tax expenditure/income		
Austria	-235.0	-1,093.5
Abroad	1,053.9	1,021.3
Total	9,006.2	9,577.1

The transition of the income tax liability applying the Austrian corporate tax rate of 25% (previous year: 25%) to the effective tax rate of the reporting period is shown as follows:

	2007 € 1000's	2006 € 1000's
Earnings before tax	35,256.7	31,797.3
Tax expenditure at the tax rate of 25% (previous year: 25%)	8,814.2	7,949.3
Difference in foreign tax rates	1,180.3	1,099.0
Tax allowance for research activities	0.0	-56.6
Tax-exempt income from participations	-432.3	-291.4
Other	-556.0	876.8
Effective tax liability	9,006.2	9,577.1
Effective tax rate	25.5%	30.1%

The Other item includes loss carryforwards for which deferred taxes were capitalized as well as the effect of consolidation.

Notes to the balance sheet

NOTE 8: Intangible assets and tangible assets

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

Development costs are only capitalized to the extent the necessary conditions according to IAS 38 are met. During the 2007 financial year, expenses for product and process innovation totaling € 783,900 (previous year: € 793,200) were capitalized. Expenses for research and development projects amounted to € 5.5 million (previous year: € 5.1 million).

The balance sheet position "Land and buildings" contains land of € 12,142,400 (previous year: € 11,951,300).

The collateral value for mortgage securities amounts to € 1,204,300 (previous year: € 2,526,100).

The order commitment for major investment projects totaled € 2,795,900 (previous year: € 1,365,500) as at December 31, 2007.

In keeping with IAS 17 (revised 2003), tangible assets include assets used under leasing contracts which economically are to be classified as BWT Group property. This relates in particular to property at BWT France S.A.S., F-St. Denis, for which there is a purchase option at an economically unimportant price. As at December 31, 2007, the capitalized value amounts to € 2,513,600 (previous year: € 2,658,300) and is classified as "Land and buildings" in the balance sheet.

Tangible assets used under leasing contracts	2007 € 1000's	2006 € 1000's
Purchase cost of tangible assets	4,139.1	4,139.1
Cumulative depreciation	1,625.5	1,480.8
Book value of tangible assets	2,513.6	2,658.3
Minimum leasing payments payable as at the balance sheet date	423.7	933.3
Present value of minimum leasing instalments payable within one year	408.5	488.1
Discount rate applied	6.849%	6.849%
Present vale of minimum leasing instalments payable between one and five years	0.0	381.2
Discount rate applied	6.849%	6.849%

Financial assets	Book value 31.12.2007 € 1000's	Book value 31.12.2006 € 1000's
Participations	5,352.7	5,296.4
Securities	1,905.1	1,531.4
Total	7,257.8	6,827.8

NOTE 9: Financial assets

Participations relate to shareholdings in the following companies:

Company	Shares	Book value 31.12.2007 € 1000's	Book value 31.12.2006 € 1000's
Nomura Micro Science Co. Ltd., Japan	5%	996.0	996.0
Wiener Börse AG, Austria	1%	274.5	274.5
ADDUXI S.A., France	23%	52.6	52.6
Syclope, France	20%	147.5	147.5
Male Water & Sewerage Company Ltd.	12%	3,083.7	3,084.6
Other		798.4	741.2
Total		5,352.7	5,296.4

Securities are composed as follows:

Securities	31.12.2007 € 1000's	31.12.2006 € 1000's
Shares in investments funds	554.8	962.9
Other	1,350.3	568.5
Total	1,905.1	1,531.4

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

Inventories	31.12.2007 € 1000's	31.12.2006 € 1000's
Raw materials and supplies	19,954.5	19,711.1
Unfinished goods	6,536.7	5,599.3
Finished goods and products	31,453.3	24,318.8
Services not yet invoiced	420.7	860.7
Prepayments	1,878.7	1,949.4
Total	60,243.9	52,439.3

NOTE 10: Inventories

Material expenses recorded in the profit and loss account breaks down as follows:

	2007 € 1000's	2006 € 1000's
Cost of materials	157,038.2	137,479.6
Cost of purchased services	13,295.5	11,159.8
Total	170,333.7	148,639.4

In the 2007 financial year, depreciation for inventories declined by € 421,500, while in the previous year it increased by € 570,700.

NOTE 11: Receivables and other assets

2007	Total € 1000's	of which current € 1000's	of which noncurrent € 1000's
Trade receivables	76,994.3	76,763.4	230.9
Receivables from noncurrent orders	9,072.2	9,072.2	0.0
Receivables from companies in which a participation is held	408.3	278.7	129.6
Income tax reimbursement claims	2,649.9	2,649.9	0.0
Other receivables and assets	6,316.0	5,945.6	370.4
Total	95,440.7	94,709.8	730.9

2006	Total € 1000's	of which current € 1000's	of which noncurrent € 1000's
Trade receivables	66,506.8	66,424.7	82.1
Receivables from noncurrent orders	5,193.7	5,193.7	0.0
Receivables from companies in which a participation is held	1,182.0	1,048.4	133.6
Income tax reimbursement claims	2,119.6	2,119.6	0.0
Other receivables and assets	5,877.2	5,565.7	311.5
Total	80,879.3	80,352.1	527.2

Age structure for the overdue receivables:

	2007 € 1000's	2006 € 1000's
between 60 and 90 days	1,464.2	1,723.5
more than 90 days	6,501.0	6,208.7

Change in the depreciation of trade and other receivables:

	2007 € 1000's	2006 € 1000's
At start of the year	3,977.4	2,280.3
Impairment of receivables	1,175.1	2,428.7
Due to uncollectability of amounts written down	-343.9	-202.7
Amounts from receivables written down received during the financial year	-2,129.6	-528.9
Reinstatements	-694.9	0.0
Accumulation	0.0	0.0
At end of the year	1,984.1	3,977.4

Default risk management:

The BWT Group has trade receivables from a large number of customer distributed across various industries and regions. Credit assessments regarding the financial status of the receivables are carried out on an ongoing basis. Default insurance is taken out where appropriate. As at December 31, 2007 the five largest outstanding balances in terms of receivables from individual customers amounted to € 4,914,800, or 5.7% of the trade receivables due. As at December 31, 2006 the figure was € 3,874,800 or 5.3%. Receivables from associated companies were not included in this figure, as can be seen from Note 25.

In keeping with IAS 11 (revised 1993), for all those noncurrent orders for which it is possible to reliably evaluate the degree of completion, total costs and total sales, earnings were realized according to the degree of progress of the work (percentage-of-completion method). Thus, when applying the percentage-of-completion method, earnings are realized at a point in time at which there is not yet any legally enforceable claim to payment. The BWT Group evaluates the degree of completion in relation to the costs incurred as a proportion to estimated total costs (cost-to-cost method). In this, the costs incurred hitherto are taken from the calculations agreed with the accounts department or time recording.

NOTE 12: Receivables from noncurrent orders

Details on noncurrent orders	2007 € 1000's	2006 € 1000's
Revenue in financial year	25,618.2	16,096.9
Costs incurred to December 31	24,819.3	19,402.6
Realized profits to December 31	5,778.1	5,004.6
Realized losses to December 31	250.0	254.2
Prepayments	24,577.6	22,328.5

The prepayments were, where possible, offset against receivables from noncurrent orders.

Noncurrent orders with debit balances to customers of € 3,302,300 (previous year: € 3,369,200) are posted under other liabilities.

**NOTE 13: Other receivables
from third parties**

The "Other receivables and assets" item contains € 66,300 (previous year: € 586,700) which fall due after the balance sheet date. As of the balance sheet date, no securitization in the form of bills of exchange existed for the receivables.

NOTE 14: Liquid funds

	31.12.2007 € 1000's	31.12.2006 € 1000's
Bank balances	15,119.7	13,989.6
Cash in hand	179.2	185.5
Checks	63.2	38.0
Cash equivalents	10.5	10.3
Total = liquid funds (net) according to the cash flow statement	15,372.6	14,223.4

NOTE 15: Deferred tax claims

Deferred tax claims result from time-limited differences in valuation and accounting between book values according to IFRS financial statements and their respective underlying valuation in the taxation accounts, and are as follows:

	31.12.2007 € 1000's	31.12.2006 € 1000's
Deferred tax claims		
Social capital provisions	1,428.1	2,458.1
Deferred tax claims arising from tax loss carryforwards	257.0	318.3
Intangible assets	910.2	1,123.1
Receivables valuation	0.0	420.0
Other (temporary valuation differences)	1,684.1	1,218.9
Deferred tax claims	4,279.4	5,538.4
Deferred tax liabilities		
Tangible fixed assets	3,147.8	3,083.1
Other (temporary valuation differences)	1,781.4	1,251.9
Deferred tax liabilities	4,929.2	4,335.0

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

In keeping with IAS 12, deferred taxes on existing losses carried forward of € 257,000 (previous year: € 318,300) were capitalized, as these can be netted against future taxable profits. Deferred tax on losses carried forward was capitalized in the probable amount which can be netted against future taxable profits. For the purposes of Austrian, German and Danish tax laws, there is no time limitation regarding the use of loss carry forwards. In other countries the use of loss carry forward does not exist.

The other deferred tax claims were mainly the result of provisions.

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

	2007 € 1000's	2006 € 1000's
Corporation tax for the financial year (actual amount)	7,955.1	9,434.1
Late payments of corporation tax relating to prior years	232.2	215.2
Changes in deferred taxes	818.9	-72.2
Total	9,006.2	9,577.1

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

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

The major shareholders of the BWT Group are YSRO Holding B.V. (approx. 31.6%) and WAB Privatstiftung (previously known as BWT Privatstiftung) with 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 USA, BWT shares are traded on the OTC market via a Sponsored ADR Level 1 Program from the Bank of New York.

On the basis of the BWT AG Articles of Association, the Management Board is authorized up to June 20, 2012 to increase the equity capital of the company by up to € 8,916,500 to € 26,750,000 by issuing new shares.

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

The revenue reserves include retained earnings and (actuarial profits/losses less tax due) directly recorded in equity. Currency conversion differences are recorded as other reserves.

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

NOTE 16: Equity

The spin-off of CHRIST WATER TECHNOLOGY AG in 2005 was treated as a so-called "surrender of property" in 2005 and thus as a dividend distribution in the revenue reserves. Accordingly, it was recorded in the cash flow statement in "CASH FLOW from financing activities". In 2006, the elimination of earlier uncertainties by subsequent changes to the spun-off assets resulted in adjustment of the tax accruals totaling € 1,428,200

NOTE 17: Provisions for social overhead capital

Calculation of social capital reserves (provisions for pensions, severance payments) is carried out in keeping with the rules of IAS 19 (revised 2004).

In December 2004, the IASB passed 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 benefit-orientated pension plans. The changes came into effect on January 1, 2006 but the Management Board had already taken these changes into account in the 2005 financial year.

Pension provisions

At BWT AG, Mondsee, as well as international subsidiaries in Germany, France, Italy and Switzerland, there are direct pension obligations for certain employees as a result of individual agreements.

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

Biometric calculation bases	2007	2006	2005	2004
Actuarial discount rate EU	5.20% - 5.25%	4.00% - 4.33%	4.33% - 5.0%	4.5% - 5.0%
Actuarial discount rate Switzerland	3.25%	3.25%		
Wage/salary trend	1.5% - 2.5%	1.0% - 2.0%	1.0% - 2.0%	1.0% - 2.0%
Pension trend	0.75% - 2.0%	1.0% - 2.0%	1.0% - 2.0%	1.0% - 2.0%

	2007 € 1000's	2006 € 1000's	2005 € 1000's	2004 € 1000's
Present value of pension obligations as at January 1	35,841.6	22,472.1	19,975.7	17,926.5
Initial use of IAS 19	0.0	14,379.0	0.0	0.0
Change in scope of consolidation	178.1	0.0	0.0	0.0
Disposal of CHRIST Group	0.0	0.0	-325.0	0.0
Expenses arising from time in service	2,496.7	232.5	397.5	171.5
Interest expenses	1,374.2	932.5	1,159.0	1,049.1
Pension payments	-2,734.5	-1,571.1	-973.9	-893.6
Actuarial profits/losses	-2,172.6	-603.4	2,238.8	1,722.2
Present value of pension obligations as at December 31	34,983.5	35,841.6	22,472.1	19,975.7
Plan assets	-15,768.0	-14,379.0		
Pension provisions	19,215.5	21,462.6	22,472.1	19,975.7

Due to a changed perception in Switzerland, the pension plans are now identified benefit-oriented pension plans. There was no calculation therefore for 2006 and 2007.

The actuarial profits/losses were recorded in equity neutral to earnings in accordance with IAS 19 (revised 2004).

Provisions for severance payments

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

Biometric calculation bases	2007	2006	2005	2004
Actuarial discount rate	5.25%	4.33%	4.33%	4.5%
Wage/salary trend	2.5%	2.0%	2.0%	2.0%
Pension trend	2.5%	2.0%	2.0%	2.0%

	2007 € 1000's	2006 € 1000's	2005 € 1000's	2004 € 1000's
Present value of severance payment obligations on January 1	4,553.6	5,351.6	6,755.2	5,248.4
Change in scope of consolidation	0.0	0.0	0.0	14.8
Reclassification	0.0	-860.2	0.0	0.0
Disposal of CHRIST Group	0.0	0.0	-1,595.1	0.0
Expenses arising from time in service	296.8	225.9	88.3	1,536.8
Interest expenses	175.1	129.5	211.0	262.4
Severance payments	-476.5	-279.5	-61.6	-108.7
Actuarial profits/losses	-133.6	-13.7	-46.2	-198.5
Present value of severance payment obligations on December 31	4,415.4	4,553.6	5,351.6	6,755.2

The actuarial profits/losses were recorded in equity neutral to earnings in accordance with IAS 19 (revised 2004).

Provisions for anniversary payments

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

Biometric calculation bases	2007	2006	2005	2004
Actuarial discount rate	5.25%	4.33%	4.33%	4.50%
Wage/salary trend	2.5%	2.0%	2.0%	2.0%
Pension trend	2.5%	2.0%	2.0%	2.0%

	2007 € 1000's	2006 € 1000's	2005 € 1000's	2004 € 1000's
Present value of provisions for anniversary payments as at January 1	381.9	394.2	362.6	340.3
Change in scope of consolidation	0.0	22.8	0.0	0.0
Reclassification	0.0	-70.8	0.0	0.0
Disposal of CHRIST Group	0.0	0.0	-12.8	0.0
Expenses arising from time in service	26.3	24.6	43.1	26.3
Interest expenses	15.3	13.8	13.9	13.5
Provisions for anniversary payments	-33.5	-8.3	-22.1	-9.2
Actuarial profits/losses	-14.1	5.6	9.5	-8.3
Present value of provisions for anniversary payments on December 31	375.9	381.9	394.2	362.6

The actuarial profits/losses were recorded in equity neutral to earnings in accordance with IAS 19 (revised 2004).

NOTE 18: Other accruals

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

Other accruals	1.1. 2007 € 1000's	Change in scope of consolidation € 1000's	Currency difference € 1000's	Deployment € 1000's	Writeback € 1000's	Allocation € 1000's	31.12. 2007 € 1000's	of which non-current € 1000's
Personnel expenses	8,665.0	133.2	-20.7	6,395.8	27.9	7,132.9	9,486.7	0.0
Guarantees	3,588.4	143.5	-11.6	2,505.4	10.1	2,548.4	3,753.2	358.7
Other	5,158.4	58.2	-19.2	3,023.6	571.9	5,598.5	7,200.4	1,156.1
Total	17,411.8	334.9	-51.5	11,924.8	609.9	15,279.8	20,440.3	1,514.8

Other accruals	1.1. 2006 € 1000's	Change in scope of consolidation € 1000's	Currency difference € 1000's	Deployment € 1000's	Writeback € 1000's	Allocation € 1000's	31.12. 2006 € 1000's	of which non-current € 1000's
Personnel expenses	8,596.2	62.5	-12.9	5,909.2	116.2	6,044.6	8,665.0	0.0
Guarantees	3,448.0	6.8	-5.0	2,879.2	152.5	3,170.3	3,588.4	333.6
Other	3,217.4	20.2	-2.9	2,060.4	322.1	4,306.2	5,158.4	1,395.8
Total	15,261.6	89.5	-20.8	10,848.8	590.8	13,521.1	17,411.8	1,729.4

The provision for personnel expenses contains unconsumed vacation, bonus payments and commissions. The provisions for guarantees relate to the costs of expected claims on products during the guarantee period. The provisioned amount is the present value of the best estimate made on the basis of experience. The other provisions principally relate to legal costs and consultancy expenses as well as other expenditure.

NOTE 19: Bonds

In November 1999, a € 17 million bond divided into 17,000 equal-ranking bearer bonds each with a nominal value of € 1,000 was issued. Based on their issuance date November 17, 1999, the bonds bear an annual interest rate of 6.875% until their maturity date. Due to an interest rate swap, this fixed interest rate until November 2007 was switched to a variable interest rate. From this point on the interest rate until the end of the term was fixed at 4.9825% (previous year variable: 4.255%) (see Note 24 Derivative financial instruments). Interest is payable annually in arrears on November 17. The bonds will mature on November 17, 2009. The bonds are traded in the "Freiverkehr" tier of the Frankfurt stock exchange (security identification number 353.770).

NOTE 20: Liabilities

2007	Total	of which with a remaining term of less than 1 year	of which with a remaining term between 1-5 years	of which with a remaining term of more than 5 years	of which with a remaining term over 1 year secured
	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's
Bonds	17,000.0	0.0	17,000.0	0.0	0.0
Interest-bearing financial liabilities	24,824.1	14,548.4	9,777.8	497.9	998.9
Trade receivables	33,401.1	33,401.1	0.0	0.0	0.0
Payables to companies in which a participation is held	2,364.5	2,364.5	0.0	0.0	0.0
Other liabilities	26,505.1	25,507.4	997.7	0.0	0.0
of which: Customer advances	5,371.1	5,371.1	0.0	0.0	0.0
Drafts and notes payable	4,309.6	4,309.6	0.0	0.0	0.0
Remaining liabilities	16,824.3	15,826.6	997.7	0.0	0.0
Total	104,094.8	75,821.4	27,775.5	497.9	998.9

2006	Total	of which with a remaining term of less than 1 year	of which with a remaining term between 1-5 years	of which with a remaining term of more than 5 years	of which with a remaining term over 1 year secured
	€ 1000's	€ 1000's	€ 1000's	€ 1000's	€ 1000's
Bonds	17,000.0	0.0	17,000.0	0.0	0.0
Interest-bearing financial liabilities	21,909.1	15,191.8	6,469.1	248.2	1,914.6
Trade payables	30,196.9	30,196.9	0.0	0.0	0.0
Payables to companies in which a participation is held	0.2	0.2	0.0	0.0	0.0
Other liabilities	24,580.5	23,810.9	702.4	67.2	0.0
of which: Customer advances	3,516.6	3,516.6	0.0	0.0	0.0
Drafts and notes payable	4,260.4	4,260.4	0.0	0.0	0.0
Remaining liabilities	16,803.5	16,033.9	702.4	67.2	0.0
Total	93,686.7	69,199.8	24,171.5	315.4	1,914.6

"Other liabilities" include amongst other things other tax liabilities of € 5,840,600 (previous year: € 5,063,000) and other social security obligations of € 2,387,300 (previous year: € 2,289,400).

The securities on properties referred to above are mainly liens.

Other liabilities contain expenses of € 675,800 (previous year: € 642,900) which fall due after the balance sheet date.

Inventory agreements

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

2007	€ 1000's
2008	8,187.5
2009-2012	11,954.6
Thereafter	412.7

2006	€ 1000's
2007	8,418.3
2008-2011	8,920.4
Thereafter	376.3

The total rental and leasing expenses during the business year amounted to € 9,146,000 (previous year: € 8,430,300).

The BWT Group is planning to construct a new center for water technology near Budapest. The center will be home to BWT and CHRIST companies, as well as external companies. For this reason, BWT AG has concluded a framework agreement for long-term operate leasing variant with an investment volume of around € 7,500,000 and a term of 15 years.

Liabilities and guarantees

The company has assumed the following liabilities and guarantees:

	31.12.2007 € 1000's	31.12.2006 € 1000's
Liabilities, guarantees	13,767.2	8,191.3
Liabilities arising from bills of exchange	460.6	263.1
Other	0.0	250.0
Total	14,227.8	8,704.4

The liabilities and guarantees include liabilities of € 484,000 (previous year: € 504,000) for subsidiaries of the CHRIST Group, for which BWT AG accepted releases from liability on the part of CHRIST WATER TECHNOLOGY AG, Mondsee. Furthermore, a guarantee for the real estate project in Hungary is included (see Inventory agreements above) in the amount of € 2,500,000, which will lapse after the balance sheet date due to the signing of the framework agreement.

Outstanding legal disputes

There are no legal disputes above and beyond what should be expected. Where the legal proceedings are in a stage at which the outcome can be predicted with a reasonable degree of certainty, a corresponding provision in keeping with IAS 37 has been established. Management expects that as a result of the other disputes, no significant impact on the asset, finance or earnings position of BWT Group is to be expected.

NOTE 21: Other liabilities and uncertain liabilities

Notes to the cash flow statement

The cash flow statement shows how funds of the Group have changed during the reporting year as a result of cash inflows and outflows. The effects of company purchases were eliminated and are detailed in the item "Outflows for the acquisition of minority shares and the acquisition of participations". Within the cash flow statement, there is a distinction between operating, investing and financing activities. Liquidity recorded in the cash flow statement includes cash, checks, cash at banks and securities to be qualified.

NOTE 22: Cash flow from operating activities

The cash flow from operating activities shows the cash flows arising from delivery and service relationships rendered and received during the financial year. The cash flow from operating activities of € 22,500,500 (previous year: € 26,914,900) includes changes in current assets

NOTE 23: Cash flow from investment activities

Purchases of tangible assets, intangible assets and financial assets resulted in outflows of € 15,060,200 (previous year: € 10,754,200).

For the acquisition of companies, there were outflows of € 1,487,400 (previous year: € 7,191,300).

in € 1000's	Initial consolidation
Noncurrent assets	1,383.1
Current assets	5,062.8
TOTAL ASSETS	6,445.9
Equity	2,935.2
Noncurrent liabilities	539.3
Current liabilities	2,971.3
TOTAL LIABILITIES	6,445.9
Acquired share in equity	2,935.2
Goodwill	1,547.7
Purchase price	4,482.9
Of which net yet paid	-2,070.0
Acquired liquid funds	-925.5
Cash flow for the company acquisition minus acquired liquid funds	-1,487.4
2007 sales	3,033.9
2007 net profit	48.5

Financial risk management

NOTE 24: Financial instruments

The Group treasury carries out services for the business segments and coordinates access to national and international financial markets. In addition, it monitors and manages the financial risks associated with the Group's business segments.

Fair value

The book values of the liabilities to banks, which attract interest at variable rates, mainly correspond to the market value. The liabilities to banks which attract fixed interest are short-term for the most part. For this reason, the book value of these liabilities also corresponds in the main to the market value.

Interest rate risk

As part of the company's business activities, it is necessary to use loan capital to finance operating resources, investments and possible company expansion. The current loan capital attracts interest at both fixed and variable rates and is both current and noncurrent. Due to the short-term nature, both the fixed interest loans and variable interest loans are exposed to a standard market interest rate risk. Several interest rate swaps were agreed for the bond (Note 19). The Management Board assesses the interest rate risk as low with the other financial instruments shown in the balance sheet. As part of Group financing activities, the possible risks which may result from changes in the interest rate level are evaluated continuously.

The following interest rate sensitivity analysis was prepared under the assumption that, with variable interest rates and short-term fixed interest rates (cash advances), the interest rate in the period under review would be higher or lower by 50 basis points in all currencies. For the assessment of interest rate derivatives, the entire interest rate curve was subject to a shift by 50 basis points upwards or downwards. This represents the rating of the company's management in terms of a justified possible change in interest rates.

The interest rate risk exposure of derivatives and non-derivative instruments on the balance sheet date was determined and assumed as the basis so that the outstanding liabilities or receivables on the balance sheet date were outstanding for the entire year.

If the interest rates had been higher than 50 basis points and all other variables remained constant, the net interest income would be better by € 19,700 (previous year: worse by € 107,500). With the interest rate lower by 50 basis points and other variables constant, the net interest income would be worse by € 37,000 (previous year: better by € 103,500). The decrease in the interest rate sensitivity is primarily due to the conclusion of a new interest swap for the bond with which the interest rate was fixed until the end of the term.

Currency risks

The company partly finances its operating resources, investments and possible expansion with foreign currencies. This is in direct connection with the international direction of operations. Covering transactions are carried out in the central Group treasury for the cash flows in foreign currencies, and these reduce the negative repercussions of fluctuations in the exchange rates.

EUR/CHF, EUR/USD and EUR/PLN were identified as the most relevant currency pairs for the Group in the long term. The EUR/CHF risk primarily comes about due to EUR balance sheet items of the Swiss companies from operating activities as well as CHF financial items from EUR companies. The EUR/USD risk arises from USD balance sheet items from EUR companies and hedging transactions from future USD cash flows. The EUR/PLN exchange rate primarily influences the Polish company. The following currency sensitivity analysis investigated what effect an increase or decrease of the relevant currency pairs by 5% would have had on the valuation of the financial instruments on the balance sheet date. This involves a reporting date assessment on December 31.

Effect on EBIT 2007	Price increase 5% in € 1000's	Price decrease 5% in € 1000's
EUR/CHF exchange rate	-71.9	79.5
EUR/USD exchange rate	-35.2	38.9
EUR/PLN exchange rate	-63.8	70.5

Effect on EBIT 2006	Price increase 5% in € 1000's	Price decrease 5% in € 1000's
EUR/CHF exchange rate	23.9	-26.4
EUR/USD exchange rate	-34.1	37.5
EUR/PLN exchange rate	-78.0	86.2

Liquidity/financing risks

The liquidity risk includes, on the one hand, the possibility of being able at any time to procure financial resources in the form of money or credit lines in order to make payments due or to obtain necessary guarantees and credits from banks. On the other hand, it should also be guaranteed that available liquid funds and financial investments can be called up virtually risk-free and promptly by the company.

To control and optimize liquidity, a consolidated financing company within the Group which also contains the existing cash pools has been available since the 2005 reporting year. The assessment strategy of the BWT Group is based on cooperation with financial partners of impeccable credit standing.

The Group has access to sufficient bank lines.

Payment risks/risks concerning the credit standing of customers

Business activities are exposed to the risk that customers will not be able to fulfill, or fully fulfill, their payment obligations to the BWT Group.

The BWT Group therefore attempts – in line with standard market practice – to reduce this risk by, amongst other things, obtaining payment guarantees from banks and export credit agencies. In addition there is the possibility of covering risks in the project business with international credit insurers, which is used as required. The management ensures that the companies of the BWT Group obtains a picture of the credit standing of customers before signing agreements with them, e.g. by obtaining company information from reputable agencies.

Primary financial instruments

The primary financial instruments are shown in the balance sheet. In terms of assets, these are noncurrent investments, liquid funds, trade receivables and other receivables. In terms of liabilities, these are trade accounts payable, other liabilities and interest-bearing financial liabilities. The book value of the primary financial instruments shown in the balance sheet corresponds in the main to the market value or the fair market value. On the asset side, the amounts posted also include the maximum risk of default on capital or interest payments as there are no general agreements on repayments in these cases. The risk regarding trade receivables is regarded as low as the credit-worthiness of new and existing customers is continually monitored and no more than 5% of total receivables are outstanding from any one customer.

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

Due to the decentralized European group structure of BWT Group, loan financing for the purposes of short-term assets is also made in the respective currency of the local company. Therefore, currency risks are limited since the expenses arising from such financing are also invoiced in the respective local currency.

Net debt

The net debt at the end of the year was as follows:

	31.12.2007 in € 1000's	31.12.2006 € 1000's
Interest-bearing financial liabilities	41,824.1	38,909.1
minus liquid funds	-15,372.6	-14,223.4
Net debt	26,451.5	24,685.7
Equity	129,633.1	109,203.8
Net debt to equity	20.4%	22.6%

Interest-bearing financial liabilities 2007

Financial liabilities to non-banks

2007	Currency	Nominal in local currency in 1000's	Book value in € 1000's	Effective interest rate in %
Bonds	EUR	17,000	17,000	4.98
		Subtotal	17,000	
Other	EUR	5,382	5,382	10.00
	CZK	5,110	192	12.45
	DKK	2,654	356	4.28
		Subtotal	5,930	
		Total	22,930	

Fixed-interest financial liabilities to banks

2007	Currency	Nominal in local currency in 1000's	Book value in € 1000's	Effective interest rate in %
Loans	EUR	7,240	7,240	3.01
		Subtotal	7,240	
Advances	EUR	2,095	2,095	5.39
		Subtotal	2,095	
		Total	9,335	

Variable-interest financial liabilities to banks

2007	Currency	Nominal in local currency in 1000's	Book value in € 1000's	Effective interest rate in %
Loans	EUR	1,974	1,974	5.20
	CZK	8,476	319	3.91
	HUF	4,928	20	4.80
		Subtotal	2,313	
Current account	EUR	6,616	6,616	4.66
	HUF	54,232	214	8.18
	NOK	675	85	6.25
	PLN	1,195	332	6.27
		Subtotal	7,247	
		Total	9,560	

The other interest-bearing financial liabilities to non-banks mainly consist of finance leasing agreements, a subordinate loan as part of the purchase agreement for the Anna table water filter business, profit-sharing participations issued by a Group company and employee bonds in Denmark.

Interest-bearing financial liabilities 2006

Financial liabilities to non-banks

2006	Currency	Nominal in local currency in 1000's	Book value in € 1000's	Effective interest rate in %
Bond	EUR	17,000	17,000	4.26
		Subtotal	17,000	
Other	EUR	2,676	2,676	7.93
	CZK	2,996	110	8.50
	DKK	2,245	301	4.97
		Subtotal	3,087	
		Total	20,087	

Fixed-interest financial liabilities to banks

2006	Currency	Nominal in local currency in 1000's	Book value in € 1000's	Effective interest rate in %
Loan	EUR	6,248	6,248	3.78
	CHF	2,100	1,306	3.00
		Subtotal	7,554	
Advances	EUR	2,162	2,162	3.92
	CHF	1,010	630	2.38
		Subtotal	2,792	
		Total	10,346	

Variable-interest liabilities to banks

2006	Currency	Nominal in local currency in 1000's	Book value in € 1000's	Effective interest rate in %
Loan	EUR	3,655	3,655	3.45
	CHF	1,226	762	2.25
	CZK	11,968	438	4.30
	HUF	7,393	30	6.60
		Subtotal	4,885	
Current account	EUR	3,370	3,370	3.79
	CHF	355	222	2.23
		Subtotal	3,592	
		Total	8,477	

The fair market values of noncurrent liabilities are based on the current interest rates for liabilities with the same maturity date. There were no adjustments to the book values as the fair market values of noncurrent loans and other liabilities largely correspond to their book values. The risk of interest rates for the loan changing was covered by an interest rate swap with regard to the fair market value risk. The management is of the opinion that the risk of interest rate changes with financial investments and other liabilities is insignificant.

Derivative financial instruments

In order to hedge the risk of the interest rate changing, the BWT Group concluded the following derivatives:

	31.12.2007		31.12.2006	
	Nominal amount € 1000's	Market value € 1000's	Nominal amount € 1000's	Market value € 1000's
Interest rate swap 1999 – 2009	17,000.0	397.8	17,000.0	802.6
Interest rate swap 1999 – 2009	17,000.0	173.3	17,000.0	257.0
Interest rate swap 2006 – 2008	1,200.0	-10.7	2,400.0	-21.9
Cap EUR 2005 – 2008	3,000.0	16.7	3,000.0	54.7
Interest rate swap EUR 2007 – 2009	17,000.0	-9.3	0.0	0.0

	Currency	31.12.2007		31.12.2006	
		Nominal amount € 1000's	Market value € 1000's	Nominal amount € 1000's	Market value € 1000's
Sale of swap option	TEUR	3,600.0	-9.9	3,600.0	-35.1

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

	Currency	31.12.2007		31.12.2006	
		Nominal amount in local currency 1000's	Market value € 1000's	Nominal amount in local currency 1000's	Market value € 1000's
Sale of USD futures against DKK	TUSD	582.9	27.5	1,660.0	29.5
Sale of USD futures against EUR	TUSD	171.0	2.9	0.0	0.0
Purchase of USD futures against EUR	TUSD	1,250.0	-38.9	829.7	2.6
Purchase of USD futures against CHF	TUSD	200.0	-4.4	0.0	0.0
Purchase of CHF futures against EUR	TCHF	1,120.0	2.6	0.0	0.0

The remaining durations of the currency futures contracts are all less than one year. Determining the fair market value is based on the futures price on the balance sheet date. The evaluation of currency option contracts also makes it necessary to regularly revert to assumptions of future market developments and the use of evaluation models, so that different assumptions and/or models can lead to different results.

The book values of the financial assets correspond to the maximum risk of default on the balance sheet date. The market values of all currency futures contracts were reported in the profit and loss account as other current receivables or other liabilities.

Due to the fact that important shareholders in BWT Aktiengesellschaft are also shareholders of Christ Water Technology AG, which is also listed on the Vienna stock exchange, trade relationships between the BWT Group and the CHRIST Group are to be regarded as transactions with associated companies.

NOTE 25: Information about associated companies and persons

In 2007, companies of the CHRIST Group supplied companies of the BWT Group with materials totaling € 3,566,400 (previous year: € 5,644,700) and services to the value of € 815,000 (previous year: € 1,249,000). Conversely, those deliveries and services performed by the BWT Group for the CHRIST Group in 2007 amounted to € 13,637,200 (previous year: € 13,837,000), € 10,669,000 (previous year: € 9,019,000) of which was accounted for by the Christ Aqua Ecolife AG deliveries for the CHRIST Group. On the balance sheet date (December 31, 2007), the BWT Group has receivables against the CHRIST Group of € 2,621,000 (previous year: € 2,325,500) and liabilities of € 1,644,300 (previous year: € 859,300).

IN 2007, BWT Aktiengesellschaft and CHRIST WATER TECHNOLOGY AG held negotiations regarding the acquisition of the standard business of the Dutch subsidiary of CHRIST, Christ Holland B.V. Talks were still in progress when the balance sheet was prepared. CHRIST has granted BWT, for a fee, a right of preemption for the business segment and has received for the latter a non-repayable amount of € 300,000.

In the 2007 financial year, BWT International Trading Limited, a wholly-owned member of the BWT Group, acquired for an amount of € 800,000 the right to use the figurative mark "Christ" with the addition "Aqua" for its standard business.

Andreas Weißenbacher, Chairman of the BWT AG Management Board, is a Managing Director of Aqua Engineering GmbH which belongs to the CHRIST Group.

The managers of Anna International Ltd. have provided the company with a subordinate loan of € 1,050,000.

Material events after the balance sheet date

There were no reportable events after the balance sheet date of material importance for the valuation on the balance sheet date (IAS 10: Events after the balance sheet date, revised 2003).

NOTE 26: Other information

Information on corporate bodies

The total remuneration of the members of the BWT AG Management Board totaled in the financial year € 660,400 (previous year: € 654,200). No payments were made to former members of the Management Board or their descendants.

The members of the Supervisory Board only received expense reimbursements for the activities during the 2007 financial year. There are no loans or credit guarantees to members of the Management or Supervisory Board.

During the 2007 financial year, the members of the Management Board were:

- Andreas Weissenbacher (Chairman)
- Gerhard Speigner

During the 2007 financial year, the members of the Supervisory Board were:

- Mag. Dr. Leopold Bednar (Chairman)
- Dr. Wolfgang Hochsteger (Deputy)
- Dipl.-Vw. Ekkehard Reicher
- Gerda Egger
- Klaus Reinhard Kastner
- Serge Schmitt

Earnings per share

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

	2007	2006
Profit for the year due to the shareholders of the parent company in € 1000's	26,425.0	22,182.0
Weighted number of outstanding shares	17,833,500	17,833,500
Earnings per share in €	1.48	1.24

Proposal for profit distribution

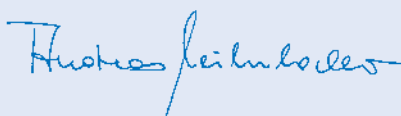
According to the stipulations of the Austrian Stock Law, the annual financial statements for BWT Aktiengesellschaft as at December 31, 2007, which have been prepared according to Austrian accounting regulations, provide the basis for the payment of the dividend.

The Management Board proposes the following profit distribution to the Annual General Meeting on May 20, 2008:

- a) that a dividend of € 0.38 per share, in total € 6,776,730 be distributed for the 17,833,500 shares (ISIN AT0000737705).
- b) that the remaining amount be carried forward to the new financial year.

On March 7, 2008, the consolidated financial statements in accordance with IFRS as at December 31, 2007, were approved by the Management Board.

Mondsee, March 7, 2008



Andreas Weissenbacher
Vorstandsvorsitzender



Gerhard Speigner
Finanzvorstand

Overview of the material participations

As of December 31, 2007, the scope of consolidation comprises the following companies:

Abbreviation	Company, location	Total in %	Indirectly in %	via	Consolidation
BWT	BWT Aktiengesellschaft, Mondsee				
BWTGMBHA	BWT Austria GmbH, Mondsee	100.000%			F
AS	Aqua Service GmbH, Mondsee	100.000%	100.000%	BWTGMBHA	F
NEHER	Manufactur für Glas und Spiegel GmbH, Villach	100.000%	100.000%	BWTGMBHA	F
ASBET	Aqua Service Beteiligungen GmbH, Mondsee	100.000%			F
BWTGS	BWT Group Services GmbH, Wien	100.000%	100.000%	ASBET	F
BWTUSA	BWT USA Inc., Carlsbad / California	100.000%	100.000%	BWTGS	F
BWTM	BWT Malta Holdings Ltd., Valetta	100.000%	100.000%	BWTGS	F
BWTITC	BWT International Trading Ltd., Valetta	100.000%	100.000%	BWTM	F
ANNA	ANNA International Limited, Sliema	100.000%	100.000%	BWTM	F
APS	Arcana Pool Systems GmbH, Wien	100.000%			F
BWTD	BWT Wassertechnik GmbH, Schriesheim	100.000%			F
FUMA	FuMA-Tech GmbH, St. Ingbert	100.000%	100.000%	BWTD	F
FUMAUS	Fumatech Inc., San Antonio	100.000%	100.000%	FUMA	F
W&MD	Water & More GmbH, Wiesbaden	100.000%	100.000%	BWTD	F
W&MI	WATER & MORE ITALIA S.R.L., Bresso	100.000%	99.800%	W&MD	F
			0.200%	CCI	F
W&MESP	Water + More Iberica S.L., Barcelona	100.000%	99.800%	W&MD	F
			0.200%	CILSP	F
BWTB	BWT Belgium nv/sa, Zaventem	100.000%	100.000%	BWTD	F
BENCH	Benchem NV, Boortmeerbeek	100.000%	100.000%	BWTB	F
CILLITD	Cillit Wassertechnik GmbH, Schriesheim	100.000%			F
BWTF	BWT France S.A.S., Paris	100.000%			F
CPED	C.P.E.D. S.A.S., Paris	100.000%	100.000%	BWTF	F
CPS	C.P.S. S.A.S., Paris	100.000%	99.800%	BWTF	F
			0.200%	CPED	F
CAET	Christ Aqua Ecolife AG, Aesch	100.000%			F
PULS	Pulsimmo AG, Aesch	100.000%	100.000%	CAET	F
QUTECH	Quality Tech AG, Brislach	100.000%	100.000%	CAET	F
CCI	Cillicemie Italiana S.R.L., Mailand	100.000%			F
CILSP	Cilit S.A., Barcelona	100.000%	100.000%	CCI	F
BWTP	BWT Polska Sp.z.o.o., Warschau	100.000%			F
BWTUKR	BWT Ukraine Ltd., Kiev	100.000%	100.000%	BWTP	F
BWTCHRH	BWT & CHRIST Hungaria Kft., Budapest	88.790%			F
BWTCR	BWT Ceska Republika s.r.o., Prag	100.000%			F
HOHDK	HOH Water Technology A/S, Greve	100.000%			F
HOHSCOV	Safety Covers ApS, Auning	100.000%	100.000%	HOHDK	F
HOHMILJO	Miljo Contractors A/S, Greve	100.000%	100.000%	HOHDK	F
HOHVAT	HOH Vattenteknik AB, Malmö	100.000%	100.000%	HOHDK	F
HOHBC	HOH Birger Christensen AS, Rud	100.000%	100.000%	HOHDK	F
HOHSEP	HOH Separtec OY, Raisio	100.000%	100.000%	HOHDK	F
BWTPRC	BWT Water Technology (Shanghai) Co. Ltd.	100.000%			F

F = Fully consolidated

Development of fixed assets (Appendix V.2.)

2007		Acquisition/production cost				
in € 1000's	01.01.2007	Currency difference and reclassification	Initial consolidation	Additions	Disposals	31.12.2007
Intangible assets	59,025.7	321.5	1,571.4	2,721.1	115.2	63,524.5
Goodwill	26,768.3	-	1,547.7	-	-	28,315.9
Other intangible assets	32,257.5	321.5	23.8	2,721.1	115.2	35,208.6
Concessions, rights, licenses	21,279.2	327.1	23.8	1,937.2	115.2	23,452.0
R & D capitalized (self-provided)	10,978.3	-5.6	-	783.9	-	11,756.6
Tangible assets	115,667.2	-351.6	2,297.5	11,195.4	2,287.7	126,520.7
Land and Buildings	57,882.3	17.5	1,196.8	343.9	1.2	59,439.3
Lands	11,951.3	-45.4	236.5	-	-	12,142.4
Buildings	45,931.0	62.9	960.3	343.9	1.2	47,296.9
Technical equipment and machinery	25,459.7	1,222.1	305.4	2,448.1	384.3	29,051.0
Factory and office equipment	30,155.1	127.0	795.3	3,413.8	1,276.7	33,214.5
Prepayments and construction in progress	2,170.0	-1,718.2	-	4,410.9	46.8	4,815.9
Low-value assets	-	-	0.0	578.7	578.7	-
Financial assets	6,938.1	-1.1	24.3	1,143.7	766.5	7,338.5
Participating interests	5,296.4	-0.8	24.3	50.0	17.2	5,352.7
Loans	-	-	-	-	-	-
Other financial assets	1,641.7	-0.3	-	1,093.7	749.3	1,985.8
TOTAL	181,631.0	-31.3	3,893.2	15,060.2	3,169.4	197,383.7

2006		Acquisition/production cost				
in € 1000's	01.01.2006	Currency difference and reclassification	Initial consolidation	Additions	Disposals	31.12.2006
Intangible assets	54,115.4	-102.9	5,181.7	1,464.1	1,632.5	59,025.7
Goodwill	26,631.4	-969.8	1,106.7	-	-	26,768.3
Other intangible assets	27,484.0	866.9	4,075.0	1,464.1	1,632.5	32,257.5
Concessions, rights, licenses	17,292.6	873.2	4,075.0	670.8	1,632.5	21,279.2
R & D capitalized (self-provided)	10,191.4	-6.3	-	793.2	-	10,978.3
Tangible assets	107,408.5	-144.9	2,414.9	8,732.8	2,744.0	115,667.2
Lands and Buildings	56,062.4	-118.8	1,576.4	741.9	379.6	57,882.3
Lands	11,773.3	-19.6	156.9	40.7	-	11,951.3
Buildings	44,289.1	-99.2	1,419.5	701.2	379.6	45,931.0
Technical equipment and machinery	22,093.2	219.6	400.7	2,771.7	25.5	25,459.7
Factory and office equipment	29,104.2	-137.6	437.2	2,520.8	1,769.4	30,155.1
Prepayments and construction in progress	148.7	-108.1	0.5	2,129.0	-	2,170.0
Low-value assets	-	-	-	569.5	569.5	-
Financial assets	16,127.7	286.1	47.7	557.3	10,080.7	6,938.1
Participating interests	4,651.0	291.0	25.0	540.0	210.6	5,296.4
Loans	9,768.3	-27.6	-	-	9,740.6	-
Other financial assets	1,708.4	22.8	22.7	17.3	129.5	1,641.7
TOTAL	177,651.5	38.3	7,644.2	10,754.1	14,457.2	181,631.0

01.01.2007	Currency difference and reclassification	Initial consolidation	Depreciation		Book values		
			Addition	Disposal	31.12.2007	31.12.2007	31.12.2006
15,888.9	-6.3	17.9	2,790.7	16.2	18,674.9	44,849.5	43,136.8
0.0	-	-	-	-	0.0	28,315.9	26,768.2
15,888.8	-6.3	17.9	2,790.7	16.2	18,674.9	16,533.7	16,368.6
10,487.6	-1.8	17.9	1,765.5	16.2	12,253.0	11,199.0	10,791.5
5,401.2	-4.5	-	1,025.2	-	6,421.9	5,334.7	5,577.1
62,264.3	31.5	999.1	6,216.7	2,094.7	67,416.9	59,103.8	53,402.9
18,729.9	7.6	367.0	1,724.0	0.2	20,828.3	38,611.0	39,152.4
-	-	-	-	-	-	12,142.4	11,951.3
18,729.9	7.6	367.0	1,724.0	0.2	20,828.3	26,468.6	27,201.1
19,749.9	5.7	305.4	1,569.8	356.2	21,274.6	7,776.4	5,709.8
23,784.5	18.2	326.7	2,344.2	1,159.6	25,314.1	7,900.4	6,370.6
-	-	-	-	-	-	4,815.9	2,170.0
-	-	-	578.7	578.7	-	-	-
110.3	-	-	-	29.7	80.6	7,257.9	6,827.8
-	-	-	-	-	-	5,352.7	5,296.4
-	-	-	-	-	-	-	-
110.4	-	-	-	29.7	80.7	1,905.1	1,531.4
78,263.5	25.2	1,017.0	9,007.4	2,140.6	86,172.5	111,211.2	103,367.5

01.01.2006	Currency difference and reclassification	Initial consolidation	Depreciation		Book values		
			Addition	Disposal	31.12.2006	31.12.2006	31.12.2005
14,819.6	-27.6	-	2,729.4	1,632.5	15,888.9	43,136.8	39,295.7
-	-	-	-	-	-	26,768.2	26,631.4
14,819.6	-27.6	-	2,729.4	1,632.5	15,888.8	16,368.6	12,664.4
10,983.2	-23.8	-	1,160.8	1,632.5	10,487.6	10,791.5	6,309.4
3,836.4	-3.8	-	1,568.6	-	5,401.2	5,577.1	6,355.0
58,272.6	-14.9	859.0	5,575.5	2,427.9	62,264.3	53,402.9	49,135.9
16,862.1	-2.7	312.4	1,736.8	178.6	18,729.9	39,152.4	39,200.3
-	-	-	-	-	-	11,951.3	11,773.3
16,862.1	-2.7	312.4	1,736.8	178.6	18,729.9	27,201.1	27,427.0
18,282.1	6.1	327.7	1,150.7	16.7	19,749.9	5,709.8	3,811.1
23,128.3	-18.3	218.9	2,118.6	1,663.1	23,784.5	6,370.6	5,975.8
-	-	-	-	-	-	2,170.0	148.7
-	-	-	569.5	569.5	-	-	-
110.3	-	-	-	-	110.3	6,827.8	16,017.4
0.0	-	-	-	-	0.0	5,296.4	4,651.0
0.0	-	-	-	-	0.0	-	9,768.3
110.4	-	-	-	-	110.4	1,531.4	1,598.1
73,202.5	-42.6	859.0	8,304.9	4,060.4	78,263.5	103,367.5	104,449.0

Auditors' report

(Report of the independent auditors)

Report on the consolidated financial statements

We have audited the enclosed consolidated financial statements of BWT Aktiengesellschaft, Mondsee, for the financial year running from January 1, 2007 to December 31, 2007. These consolidated financial statements comprise the consolidated balance sheet as at December 31, 2007, the consolidated profit and loss account, the consolidated cash flow statement and the consolidated shareholders' equity for the financial year ended December 31, 2007, as well as a summary of the material accounting and valuation principles applied and other information in the notes.

Responsibility of the legal representatives for the consolidated financial statements

The legal representatives of the company are responsible for preparing the consolidated financial statements that provide as accurate a picture as possible of the Group's net worth, financial and earnings position in accordance with the International Financial Reporting Standards (IFRSs), as they are to be applied in the EU. This responsibility includes: layout, implementation and maintenance of an internal control system, to the extent this is of significance for preparing the consolidated financial statements and the provision of as accurate a picture as possible of the Group's net worth, financial and earnings position, so that these consolidated financial statements are free of material misstatement, regardless of whether this is the result of intentional or accidental errors; the selection and use of suitable accounting and valuation principles; the carrying out of estimates which appear reasonable taking into account the given conditions.

Responsibility of the auditors

Our responsibility is to submit an opinion, based on our audit, on these consolidated financial statements. We conducted our audit in accordance with the legal regulations in force in Austria and with the International Standards on Auditing (ISAs) published by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). These principles require that we comply with the rules of professional conduct and that the audit is to be planned and performed in such a way that we can form a reasonably reliable opinion about whether the consolidated financial statements are free of material misstatement.

An audit involves carrying out individual actions to obtain evidence during the audit to support the figures and other information in the consolidated financial statements. The individual actions are selected at the discretion of the auditors, taking into account their assessment of the risk of material misstatement occurring regardless of whether this is the result of intentional or accidental errors. In undertaking these risk assessments, the auditor takes into account the internal control system, to the extent that it is significant for the preparation of the consolidated financial statements and the provision of as accurate a picture as possible of the Group's net worth, financial and earnings position, in order to determine suitable individual actions, although not to pass judgment on the effectiveness of the Group's internal control system. The audit also involves assessing the appropriateness of the accounting and valuation principles used and the significant estimates made by the legal representatives, as well as a critical examination of the overall picture presented by the consolidated financial statements.

We believe we have obtained sufficient and appropriate evidence during the audit for the latter to provide a reasonable basis for our assessment.

Assessment


Our audit did not give rise to any objections. Based on the insights gained during the audit, it is our opinion that the consolidated financial statements are in accordance with the statutory regulations and provide as accurate a picture as possible of the Group's net worth and financial position as at December 31, 2007 as well as of the Group's earnings position and cash flows for the financial year from January 1, 2007 to December 31, 2007 in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU.

Report on the consolidated management report


The consolidated management report is to be assessed, based on the statutory regulations in force in Austria, as to whether it is in line with the consolidated financial statements and whether the other information in the consolidated management report suggests an accurate Group situation.

In our opinion the consolidated management report is in line with the consolidated financial statements.

Salzburg, March 7, 2008



Mag. Walter Mueller
(Qualified auditor)



Mag. Harald Breit
(Qualified auditor)

Deloitte Salzburg Wirtschaftsprüfungs GmbH

Report of the Supervisory Board

During the 2007 financial year, the Supervisory Board has met its legal and statutory obligations and was continuously informed of the position and development of the company and of the Group in the course of four meetings, as well as through verbal and written reports from the Management Board.

The annual financial statements including the Management Report for BWT Aktiengesellschaft as at December 31, 2007 and the consolidated financial statements were examined by the auditors appointed at the 17th Annual General Meeting held on May 24, 2007, Deloitte Salzburg Wirtschaftsprüfungs GmbH.

As a result of this audit, the following unqualified audit report was granted for the individual and consolidated statements:

- The audit did not give rise to any objections. Based on the insights gained during the audit, it is the opinion of the auditor that the annual financial statements are in accordance with the statutory regulations and provide as accurate a picture as possible of the net worth and financial position of BWT Aktiengesellschaft as at December 31, 2007 as well of the company's earnings position for the financial year from January 1, 2007 to December 31, 2007 in accordance with Austrian principles of proper accounting. The Management Report is in line with the annual financial statements.
- The audit did not give rise to any objections. Based on the insights gained during the audit, it is the opinion of the auditor that the consolidated financial statements are in accordance with the statutory regulations and provide as accurate a picture as possible of the Group's net worth and financial position as at December 31, 2007 as well as of the Group's earnings position and cash flows for the financial year from January 1, 2007 to December 31, 2007 in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU. The Management Report is in line with the consolidated financial statements.

The Supervisory Board has approved the annual financial statements of BWT Aktiengesellschaft and the consolidated financial statements as at December 31, 2007 prepared by the Management Board. They are thereby endorsed in accordance with Article 125, paragraph 2 of the Austrian Joint Stock Corporation Law. Furthermore, the Supervisory Board agrees with the Management Board's proposal for the distribution of profits.

Mondsee, March 27, 2008



Dr. Leopold BEDNAR
Chairman of the Supervisory Board